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**COMMUNITY CURRENCY AS AGENTS OF DEVELOPMENT CHANGE:
AN ACTOR-ORIENTED SOCIOLOGY OF DEVELOPMENT**

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Community Currency as Agents of Development Change:
An Actor-oriented Sociology of Development

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A thesis submitted in partial fulfillment of the requirements for the
Degree of Doctor of Philosophy

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Abstract

‘ACEITAMOS MOEDA COMUNITARIA (We accept community currency)’.

This sign can be seen everywhere in an ex-slum community located in Northeast Brazil. People have the oddly-colored piece of note in their pocket to pay for food, clothes, etc. Why? A widow says, “I need to buy rice for my family but I don’t have *Real* (official currency in Brazil)”. The work investigates and documents the alternative development practice of community currency in order to highlight its prospects and limitations challenging orthodox development agendas. Guided by an actor-oriented approach under social constructionism, and based on data collected from selected Brazilian communities using multiple participatory methods ranging from participation, semi-structured in-depth interviews to focus groups, the thesis argues that although community currency was conceived and implemented by local community leaders and actors as a way to initiate social transformation, especially in alleviating extreme poverty, it is not a blanket cure-all. While some degrees of successes were achieved, there were also limitations in practice, leaving many questions about its capacity in transforming community both in terms of not only economic, but also social effectiveness and efficiency unanswered.

According to the theoretical framework of social transformation, the Brazilian community currency project clearly has shown that at best, what it could bring to its community residents was interstitial transformation as it failed to challenge, let alone transform the capitalistic mainstream economic system. In fact, the circulation circuits

created by the project did little to foster local entrepreneurship and neighbourhood economy; instead all the currency or capital generated ultimately directed local consumption and profits to supermarket and gas station chains rather than providing more opportunities for small businesses to strengthen themselves. It also failed to become a force leading local grassroots residents and small producers to become empowered and hence showed little signs of symbiotic transformation. Despite the high-sounding rhetoric delivered by leaders and donors when the project was officiated, the transformative power it exhibited seemed almost anti-climatic, especially when its outcomes are no more than having created more coupons for locals to shop in big chain stores that are siding with rather than challenging the mainstream capitalistic system and economy.

Acknowledgement

Taking up the challenge of doing a PhD research is never an easy decision. Somehow life goes on and completely out of my expectation. To be honest, I regret taking up the challenge. I should have continued my life as a development practitioner. I started my challenge in another institution in U.K. since 2004, but had to withdraw my study from there because of supervision problems and lack of confidence in a lonely business to do my own research. Given no previous qualification of master degree course training, more academic skills and efforts were needed to conduct a PhD research. Unlike other students around me, I do not intend to pursue academic career. I found myself completely lost motivation or direction.

My chief-supervisor Dr. David Ip has continuously given me a hope to go forward from the desperate situation mentioned above. During my undergraduate studies I was an exchange student for one year studying at the University of Queensland, Australia. Since then, he has given me advice on my professional assignments, even wherever I work from Africa, Latin America, to Asia and the Pacific Islands. One decade later, I am under his supervision. I ran into obstacle after obstacle in both writing and doing fieldwork, but he understood all my predicaments and helped me out. I have been utterly inspired by his professionalism as a supervisor as well as his nature as an educator and a mentor.

I am indebted to my informants of the fieldwork investigation. I would like to devote this dissertation to my informants, yet the piece of work has so many limitations

that it brings too little change for them or may not be enough to answer even concerns over appropriateness of doing fieldwork in the impoverished parts of the world. I would like to beg their pardon.

I would like to thank the Hong Kong Polytechnic University for providing me a learning opportunity and environment. I would also like to express my appreciation to the many staff members to support my study. I must confess that the Hong Kong Polytechnic University is not recognized yet for Japanese people, but the teaching and university facility that I enjoy was far beyond my expectation. I really wish that many international students will do research in this university.

Finally but most importantly, my deepest gratitude must go to my parents and younger sister. They have been very concerned about my study, but have been patient, and have given me the unconditional help and generous support. I wish to show them near the future that my study experience at the Hong Kong Polytechnic University will be helpful for my career development.

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List of Abbreviations

CC	Community Currency
CDB	Community Development Bank
CDBI	Community Development Bank Institute
NC	National Currency
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OSCIP	Organizations of Civil Society in Public Interest

Chapter 1 INTRODUCTION

INTERNATIONAL DEVELOPMENT AS RESEARCH PROBLEM

This study originates from questioning the nature of money that we take pretty much as given. Ende poses a provoking question – is money the root of all modern ills such as poverty, war, environmental degradation, and spiritual decay¹? While the expression actually comes from the Bible², this question can be taken as an alternative way of looking at world development, which conventionally has been regarded as a matter of production where money/profit is considered central. Similar to the Marxist political economy view of money, Ende argues that the preoccupation with economic growth produced by scientific and technological advance has destroyed much of people's spiritual fulfilment and their ability to enjoy the simple pleasure of living so that they spend more and more time accumulating money for its own sake.

This study takes a similar position, but more specifically, questions the nature of money in relation to international development. I learned from my previous work experience in Africa that poverty was in fact created by international development intervention. Poverty was often measured by development professionals as flows of

Notes

1 The question was proposed by Michael Ende on the TV program "Michael Ende on the Money-Go-Around", produced by NHK in association with NHK Enterprise 21, Inc., and Group Gendai. It is a book Ende's Last Message (Kawamura and Group Gendai 2000), on the basis of the TV program, through which I first stepped into the field of community currency in 2003. The book contains the critique of the present currency system and the case study of past and existing alternative currencies.

2 cf. "The love of money is the root of all evil." 1 Timothy 6:10

income or consumption for the convenience of accounting; and anti-poverty programmes were therefore designed to generate more income. The monetization of development hence misled many to believe that poverty, or having little cash, necessarily means something sinful, or leading a miserable life; with assistance only being justifiable in the name of humanitarian aid and in times of emergency. Subsequently, long-term development becomes a most difficult task for development workers, since when people feel they do not have money, they do aspire to, nor see themselves capable of getting a better life.

For one thing, the orientation and discourse on development had an economic beginning with the Truman Doctrine after the Second World War, which held that the development of war-torn economies in Europe could be restored by a massive injection of international development aid, or capital. Since then, the many models of development adopted by the United Nations, the World Bank, international NGOs and many other development agencies, have embraced firmly the same doctrine that development aid, particularly in the form of money/capital and investments is the panacea for poverty eradication and is necessary for fuelling growth. In turn, funds are not only paramount for implementing development projects, but also for the survival and expansion of the organizations themselves. Perhaps understandably development professionals and decision-makers, when planning for development, have been more concerned about budget and often speak in a language of money. It was not until recent decades one began to see a shift of development language and paradigm, gradually turning from project costs and benefits and outputs to the delivery of participation, sustainability, solidarity, freedom, choice, and dignity.

Still, the ‘band-aid’ approach of development focusing on delivering emergency relief³, interventions, and for replicating a Western vision of modernization remains common. Enormous sums of money and effort have continued to pour into projects for wealth creation and poverty alleviation, without recognizing that in generating income, social ills and injustices as well as inequalities have also proliferated, making Ende’s earlier concerns more pertinent than ever. The concept of ‘development’ not only remains problematic; but more seriously, new compounding and more complex problems that are harder to resolve, leading to more regrettable social consequences, seem to have been multiplied. Many researchers have thus agreed that money alone would not be able to alleviate mass poverty, and some even opined that money itself had become the source of tension and problem⁴. The following figure demonstrates UK Net ODA by purpose at the year of 2002 as an example. While aid cannot be transferred to developing countries without consultancy or administration, whether it is properly transferred in quantitative (Figure 1-1) and qualitative (Figure 1-2) terms would be highly controversial.

3 Pirotte et al. 1999

4 e.g. aid effectiveness (Boone 1996), odious debts (Adams 1991), money as the viability of rebellion (Collier et al. 2004)

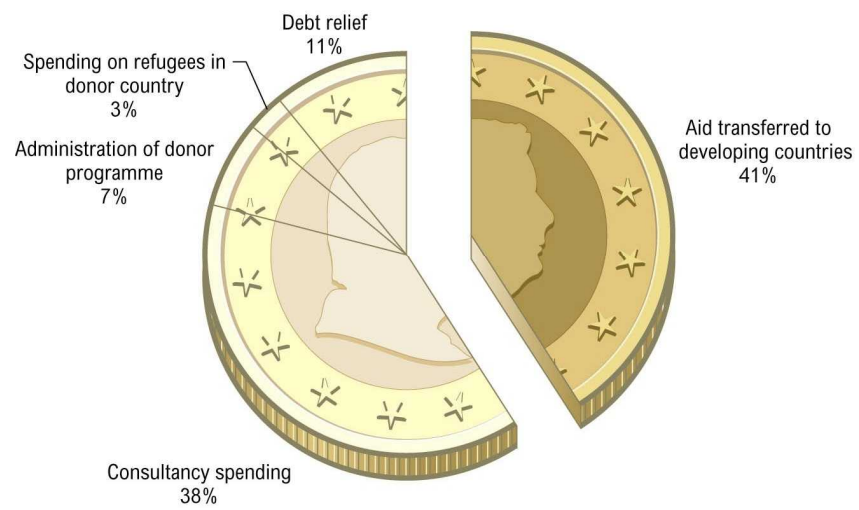


Figure 1-1 UK Net ODA by purpose at the year of 2002 (Fraser 2005)



Figure 1-2 Millennium Development Goal Funds (Design by Regina Doyle, in Bigg et al. 2005)

SEARCH FOR DEVELOPMENT ALTERNATIVES

Not surprisingly there have been attempts for development researchers and professional practitioners searching for alternatives, both in terms of rethinking the relationship between money and development as well as redefining the role of currency in development. To them, development should not be only a process of economic consideration but involves also social, political, cultural, feminist and environmental deliberations. What is at issue is not just money but how it is spent in development. The *Human Development Report 1991* concluded that development should not be only concerned with national budgets and international aid but appropriate spending -- too often international aid money is misdirected, inefficiently and ineffectively used. In other words, money alone does not make development possible as money could also distort financial restructuring, dynamics of development intervention, and ultimately development and change.

It is in these contexts that this study aims to examine a community currency project where a community is issuing its own notes as a means of exchange (for goods and/or services) and has its own community currency circulated in parallel with conventional money. The intention of this undertaking is as a way to rebuild financial safety nets, as well as rehabilitate the livelihoods of those who are impoverished while establishing solidarity networks and demystifying the role of money in development. This community currency phenomenon, in fact, has been gaining global popularity, especially in countries in Asia, Africa, and Latin America. This study is particularly interested in documenting how community currency emerges in small-scale communities in less developed countries. To this end, a number of projects associated

with community currency that were implemented in the peri-urban ex-slum area in a capital city in one of the north-eastern states in Brazil, a well-known impoverished part of the country, will be examined.

AIMS AND OBJECTIVES OF THE STUDY

This study aims to assess to what extent community currency has contributed to development and poverty alleviation in local communities. Despite community currency having gained wider acceptance in recent years, its merits and contributions to social development somehow remain largely unknown.

My objectives in conducting this research are two-fold. First, framed by an actor-oriented approach (Long, 2001), this study aims to probe into the dynamics of community currency projects and assess their impacts. This will be done specifically in terms of creating change, transforming actors in the community from passive into active agents, and rethinking and reconfiguring ideas to generate change and development. It will focus on how various actors/stakeholders interfaced with local institutions producing dynamics that both foster and obstruct community and individual development. Thus, it explores in-depth the development processes where actors negotiate and renegotiate, as well as empower themselves and their community, through individual and collective action.

The second objective of this research is to examine critically the successes and limitations of community currency in terms of its practices in implementation. In understanding the complexities involved in the processes, the strength and limitations of the community currency will be demonstrated; with the findings yielding implications

for clarifying the role of community currency in development in the developing world. In turn, theoretical implications for comparative development studies could be further explored, consolidated and sharpened.

RESEARCH QUESTIONS

For a long time, development efforts have been criticized on three fronts: development thinking, translation of its idea into a project/programme, and its practice and management. It is generally agreed by experts in development studies that development should not be only about national income accounting. They insist that persistent enforcement of orthodox development agendas has sparked further social, cultural, and environmental crises. Likewise, when translated into action, often in the form of aid projects and programmes, they are frequently framed by a narrow orientation leaning towards only income or wealth generation, with little concern for rebuilding the strength and capacity of community. When such projects and programmes fail, poor management of the project and incapable recipients are often blamed, as opposed to questioning the conceptualization of the project and its preoccupation with money.

Given the objectives of the study and the framework of three levels of analysis, the research questions for this study are:

1. How and why are community currency projects designed and practiced by actors involved?
2. To what extent could community currency foster development of the local community in the contemporary developing world?

SIGNIFICANCE OF THE STUDY

Given the widening gap between the rich and the poor globally, the outcome of the proposed research may have immense theoretical and practical implications for governments, international development agencies, and NGOs in formulating their strategies for development intervention. Promises of globalisation and planned intervention have not been as appealing and effective as they once appeared, especially when facing up to realities in local, disadvantaged communities. Despite good intentions and continuous efforts, development (as well as humanitarian) aid has continued to yield disappointing results. The dynamics of official development assistance as hand-out and community currency as agents of active transformation could be contrasted and compared. If community currency can strengthen community based self-help even in a somewhat chaotic poorly developed district where this research is located, the insights gained from this case study for redefining, re-conceptualising and re-orienting development could be especially significant. Rigorous theorisation for social development in less developed countries could also be explored through this development alternative. Only when the logic of conventional development is critically assessed against the agendas of alternative development, the promise of an effective, coherent, and humane trajectory of development can be made clear.

Organization of the Thesis

This thesis comprises seven chapters. Chapter One opens with a critical overview of international development as the recurring leitmotif of the study. This identification of research problem is followed by issues of framing the study including aims, objectives, research questions, significance, and structure of the study.

Chapter Two provides a critical appraisal of relevant literature on alternative development that informs the theoretical and analytical framework employed in this research. This chapter is comprised of review of literature ranging from development theory to community currency research. It will discuss what “development” means with a view to analysing community currency projects. This will be done through discussions on development theories and policies, highlighting how the notion of development has been historically and socially constructed, and criticised and refined. It will examine the rationale of community currency and its research that informs the foundation of an alternative development perspective. While the empirical research of this project is based upon Long’s actor-oriented approach, Wright’s theory of social transformation will also be introduced to explore the macro implications of community currency for generating change and social development.

Chapter Three then will explain the methodology adopted in carrying out this research. It will first provide an overview of the philosophical and methodological approaches to this research that informed how the study design of this research was reached. It will also discuss the rationale for research site selection as well as the choice of research instruments and methods before an explanation is given for how the researcher entered the field. In this chapter it is also important to reflect on the complexities of research implementation and the challenges confronted in completing the fieldwork. More specifically, how the original research strategy was modified and alternative instruments of research had to be employed for gathering field data will be documented, and their methodological implications will also be explored. The chapter will end with a description of the ethical issues considered during the fieldwork.

Chapter Four will look at the background and context of the community currency projects implemented in Northeast Brazil. This will be done through a description of actor-defined critical events that illustrate the characteristics of the local community before an overview of the development project selected for this research is introduced.

Chapter Five will present a profile of the organisation that is responsible for implementing and managing the community currency projects. Given the lack of official data on peri-urban ex-slum neighbourhoods, only data on local neighbourhood and its living conditions collected by local researchers will be used.

Chapter Six will provide an account of the community currency project implemented in the peri-urban ex-slum neighbourhood. Given the evolutionary nature of the institutions of community currency, this chapter will examine the three distinct stages of development of the project, focusing on how each stage the project was planned and evolved, with evidence illustrating their success and limitations.

While it is common for researchers to acknowledge the success of community currency projects, it is equally important to investigate further their limitations. Chapter Seven thus will examine in greater detail a peculiar situation this research encountered – i.e., the reluctance among community residents to talk about the community currency projects despite their seemingly successful reports on paper. In exploring why the projects seemed to have received a less than enthusiastic response from their intended beneficiaries, this chapter will probe deeper to analyse their institutional set up and transformation from an actor-oriented perspectives and identify some of the key issues associated with their management and practices.

Chapter Eight will involve a re-examination of the key findings; however, they will also be discussed critically in relation to the theories of alternative development and social transformation; highlighting their implications for theorizing community currency as alternative development in the developing world.

Finally, Chapter Nine will bring this study to a conclusion.

Chapter 2 Search for Alternatives in Development

RELEVANCE OF COMMUNITY CURRENCY

Non-monetary circuits or community currencies are not entirely novel in human history. Pure barter regimes and diverse forms of local exchange have long existed and locally evolved in a number of places from generation to generation as a part of livelihood. Primitive currencies in Melanesia and Micronesia have survived in local trade for centuries and some are functioning well up to this day⁵. *Rai* stones, for example, were used as community currency in Yap (or Uap), one of the Micronesian islands even though economists have described such attempts as myths⁶ This scepticism however, reflects the limited horizon of modern economics to understand the diversity of societies and their development. In more recent times the shell currency of *tambu* was used by the *Tolai* with serious consideration being given by the local government in Papua New Guinea to adopt it as a formal currency. Likewise, community currency was also popular as a medium of exchange among the *Banjarin* Bali, Indonesia for more than 1,000 years until the early 1970s⁷ when the government decided to end the practice.

Between the 1830s and 1840s some Marxist economists, notably Owen and Proudhon, advocated their versions of community currencies. In 1932, Owen put forward an equitable labour exchange system with the issuance of labour notes; and in 1848, Proudhon likewise promoted his idea of banks of exchange with a labour currency

⁵ cf. Salisbury 1966; Epstein 1979; Akin et al. 1999; Fukada 2011

⁶ e.g. Keynes 1930; Friedman 1991

⁷ cf. Lietaer et al. 2003; Veszteg et al. 2010

based on Marx's labour theory of value. These ideas later were revisited by Polanyi (1944) who argued that while the rise of a market economy had led to economic prosperity for some, inevitably it was accompanied by pauperism. In these contexts, community currency was seen as spontaneous, socialist, utopian, but also as alternative initiatives to protect people's social well-being against the ills arising from the growth of the market economy.

Drawing on the insights of Proudhon and Marx, Gesell (1958) likewise initiated a kind of monetary reform at the State level by instituting a 'free' currency with a reduced face-value unilaterally weekly or monthly as a way to encourage people to spend the 'money', so that they did not hoard or speculate on it. As well, it was also seen as a way to discourage counterfeit. This currency was not an end but a means to secure, accelerate, and cheapen the exchange of goods. The Gesellian regime evolved during the 1930s after World War I and the Great Depression: first it was in the form of *wära* in the German town of Schwanenkirchen, then as the Swiss WIR in the Economic Circle Cooperative (*Wirtschaftsring-Genossenschaft*), as stamp scrip from 1932 to 1935 in the Austrian city of Wörgl, and as emergency scrip endorsed and advocated by Fisher (1933, 1934) in over 400 American communities. Notably, the Swiss WIR Economic Circle Cooperative later institutionalised itself as the WIR Bank, continues to contribute to local economic development to this day⁸.

In addition, Keynes drew up a proposal for the International Clearing Union in 1943 to issue a neutral unit of fiat currency called *bancor* for the purposes of fostering

⁸cf. North 1998; Stodder 2009

equitable relations and open free trade⁹. Its main idea again was based on Gesell's stamped money theory which he also critically reviewed in 1936. In his plan, a small interest was charged not only on deficit of debtor countries but also on surplus of creditors so that every country could be obliged to move towards a balance of trade. Creditor countries were encouraged to expend *bancor* by importing or otherwise gradually lose their surplus. Due to the fact that international trade was measured in *bancor*, the national currency circulated in the national economy was thus protected from sudden inflows and outflows of capital from trade. The Keynesian plan was rejected in the process of setting up the Bretton Woods institutions under the new international monetary regimes in which the World Bank and the International Monetary Fund (IMF) were key institutions. Why *bancor* was not adopted remains a mystery. The Bretton Woods system was designed by negotiating international economic cooperation among the allied nations. The system established the IMF on behalf of international monetary cooperation and the International Bank for Reconstruction and Development (IBRD) on behalf of development loan assistance. Apart from some British political reasons, the idea of *bancor* aimed to tackle adjustment responsibilities. From a geo-political economic perspective, presumably, actors in the Bretton Woods preferred US hegemony and stressed the importance of US dollars¹⁰. It was considered as the organizing premise of post-war development, which became most apparent in the Truman doctrine.

⁹The proposal is available from British Information Service or de Vegh (1943).

¹⁰cf. Corbridge 1994; Lastra 2000

CONVENTIONAL THEORIES OF DEVELOPMENT AND UNDERDEVELOPMENT

Indeed development has a long history, but it is useful to begin our discussion on development from the time when Truman put together his Four Point Program in 1949¹¹. It was “a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas”¹². This was how the term underdevelopment was created. Hegemony, however, was simultaneously declared in that the United States was proclaimed as “pre-eminent among nations in the development of industrial and scientific techniques”¹³. Truman also engineered the whole notion of international development aid for establishing “cooperation with other nations”¹⁴, and for fostering “capital investment in areas needing development”¹⁵. His idea of development was that “[g]reater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technological knowledge”¹⁶

For a long time, development thinking was shaped by the ideology of free markets, rational and competitive behaviour based upon the assumption of individual freedom and blind faith in scientific, technical, and technological knowledge, with the belief that they are essential in giving people prosperity and peace with waged

¹¹Text transcript of President Truman’s Inaugural Address is cited from the Harry S. Truman Library and Museum (<http://www.trumanlibrary.org/>)

¹²ibid.

¹³ibid.

¹⁴ibid.

¹⁵ibid.

¹⁶ibid.

employment and material security. Economic theories and models of growth thus assume that development involves necessarily income generation and individual consumption. The Truman doctrine is a good example of modernization theory emphasizing economic growth veiled as development. It argued that development, or the improvement and growth of underdeveloped areas, could be generated through Westernization, particularly in terms of replicating values and experiences of Western civilization. Rostow's Stages of Growth theory (1990), furthermore, provided another concrete foundation that dominated conventional development thinking and the discourse of development planning – that international development aid should always come from the developed North, not just by injecting capital, but also through generating individual incomes. In some ways, its anti-socialist orientation became almost a classic doctrine for encouraging economic development in the developing world.

In summary, Keynesian and neoclassical economics, with their emphasis on market economy mixed mandatorily with state intervention and regulation of markets through fiscal and monetary policies, have made Growth Theories (e.g. the Harrod-Domar model (Harrod 1939; Domar 1957), and Rostow's Stages of Growth theory) the dominant models of development. They were transplanted to the so-called underdeveloped areas as models for state development planning and economic analysis, which in many ways fuelled a Western model of development intervention.

The cases of IMF and IBRD have typified such a model. These two organizations were established to provide loans to the developing countries to overcome

their economic crisis. For example, during the oil and debt crises of the 1970s, stagflation also followed. This prompted a new urgent concern for economic rationalism rather than administrative rationalism—with structural adjustment programmes becoming most common in the early 1980s. The Washington Consensus, a list of policy proposals made by John Williamson in 1989, became the agenda for international development with the help of neoliberal development theory.

Some development and economics experts; however, were no longer happy seeing development as purely concerned with increasing income or a growing national account. Sen (1985, 1999), for example, pioneered a capability approach to development and made it the conceptual foundation for human development. He considered development as ‘a process of enlarging people’s choices and enhancing human capabilities (the range of things people can be and do) and freedoms’¹⁷. Since then, the notion of human development, both in terms of its conceptualization and application, has been widely discussed¹⁸; even the United Nations Development Programme began to incorporate this approach in its development policy as it became more accepted and popular among elites and experts in governments and civil society in developed and developing nations alike.

ALTERNATIVE DEVELOPMENT: DECONSTRUCTION

From the 1970s onwards, alternative development practices have proliferated, ranging from community-based development to grassroots movements particularly

¹⁷Quoted from human development reports on website, accessed on 1 January, 2012.
<http://hdr.undp.org/en/humandev/>

¹⁸cf. Anand and Sen (1994); ulHaq (1995); Nussbaum (2000).

initiated by NGOs. The sudden growing interests in many ways were largely responses to the many shortcomings development practitioners found in conventional development policies and models – e.g., the assumed trickle-down effect of market forces, or the spread effects of economic investments in poverty alleviation. For many, they just seemed to be nothing more than a constructed myth. The continual search for alternative development was meant to reject the view of development as a process of top-down, macro-structural change. Instead, in looking for alternative development, scholars and practitioners were hoping for the discovery and construction of a new tradition that was grounded in grassroots rather than in state-centred or market-led institutions aiming to advance social transformation and emancipation rather than maintaining the status quo.

In many cases, alternative development highlights the role of community. Classic sociological understanding of community is often based upon an evolutionary view. Typically pre-modern communities were considered backward and would be replaced by a more modern structure resembling the Tönniesian *Gemeinschaft–Gesellschaft* dichotomy¹⁹. In the second edition of his work; however, Tönnies added another notion for contemporary society: ‘Genossenschaft’ (1912:246). *Genossenschaft*, or association, was consisted mainly of people without property but who had gained considerable influence and recognition in terms of collective purchases and co-operative production satisfying their own needs. As he explained, in adapting to the changing conditions of *Gesellschaft*, the *Gemeinschaft*-based economy had to renegotiate its

¹⁹ In English edition, *Gemeinschaft* and *Gesellschaft* are translated as community and society (or civil society) respectively, but the translation is not exact. It would be more precise to say pre-modern small-scale local community as *Gemeinschaft* and modern society as *Gesellschaft*.

community-based (non-)monetary network to generate a new socio-political order. In the 1990s, the same discussion resurfaced but the focus shifted to how community development was made possible by linking social capital to community development²⁰, suggesting that grassroots movements were significant pathways to alternative development. Polanyi's thesis of double movement (1944) further highlighted that self-protectionism or counter movement of ordinary people, often including the poor, the excluded, and the marginalized was characteristic of social movements occurring in underdeveloped areas. Durning (1989: 9) in particular saw the rise of grassroots movements in the war on poverty and environmental protection, while NGOs were more significant in 'facilitating the flow of information, materials, and funds between the grassroots and broader institutions such as church, state, and development donors'. In any event, in his view, the emergence and growth of local and international NGOs had bolstered alternative development that involved grassroots development action, local and community participation and empowerment; elements that state and public policy often failed to address.

In contrast to the mainstream econo-centric models of development, alternative development seemed to pay more attention to environmental, gender, and cultural values that challenged conventional development thinking and interventions. There is no shortage of literature on these topics much of which has been critical of the conventional economic approach by taking on an interdisciplinary perspective while forging a critique on global development with an outlook that often includes arguments grounded in

²⁰cf. Woolcock 1998; Woolcock et al. 2000

environmentalist, feminist, and culturalist traditions. Epistemologically, in searching for alternative development, attempts were also made to understand how issues of environment, gender, and cultures had been perceived by actors with different values.

At the same time, it has also become common that in exploring alternative development, more and more academic investigations seem to jettison grand narrative and structural models of development. For Nederveen Pieterse (2010:12), this has suggested “a shift in emphasis from structuralist toward institutionalist and agency-oriented views”, implying that development practice and intervention has also been regarded as important as development theory. Given the trend, qualitative methodology and socio-anthropological analysis have also become popular methods for research, especially when the research activities are based on observation and interpretation²¹. Among the many methods giving comprehensive and sophisticated accounts of agency in development research and practice, the actor-oriented approach developed by Long (2001) has been most influential.

Inspired by Freire’s(1967) critical consciousness and critical pedagogy (1970), Long’s approach is more than another critique of mainstream development; it is also a statement of participatory action research which he believed could contribute to development as a way of empowering the agency of the poor. Chambers(1997:106) concurred, stating that participatory action research owed much to “[t]he Freirian theme, that poor and exploited people can and should be enabled to analyze their own reality”.

²¹ The World Bank has included supplement qualitative study, e.g., Cernea (1991), Trilogy of ‘Voices of the Poor’ (Narayan et al. 2000a; 200b; 2002).

He further developed participatory rural appraisal and initiated concepts of pro-poor rural development, and professional standards for assessing pro-poor development. More importantly, these approaches in alternative development have also drawn our attention to the epistemological paradox of development and the significance of local knowledge:

‘Poverty as an indicator follows from the development-as-growth paradigm: ‘the poor’ are the target of development because they lack economic resources. But if development is not about growth but about institutional transformation, then the concern is not merely with economic capital but as much with social, cultural, symbolic and moral capital and in these respects poor people can be rich’ (Nederveen Pieterse 2010:99).

Given that alternative development originated from practice by grassroots actors, there has been growing concern about the so-called development intervention, especially in terms of the gap between ‘words’ and ‘action’ in development planning, policy, and practice²². Long’s actor-oriented analysis is one such example.

To be fair, human development, Marxist and neo-Marxist theories, and post-developmentalism are all concerned with alternative development in some broader sense. Indeed these theories have provided significant critique of conventional development thinking. It would be useful to review them not in terms of whether they have provided alternative pathways to development but of what could be learnt from their criticisms.

²² cf. Crewe et al. 1998

Unlike econo-centric theories that view development in monetary terms, human development declares that '[t]he basic objective of development is to create an *enabling environment* for people to enjoy long, healthy and creative lives' (UNDP 1990:9; emphasis mine) in accordance with their needs and interests. Indeed Sen's capability approach argued that money does not necessarily increase happiness or achieve development. In doing so, he openly challenged the conventional economic wisdom and the discipline itself. Likewise, in counting the negative costs and documenting the adverse impacts of the World Bank's structural adjustment programmes, the UNDP formulated its Human Development Index to demonstrate that there are measures other than income or GDP that indicate the diverse dimensions of people's well-being. While Sen's concept and approach is more flexible and open-ended, the human development approach, in its operationalization, appears quite different. Although both economic and social indicators are taken into consideration by the human development approach, Sen is insistent that money is essential in creating an enabling environment for development. The indicators his approach uses are still based upon the scientific gaze informed by external expertise, and they are used quantitatively in the same way as the econo-centric model for assessing development. In this context, it remains a top-down, interventionist process, administered by a small minority of state/international experts (elites). Notably, it tried to incorporate public interests in its approach, but such public-spirited motivations are conceptualized in unitary terms²³.

²³ cf. Dryzek 2005:88

The Neo-Marxian school of development, on the other hand, formulated an alternative structuralist approach to development that severely criticized modernization and stages of growth theory for their silence on the exploitative nature of money and the infusion of commodity fetishism into people and society,²⁴. Frank (1967:16-17), in particular, highlighted that the structure that:

‘... extends from the macro-metropolitan system center of the world capitalist system ‘down’ to the most supposedly isolated agricultural workers, who, through this chain of interlinked metropolitan-satellite relationships, are tied to the central world metropolis and thereby incorporated into the world capitalist system as a whole ... the exploitation of the satellite by the metropolis or – the tendency of the metropolis to expropriate and appropriate the economic surplus of the satellite.’

In doing so, ‘underdevelopment’ was the consequence and hence developing countries must ‘delink’ themselves from the system in order to attain development (Amin 1985). In this context, these neo-Marxist theories were forerunning advocates of alternative development because they had no particular interest in the language of development *per se*. In Long’s view; however, the structural modernization theory and the neo-Marxist theory of underdevelopment were ‘determinist, linear and externalist views of social change’ (2001:11) and their major fault lay in their ‘failure to explain adequately the sources and dynamics of social heterogeneity’ (ibid.).

²⁴ cf. import substitution policies on the basis of the Singer-Prebisch thesis (Prebisch 1949; Singer 1950); neo-colonialism of the post-independence Africa (Nkrumah 1965); dependency theory and underdevelopment in Latin America (Frank 1969)

A more radical departure came when the post-development researchers began to question more about the notion of development. Illich (1970), for example, saw development as planned poverty. Sachs and his co-authors (1992) likewise ‘deconstructed’ the development discourse in parallel to UNDP’s annual inventory. Rahnema and Bawtree(1997) further advocated a subversive, human-centred, radical alternative approach to challenge the dominant thinking on development ²⁵ by illuminating the wisdom of the vernacular society in the pre-modern era, presenting a damning critique of the institutions, practice, and most of all, the *language* of development. In their view, it was the Truman doctrine that was responsible for inventing the notion of ‘under-development’ while problematizing poverty as a state of economic insufficiency²⁶.

‘It was only after the expansion of the mercantile economy, the processes of urbanization leading to massive pauperization and, indeed, the monetization of society that the poor were defined as lacking what the rich could have in terms of money and possessions.’ (Rahnema 1992:159)

He also argued that poverty is not only a matter of materials but also people’s own perception of their predicament as well as others’ view on them. As a West African proverb says: “You are poor because you look at what you do not have. See what you

²⁵ See Rahnema et al. 1997:xi-xii for the meaning of subversive, human-centred, and radical.

²⁶ cf. Sachs 1992; Escobar 1995:3-4

possess, see what you are, then you will discover yourself surprisingly rich” (Ndione 1994:37)²⁷.

Post-development thinking has been criticized by many scholars. In particular, Peet and Hartwick (2009:276) felt that “post-structural critique overemphasizes representation at the expense of practice” and that post-development researchers tended to overly romanticize poverty, leaving the poor’s material needs and interests overlooked as well as offering no real alternative development framework or policy practice²⁸.

Heron and Reason (1997:291) however believed that “[d]econstructive postmodernism has supplied an invaluable critique of the grand narrative of modernism, but paradoxically can be seen as part of this narrative in its exclusive concern for “text” and its denial of the body”. For this reason, they endorsed a participatory inquiry paradigm. And this is where those who championed participation in alternative development are different from those who subscribe to human development, Marxist, and post-development approaches. These four perspectives depart from a critique of the grand narrative of development, and notably alternative development and post-development; even rejecting the grand narrative perspective. Epistemologically speaking, alternative development pursues co-created discoveries based upon mutual learning between local people and between local people and outside experts.

²⁷The text was translated by the author:

‘Tu es pauvre parce que tu regardes ce que tu n’as pas. Vois ce que tu possèdes, voie ce que tu es, et tu te découvriras étonnamment riche.’

²⁸ cf. Nederveen Pieterse 2010

Indeed these schools of thought do overlap with one another. Escobar (1992) began from social movements in Latin America, then focused on cultural politics and established post-development theory; ultimately moving into the fields of political ecology and women's movements. Peet and Hartwick (2009), although having little issue with the critical modernist developmentalism and radical democracy position as a way to critique capitalism articulating a combination of Marxist, poststructural, and feminist theories, remained anti-post-developmentist by embracing the positive potential of modernity and pursuing socialist-inspired perspectives. At the same time, while Brohman meant to see 'popular development' (1996) as a form of alternative development, the term *popular*, according to Stephen (1992: 82-3), has specific meaning in the Spanish and Portuguese language:

'... as contrasted with the non-class nature and largely symbolic stakes identified with the "new social movements" of Europe, "popular" connotes common economic marginalization; whether referring to culture or class, it is used to link a wide range of disenfranchised groups. These groups include disinherited indigenous populations, landless and land-poor peasants, participants in the urban informal sector, and the under- and unemployed – all those who populate the contradictory categories and identities created by the process of dependent capitalist development in Latin America.'

Seen in this context, "*popular*" is a term with a specific, implicit Marxian connotation; and thus popular development does not necessarily mean alternative development.

We have witnessed an on-going production of new terms and labels for describing international development. More often than not, the more complex a development situation, the larger the numbers of plausible perspectives and rhetoric created. Despite negative categorisations however, these present “much more than rhetoric and opportunism” as Chambers (2005:187) observed:

‘The power of vocabulary to change how we think and what we do is easy to underestimate. It influences the course of development in many ways: through changing the agenda; through modifying mind-sets; through legitimating new actions; and through stimulating and focusing research and learning’ (ibid.).

Alternative Development: Reconstruction

The various strands of development thinking highlighted in the previous sections could be summarized. In general, development thinking has been thought of involving either capital/economics (including income, growth, and consumption) or plurality (including many other dimensions). Another way that development has been considered is the question of “whose development is it?” In this context, administrative managerialism gives agency to the state and experts; economic rationalism assumes market and *homo economicus* reign, while democratic pragmatism gives agency to people and anti-systemic radicalism rejects development. The matrix (Box 2-1) is an illustration of the inter-relations of the different schools of development thinking.

<i>Box 2-1 Matrix of development thinking</i>		
	Capital/Economics	Plurality
Administrative managerialism	<i>Keynesianism</i>	<i>Human development</i>
Economic rationalism	<i>Neoliberalism</i>	
Democratic pragmatism		<i>Alternative development</i>
Anti-systemic radicalism	<i>Marxist</i>	<i>Post-development</i>

The matrix, however, does not include the notion of alternative development, because conceptually it is still considered rather ambiguous by many. While some regard it as something that should be left to people to carry out, others insist it involves anti-systemic movements. In any event, the framework of post-war development can also be summarized in Table 2-1.

As a form of general critique, alternative development has yet to clarify its own contradictions as to what it really is or means. As Nederveen Pieterse (2010:84) aptly pointed out, it “ha[s] failed to develop a clear perspective on micro-macro relations, an alternative macro approach, and a coherent theoretical position” and as a result, it is hard to know if the concept itself pursues alternatives to development or development alternatives (i.e., alternatives in development). For this reason, alternative development is not an alternative grand theory, and it is yet to make a substantial impact upon the overall conventional and mainstream development thinking. Perhaps the long quest is only beginning and community currency is part of this long journey.

Table 2-1 Three worlds in development theory

	Econo-centric	Expert-centric	→ Anti-systemic
Objectives	Money (growth, income)	Enabling environment	Emancipation
Resources	Money (capital, investment, trade)	Money (fund, aid)	Social capital
	Technology	External expertise	Local knowledge
Agents	Market	Experts/Elites (State, UN system)	Grassroots people
Motives	Material self-interest	Public interest in unitary terms	Collective interests
Metaphor	Invisible hand	Mask of love	Utopia
Epistemology	Positivism		Constructivism
	Grand narrative	Critique of the grand narrative	Denial of the grand narrative
	Structuralist	Institutionalist	Actor-oriented
	Science	Denial of the body	Experiential/Mutual learning
Methodology	Trickle-down	Top-down	Empowerment from below
Strategy	Competition	Intervention	Participation
Measurement	Quantitative		Qualitative

PREVIOUS RESEARCH ON COMMUNITY CURRENCY: CONCEPTUALIZATION

The last three decades have seen diverse forms of community currency regimes, which began with mutual credit system Local Exchange Trading Systems (LETS) in the Canadian town of Comox Valley in 1983. Since then, other community currency regimes have proliferated all over the world covering Asia, Africa, Latin America, and the Pacific Islands. While there is little evidence to suggest that the contemporary community currency regimes are a legacy of previous ones established in the last two centuries, it is evident that the discourse on community currency as development intervention has been around for a long time.

Academics have been slow to pay attention to the emergence and practice of community currency on the ground²⁹. For one thing, there is no generally accepted definition of community currency. Despite increasing curiosity and surging popularity, its analysis remains conceptually vague and less than systematic. The current literature and research on the topic is considered by many as either over-, under-, or un-theorized. Structuralists, political economists and anti-capitalist scholars are too self-absorbed to offer any clear explanation as to how such initiatives emerged. Instead, they have only used community currency as a device to explicate their own ideological and normative ideals and to critique the “evil” agenda involved in capitalism and mainstream development; leaving community currency initiatives and projects *per se* unexamined.

²⁹ Schroeder created the databank of Bibliography of Community Currency Research on the website (<http://www.cc-literature.org>); International Journal of Community Currency Research (<http://www.ijccr.net>) is the online journal that deals directly with community currencies; Complementary Currency Resource Center (<http://www.complementarycurrency.org>) provides information on community currency practice throughout the world.

In other words, how these initiatives and projects are organized and operated in local contexts remains unknown and under-explored. While some studies conducted by university students did document their activities and practices, they seemed too carried away in showing the best sides of these projects without critically examining the organizational and institutional constraints, unintended failures and conflicts involved; leaving their works with little conceptual and theoretical analysis. Likewise, other literature produced by practitioners and journalists has been technically framed and practice-oriented, or as reports for winning support.

It is proposed here to systematically review the literature on community currency incorporating development perspectives. More specifically, community currency can be understood by Wright's (2010) three perspectives or departures: chaotic, prosaic, or transformative.

The chaotic departure assumes that the state-issued money as pretty much given and homogenized and thus, there is no such thing as community currency. The prosaic departure, on the other hand, accepts the existing politico-economic chessboard as pretty much given, and community currency is considered something purely instrumental to respond to some current economic problems without changing the chessboard. In contrast, the transformative departure sees community currency as another development trajectory involving two separate considerations, reformist or radical. Putting these perspectives together, it can be seen clearly that there are four ways to examine community currency as indicated in the following diagram.

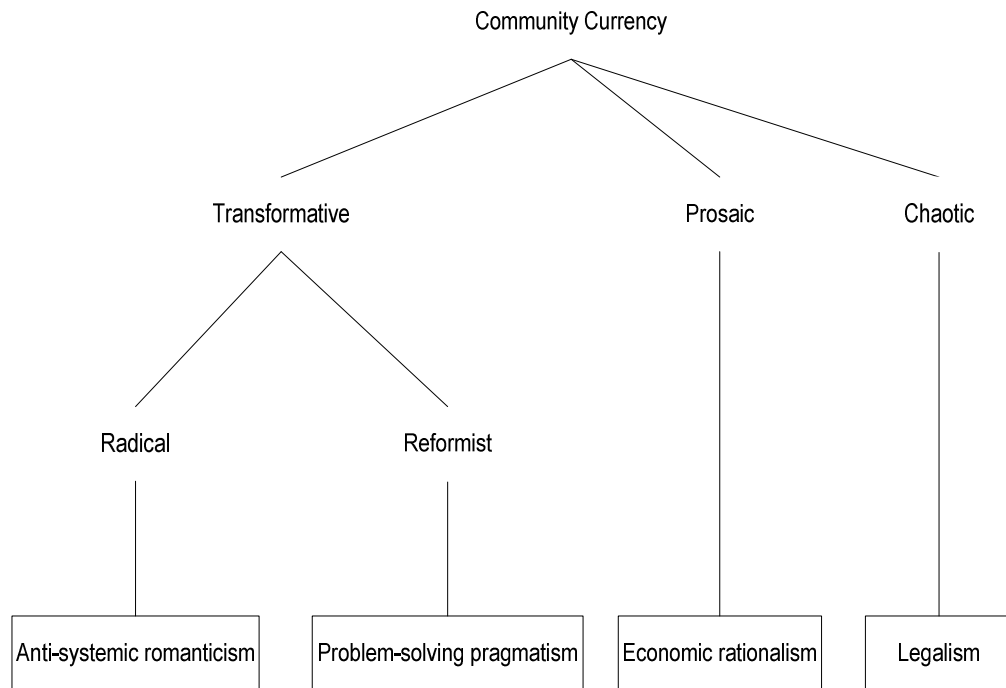


Diagram 2-1 Classifying community currency discourses

According to Schraven (2001:2), when community currency is deployed for the purpose of generating “potential legitimate economic benefit [deriving] from the failure of the dominant medium of exchange to fully facilitate all potential exchanges”, it is regarded as a form of economic rationalism. This could be readily seen in the Kiyotaki–Wright model (1989) and his empirical findings where multiple currency-use and its effects on the economy were demonstrated. Colacelli’s (2005:chapter1) quantitative study on the transition of community currency used in the Argentine barter network was another example. In these cases, community currency emerged endogenously as a media of exchange. Although Hayek (1976) did not explicitly talk about community currencies, he argued that both free and private currency regimes (1990) were some forms of economic rationalism. It must be noted that Gesell and Hayek used free currency

regimes differently: in Gesell's framework, free currency aims to replace the existing currency system; and unlike Hayek, Gesell also supports the state issuance and management. Hence, the Gesellian regimes see free money as a form of entitlement while the Hayekian regimes would insist on people's free choice. The Gesellian free money regimes were reviewed by numerous economists, including Fisher (1933, 1934) and Keynes (1936), and they were seen favourably for generating a new form of ecological economics where free money had been put into practice by various grassroots initiatives. Such economic rationalism; however, is also prosaic because the changing currency system was brought on by elites, scientists, and administrators.

Seen from a reformist perspective, community currency is more about problem-solving pragmatism because it is used frequently as another system that complements the mainstream development. While it problematizes the existing politico-economic chessboard – i.e. administrative state and capitalism, it does not redefine the chessboard or point to a new kind of development. In many empirical studies, community currency was seen as an alternative means to generate employment, income, local economic growth, and social inclusion³⁰. Hence some have also argued that community currency should be seen more than a financial tool, and its role should not be restricted to the economic sphere. Instead, it could be considered as alternative development because of its good intention in terms of helping the hitherto excluded from the state service and the official market economy. As the term inclusion also implies, however, social inclusion does not necessarily mean that anti-systemic movements are created by the excluded,

³⁰ cf. Offe et al. 1992; Williams et al. 2001, 2003

but rather, a new kind of intervention could be included into the mainstream development. In this context, the reformist perspective on community currency tackles merely problems of mainstream development, aiming to perfect mainstream development.

The conception of community currency as a form of anti-systemic romanticism originates from the deconstruction of development *per se* as it seeks alternatives to development in imaginative terms. Furthermore, taking note of Polanyi's notion of a re-embedded economy and his theses on special-purpose money (1957) and primitive currencies in Yap, Zelizer (2000:386) argued that:

‘All moneys are actually dual: they serve both general and local circuits. Indeed, this duality applies to all economic transactions. Seen from the top, economic transactions connect with broad national symbolic meanings and institutions. Seen from the bottom, however, economic transactions are highly differentiated, personalized, and local, meaningful to particular relations. No contradiction therefore exists between uniformity and diversity: they are simply two different aspects of the same transaction.’

In addition, Zelizer (1994) also suggested the notion of ‘earmarking’, claiming that social life and reality are far from homogeneous, and hence there is an extensive array of currencies invented by people and their uses are also diverse, representing different social and cultural standards and transactions other than the officially sanctioned currency (Zelizer 2000:385-386; 2004). Harvey (1996:236-238) further added that there was a spatial-temporal dimension embedded in the use of money.

Community currency is spatially confined to its community members who know each other personally and who depend heavily upon the trust they have developed and based on the information they share among themselves. Seen in these contexts, the Western discourse on money, particularly exemplified by the modernization theory in development, has been overlooking the crucial aspects of social and cultural construction, especially in terms of its relations to production, consumption, work, circulation, exchange, and network.

Given money is “a creature of law” (Knapp 1924:1) and “a creature of the state” (Lerner 1947), the idea of the law and state is central to money in the legalist school. The legalist school of money assumes the politico-economic chessboard and its structural status-quo as given – agency is granted to governmental experts due to the laws of bureaucratic hierarchy. People subordinate to the state and the state is controlled by the experts who are supposed to be motivated by public interest in unitary terms and whose role is to execute on behalf of the state scientific and technical expertise to steer, manage, and control the system. The legalist school of money thus subscribes to the notion that the (non)monetary network is not spontaneous, but utilisation of financial innovations to avoid regulations and taxation or deal illegal goods and services is done with deliberate intentions. Hence the view perspective develops that such phenomena or attempts to create barter and (non)monetary network must be regarded as a temporary and abnormal state of affairs that’s short-term existence discourages the formation of new, long-lasting and self-reproducing (non)monetary institutions³¹.

³¹cf. Humphrey 2000:260

COMMUNITY CURRENCY IN DEVELOPING COUNTRIES

Much has been written on community currency initiatives in Europe, the US, Japan, and other developed nations. However, many similar initiatives have also been found in the marginalised part of these countries, especially in peri-urban and rural communities. Three major trajectories of community currency are found in underdeveloped areas. The first is the case of primitive currencies (like using stones and shells) which surprisingly have remained unexplored. Although they have been subjects of research in anthropology, the focus has not been on how the currency system has complimented the mainstream currency in fostering local development. Moreover, many studies have ignored how each community currency was originated – whether it was indigenously generated or borrowed from elsewhere.

Unlike primitive currencies, contemporary community currency is mostly a borrowed concept and an artificially produced medium through two courses: one is via endogenous grassroots movements with little external funding; the other is through small-scale projects brought into local community by outsiders. The largest contemporary initiative and perhaps the most unique one was the case of Argentina where a barter club was started on May 1 in 1995 by a local environmental NGO for a local neighbourhood to exchange goods and services in regularly run bazaars. In the following year the founders of the barter club decided to replace the accounting system with their own form of currency “as a medium of exchange, not simply to facilitate transactions (though they had this effect as well), but rather to ease the ‘impractical’ accounting burden taken on by the founders in the original discounting/crediting system” (McClanahan 2003:42). Participants subsequently increased, and similar clubs

were created in many communities constituting a network. The network expanded to the whole country at a rapid pace during the official economic crisis of December 2001. However, participation in these clubs dramatically decreased in the following two years leaving many clubs on the verge of collapse³², leading to many publications attempting to explain their demise.

The third are the small-scale community currency projects. These are projects initiated by local governments, municipalities or ordinary people who choose to ‘return to barter’ (Coraggio 1998:115) in the face of a collapsing or absent national currency. It is understandable why disadvantaged community in underdeveloped areas would choose to introduce its own form of currency. However, the idea of community currency has not been readily embraced by international development agencies except for some NGOs who are able to gain success in the community currency programmes they set up in recent years.³³

In general, each of the perspectives highlighted earlier have been criticized for the gaps and arguments. For example, there are doubts about the economic rationalism perspective of community currency as some regard it as a kind of survival strategy and it is also a temporary fad while its real capacity for creating social transformation remains debatable. Colacelli’s (2005) comparative analysis of the Great Depression in the United States and the 2002 Argentine economic crisis is a case in point. He argued that in both

³²González Bombal (2003:307) expresses that the trajectory of the barter network ‘has experienced from the expansion to the explosion’ (written as ‘ha pasado de la expansión a la explosión’ in Spanish). Hintze (2003:11) calls crisis of the barter (written as ‘crisis del trueque’ in Spanish).

³³cf. Ruddick 2011

cases, monetary collapse was apparent and ultimately surrogate currencies were issued by private organisations, i.e., exchange associations with scrip and barter clubs with their own currency. This was clearly a survival strategy. As for Argentina, similar efforts were also made by the impoverished middle class as a way to respond to the economic crisis³⁴. Colacelli concluded that while community currencies work best when the formal monetary economy have collapsed and failed to provide people with a proper safety net, once the formal economy began to recover, community currency would lose its appeal and decline in use. Gómez (2008) insists; however, that it is not so appropriate to regard it as a survival strategy. She departs from the Polanyian thesis of the economy as an instituted process and advances a more sophisticated treatment of community currency focusing on their roles and limitations as well as the participants' organizing practices. In her view, after the turbulent Argentine *trueque*, albeit in much reduced volumes, some clubs have continued their activity for more than a decade, with other groups creating new barter clubs. In this context, the emergence of community currency is not necessarily the result of the meltdown of the official currency or the upheaval of the official economy.

At the same time, the literature based on the reductionist and quantitative approach has also been criticized for its simplification and decontextualization for treating individuals as uniform in *homo economicus* and different financial phenomena – dollarization, provincial bond, and *trueque* in the Argentinean case –as multiple forms of currency usage. Hence, while the perspective can be said to reinforce its rigor, it is of

³⁴González Bombal 2003; Pearson 2003

little value to practical policy work. The growing volume of literature using a qualitative approach also sheds lights on the socio-economic and/or environmental backlash.

Coraggio (1998) also decided that there are limitations in the pragmatism and institutional perspective. In his view, the analysis of the emergence of the *trueque* was misguided -- the lack of money and the resurrection of non-monetary economy (1998:116-117)³⁵ should be seen in the context of the exclusion of social recognition of productive capacities of people or communities – i.e., demand for work, products, and services. What was important about the Argentine *trueque* was the fact that it exercised legitimacy over the resolution of problem by uniting all capacities and needs through inventing a communal basis of market in the segregated and segmented society³⁶. In other words, the problem was institutionalized and embedded in the Argentine *trueque*. The *trueque* economy depended upon the basic inputs in the official market economy in order for *trueque* members to produce the goods and services on which the network depends for its existence. Special purpose and function of *trueque* currency as well as solidarity values and relations were crowded out by capitalistic values and systems so that subsequently ‘... the individual’s economic motive for participating in the barter

³⁵ Translated by the researcher from the following original text: ‘Suele atribuirse el surgimiento de estas comunidades a la falta de dinero y también denominarlas economía del “no dinero”. Lo que “falta” es el reconocimiento social (demanda) de las capacidades productivas de las personas o comunidades hoy excluidas, ... Como resultado de la falta de demanda de trabajo o de los productos o servicios que se pueden producir por cuenta propia, la faltan ingresos monetarios a un sector. Pero las capacidades están allí, y también las necesidades insatisfechas. El problema es volver a unirlos, por ejemplo, mediante la producción para el propio consumo individual o regenerando un segmento de mercado comunitario segregado o segmentado.’

³⁶This point is variously confirmed by Argentine scholars. (cf. Abramovich et al. 2003; Luzzi 2005)

network are not to constitute or reproduce a community, but to resolve their own needs by means of exchange of works' (Coraggio 1998:120)³⁷.

According to Gómez (2008), it is not appropriate to see community currency as a mere survival strategy as some members only started their membership when the economy recovered, indicating that there were reasons other than desperate needs for them to affiliate themselves with the community currency. More importantly, despite most community currency programmes being small, their operational dynamics are often complex, and hence they should be thoroughly examined. Hypothetically, community currency can become a mature economic and multi-functional system that plays an important role in rebuilding community. However, pragmatist analysis often overlooks the complex system, including diverse actors. Leoni (2003)³⁸ likewise agreed that while the institutional aspects and impacts of community currency were often the focus of research on community currency, the difficulty poor people experienced in participating in community currency had been curiously overlooked by the existing literature.

Although Zelizer's notion of earmarking is significant, her work regarding community currency (2004) remains rather simplistic in its ways of discussing the

³⁷ Translated by the researcher from the following original text: "Sin embargo, dado el pragmatismo predominante es probable que el sentido económico individual de participar en la red de trueque no sea constituir o reproducir una comunidad, sino resolver las propias necesidades mediante el intercambio de trabajos particulares."

³⁸ Leoni refers the term 'los sectores populares' (the popular sector) specifically to 'como podríamos mencionar el cartonero, la venta ambulante de productos de limpieza fraccionados, la participación en huertas comunitarias, etc...' (as we could mention the cardboard collectors or more generally recyclables collectors, street vendors of the fractional cleaning products, the participants in community gardens, etc...) (Leoni 2003:82; translated by the researcher).

dualism of economic and social meanings while ignoring the multiple meanings and dynamics of social practice of community currency. Another question regarding her notion of earmarking is whether community currency is created and used by people's intention of differentiating social meaning. As reviewed, the cultural paradigm is increasingly important in development studies. Hypothetically it is the cultural (non-economic) component that speaks to sustainability and transformability of community currency in relation to development, nonetheless how culture is put into development discourse and community currency action needs careful attention.

The question of whether community currency supports cultural sustainability has also been a major concern in the field (Lietaer and De Meulenaere 2003). For example, De Meulenaere was collaborating with the local government in Papua New Guinea to officiate the shell currency, arguing that it was good for encouraging economic and cultural development. However, sceptics have also questioned that in view of the demise of the community currency system in the Balinese society. According to Fukada (2011), local people were not in unanimous agreement with officiating the shell currency; indicating a clear gap between how the planners (local government, and development practitioner such as De Meulenaere) and the local users in terms of perceiving the value of the alternative shell currency. Fukada posed two questions. First, was it better for the government not to intervene and respect the traditional way of using the shell currency to promote local culture. Second was whether or not the officiation of the shell currency would enhance its circulation. Hypothetically, the officialization could create a myth that the community currency would promote economic development and cultural sustainability.

Despite most literature in the field of community currency apparently tending to support community currency, on closer inspection, there is little evidence to suggest that particular impacts have been made by community currency on environmental, gender, and cultural aspects of local community³⁹. Likewise, while community currency is often included in books about new economics, bioregionalism and feminist economics, most are focused on its theoretical and conceptual principles, with little being about the practical experience of community currency projects⁴⁰. In addition, social custom or the human dimension are not carefully considered. This is where the missing links between theory and practice are most evident.

There are counter claims however. Some have argued that certain class and gender biases of the official economy are reproduced in community currency projects. And others felt that ecological awareness is less likely to be the primary interest of community currency users⁴¹. It becomes apparent that the objective or intended goals and the subjective usage of community currency do not necessarily match, and more research is needed to clarify this gap.

Although in their initial stage, many community currency projects were successful, often they could be limited by the existing politico-economic chessboard – particularly in terms of the administrative state and capitalism. The stamp scrip created in the 1930s existed only temporarily because of the recovery of the official market

³⁹ e.g., Daly and Farley (2011) present ecological economics approach into the concept of money, although the case of community currency is demonstrated without any explicit environmental perspective.

⁴⁰ e.g., Ekins 1986; Andruss 1990

⁴¹cf. Barry et al. 1998; Glover 1999

economy it was then banned by the national authority who felt that the primacy of the official economy was threatened by the scrip. Such compulsory intervention into the community currency projects was usually enforced by undemocratically-drawn coercive powers of the state. The case of state intervention into Thai *bia kud chum* in April 2000 likewise reflected the role of the state and the tension between legality and legitimacy with respect to community currency projects. According to Pichpongsa et al (2001), many officials believe that community currency is a violation of the law, a danger to national financial security, and a potential independent movement. Moreover, some argue that community currency can lead to inflation, informalization of economy, encouraging tax evasion, and spreading contagion effect on other communities. Considering little has been written in the current literature on such issues, more research needs to be done especially on the legal aspects of community currency⁴².

Nonetheless, a few scholars did embrace a more comprehensive and systematic approach to study community currency. Seyfang (2001), for instance, highlights two distinct and contrasting models for sustainable development, namely local economic development as mainstream approach and sustainable local development as radical approach, when evaluating the impact and potentials of *LETS*. In some ways, the approach he employs is anti-systemic romanticism because it involves problem-solving and sustainable local development. Powell's empirical study about the Argentine community currency provides a further example of how community currency can be understood in the context of development:

⁴²cf. Solomon 1996; Shiono et al. 2004; Freire 2009

‘The question in the title of this investigation – is the barter network petty capitalism, perfecting capitalism or post-capitalism? – has no definitive answer. There is no ultimate destiny inherent in the alternative money concept. For now, it is evident that it contains elements of all three, and that which tendency prevails will depend not only on the decisions of its participants, but on the reactions of the economic and political forces of capitalism as well.’ (Powell 2002:645)

While the focus of Powell’s research is on capitalism, North (2007) further takes an anti-capitalism position to provide an ethnographic understanding of community currency practices in different countries. Still others utilize social movement theory to elucidate the emergence and dynamics of community currency⁴³. Although social movement theory provides an explanatory account of the political process of the collective action, especially in terms of the organizing practices, it is equally vital to reveal the role of community currency as well as institutional limitation and conflicts among actors and stakeholders, and its relationship to the macro perspective of development.

ANALYTICAL FRAMEWORK FOR COMMUNITY CURRENCY AND DEVELOPMENT CHANGE

The framework for this research is largely inspired by an actor interface perspective, spearheaded by Long (2001). It also incorporates Wright’s theory of transformation (2010). The actor-oriented approach has challenged structuralist, institutionalist and political economy analyses by shifting its emphasis on actor-defined

⁴³cf. McClanahan 2003; Collom 2005; North 2006; Roberts et al. 2006

issues or critical events. Actors are not being depicted as ‘simply disembodied social categories’ (Long 2001:13) or ‘passive recipients of intervention’ (ibid.) but as ‘active participants’ (ibid.) who process information, interact with other actors, stakeholders, and institutions, negotiate their interests, and strategize their livelihoods through establishment of community currencies.

Long is also critical of sociological dualism and rejects the question of whether individuals make structure or structure governs individuals. In his view, social structure always exists, but it is not so rigid, as actors constantly interact with it and change it. Understandably an institutional/structural approach would argue that in order to provide stable social life or social order, an institution or social structure would provide a normative framework and consistency of norms for different social strata. But Long opposes this way of thinking. To him, social life is heterogeneous or polymorphic. An actor-oriented analysis thus focuses on how heterogeneity is produced, reproduced, consolidated, and transformed in terms of the self-organizing processes, and *not* of the structural outcomes. Giddens (1984) argues that institutional structures and processes cannot be understood without allowing for human agency. He identifies capability and knowledge ability as the two principal elements of agency. By capability agents command relevant skills, access resources, and engage in organizing practices, while by knowledgeability agents are able to reflexively attach meaning and purpose to social action. Long explains that social actors operate with beliefs about agency, articulating a certain capability and knowledgeability vis-à-vis their life-worlds and resting upon social embeddedness. Social action takes place within networks of actors with the interlocking of their projects, is co-produced and co-transformed by both routine and

explorative organising practices, and is bounded by social conventions, values, and power relations. Whereas social constructionism deals with the heterogeneous socio-cultural and discursive practices, an actor-oriented approach of social constructionism attempts to integrate the analysis of small-scale interactional settings with that of institutional structures or macro phenomena. This is particularly relevant to situate community currencies in relation to development, that is, community currencies should be seen in the context of how everyday economic processes interlock with institutional frameworks, in which values and actions are framed and contested, networks of relations, communication, and support, and the beliefs and more specifically ideas about development shape actors' improvisations, coping behaviours and planned social actions.

For this study, the point of departure is; therefore, to ask “who” and “how” institutions, such as community currencies, are established. Community currencies are viewed as self-organizing processes by which community members and stakeholders negotiate their interests among themselves in order to overcome the difficulties the community encounters and accordingly establish an institutional framework based on consensus. In turn, this will provide a legitimate basis upon which the currency is grounded. Furthermore, this study sees community currency as collective action; or, more precisely, as an interactive combination of active social agents innovating social institutions. This research thus attempts to better understand and analyze the complexity and dynamic of community currency by focusing on individual stakeholders as active agents creating change in their community with specific targeted development goals and vision. It examines critically how an institution of community currency can be established by community members with specific reference to a process of front-line

interactions and negotiations, and how it can heighten consciousness and readiness for action to exercise their influence in safeguarding their livelihoods and future of their community socio-economically, politically, and pedagogically.

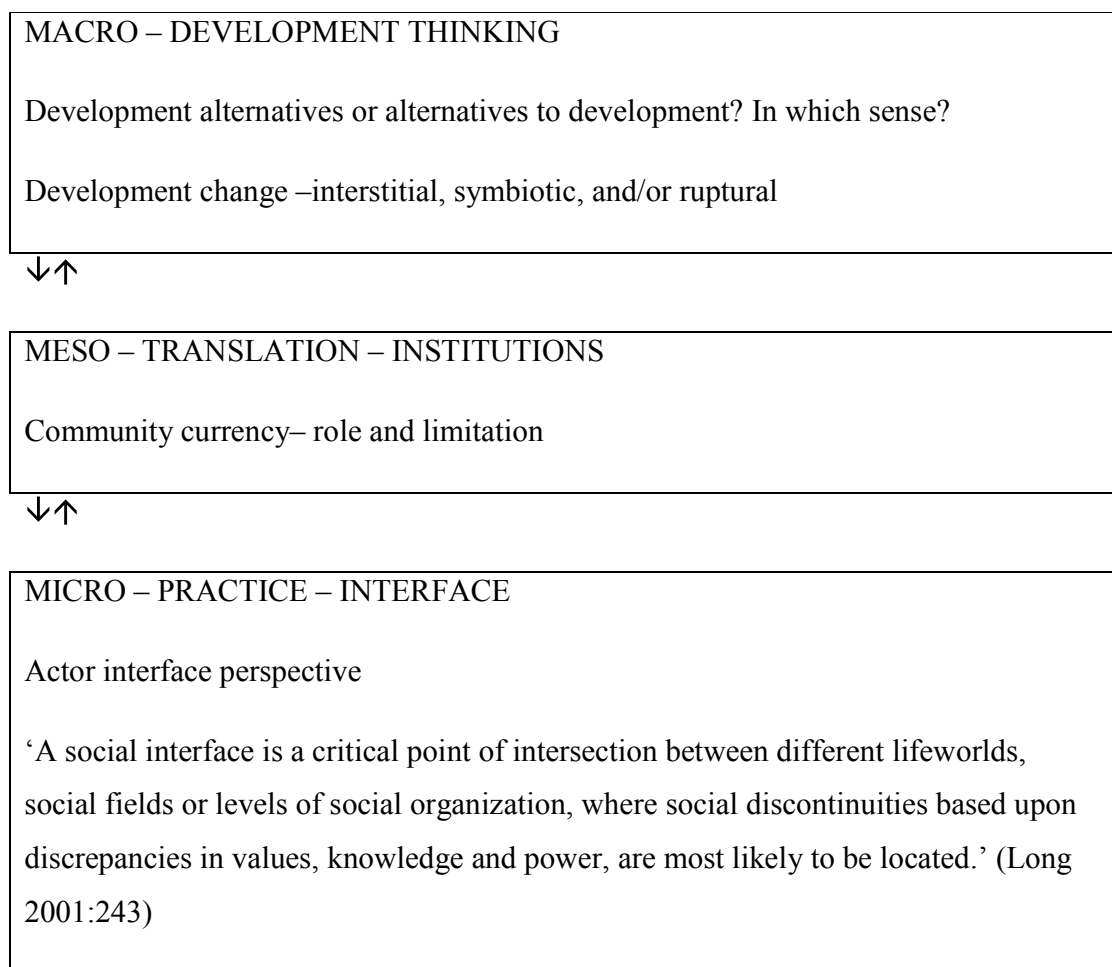
Long's stance in demythologising planned development intervention proves to be equally relevant to this research. He deconstructs the notion of intervention as "an ongoing, socially-constructed, negotiated, experiential and meaning-creating process, not simply the execution of an already-specified plan of action with expected behavioural outcomes" (2001:25). This suggests that in understanding how community currencies work, even when it is an imported or borrowed idea from outside, inevitably attention must be directed to the on-going negotiation process over social meanings and practices because of different actors' understandings, interests, and values in the community⁴⁴. Thus it also makes sense to concur with Long's suggestion for focusing on 'intervention practices' rather than 'intervention models' (2001:26) in conducting community currency research because local people have closer concerns about their daily life and livelihoods than the currency system *per se*. According to Bromley and Cernea's paper,

'Development assistance for agriculture, environmental protection and natural resource management still succeed only if programs and projects become more concerned with the people using natural resources, rather than primarily preoccupied with the particular commodities around which projects have often been organized.' (1989:iii)

⁴⁴ cf. Lewis et al. 2006

Closer attention to users rather than natural resources is in line with Long's arguments. Unlike participatory action research that attempts to narrow the gap between words and action in planning and practice, Long assumes that discontinuity is inherent in development intervention and hence stresses significance of interface approach focusing on interpretation and negotiation of actors involved.

Diagram 2-2 Three levels of analysis



Unlike other works in the field of development studies that focus on either development thinking or development intervention, this study aims to consider three

levels of analysis (Diagram 2-2) as an intellectual framework: the coexistence and interpretation of different currency forms, the diverse meanings and guises that money takes on, and the social construction of value and meaning within economic processes.

As Long pointed out,

‘While most studies on commodities and markets in the end assume that money functions as the standard measure of exchange value... an important consideration here is the fact that money is often not materialised at the point of exchange when purchases are made, goods bartered or services provided.’

(Long 2001:116)

Long sheds light on diverse meanings inherent in money and deploys the notion of currency that attempts to define and frame equivalences in value between commodities, goods and services (Long 2001:127). Although he makes no specific reference to community currency, he supports Zelizer’s notion of ‘earmarking’ (1994) in rural context and implies possible framing of community currency. In contrast to the economic logic put forth by Coraggio, Long (2001:129) prefers to ‘decontaminate’ or ‘purify’ money from market rationality within commodity networks in development. The lessons this research has gained from Long is that while it is fine being sympathetic and not opposing to Marxist counter-hegemonic, feminist, or environmentalist approach, it is unwise to rely on a structural/institutional approach to investigate the patterning of local currency circuits. Instead, by adopting Long’s actor-oriented approach, there is more flexibility in probing deeper into the multi-faceted bonds and patterning of currency circuits that constitute commoditization processes within the community and among the actors. Unlike the primitive currencies like the shell currency, the

contemporary initiatives began with the idea that community currency is borrowed from elsewhere rather than indigenously generated. It is therefore important to examine how actors and stakeholders with different motives and interests have negotiated and compromised to establish the community currency. Long's conception informs that it is necessary to identify wide range of actors and stakeholders and their power relationship.

This research should not be seen as one which limits itself to examining only micro issues dealing exclusively with its operation and implementation processes. There are broader, macro issues which community currency could confront. For in its consolidation, the dynamics of community currencies will grow mature and be primed to be incorporated or absorbed into neo-liberalism. As a study of a local community initiative, it is critically important to study the strategic role of community currency in resisting and contesting globalisation and state control. It is in this context that community currency could be regarded as well as a tool for empowering community members. Likewise, it can also be seen as a kind of anti-systemic movement leading to new community development with new social meanings and organising practices. For this reason, in summary, the main task of this study is to ensure a more sophisticated investigation to be carried out for documenting, understanding and interpreting the dynamics of community currency that covers the different stages of community development derived by the introduction of community currency and break new ground in the further theorization of development independent of a conventional monetary framework.

Since the time when Long (1977) stressed the importance of an actor-oriented analysis of development, the approach has been established as the Wageningen school, debated and applied by scholars and doctoral university students. Schuurman (1993) considers the actor-oriented approach as post-impasse development theory. Preston (1996) emphasises an understanding of development theory about dynamics of global structures and agents evidenced in the diversity and detail of forms of life that the actor-oriented approach elucidates. The approach is useful for not only development thinking and ethnographic understanding of development processes, but also development intervention⁴⁵. In spite of the increasing recognition it has gained in academic research, few works have been carried out to critically examine his approach or systematically review those fragmented research that apply Long's approach. Olivier de Sardan is unique in his role as a constructive critic in addition to his grand appreciation in general:

‘... a reservation can be made concerning the “closed” and repetitive character of Long's system. Since the mid-1980s, the principal concepts of Long are established and they are found with few modifications, cited, commented, and paraphrased by Long himself or his disciples in books and articles during fifteen years books. This interpretative system, which is at a high level of abstraction, becomes little by little self-sufficient, turning in closed circle, and the empirical studies seem to be used sometimes to illustrate or legitimate it instead of producing innovative local or regional interpretations or open frontiers. Undoubtedly lock in the rural development does not help renewal: the types of possible interactions between development agents and peasants are relatively

⁴⁵ Kontinen 2004; Lewis et al. 2006

limited in number across the world and do not encourage the researchers in the grounded interpretative innovation, once they find the comfort of the Long's conceptual system. Nevertheless, this system remains a touchstone in anthropology of development'.⁴⁶

The theoretical and methodological guidelines that Long formulates look abstract and remain unchanged for a long time. Unlike Olivier de Sardan's concerns the guidelines are not tailored to force the data into them but to help researchers collect emerging data from the ground and proceed with empirically grounded analysis. Hence the framework is hardly self-sufficient but more likely requires the researcher's interpretation, which speaks to findings of the study. Indeed Long himself takes explicit account of neither alternative development nor community currency, and, as far as Olivier de Sardan is concerned, applicability of Long's framework has been empirically limited to agrarian or rural development. But, as reviewed, he has discussed issues of interface, development intervention, and social meaning of economic processes. In this context, this study aims to extend the applicability of his framework to understanding

⁴⁶ The following text is translated by the author :

‘... on peut émettre une réserve relative au caractère « clos » et répétitif du système longuien. Dès le milieu des années 1980, les principaux concepts de Long sont en place ... et on les retrouve, sans guère de modifications, repris, commentés et paraphrasés durant quinze années d'ouvrages et d'articles, par Long lui-même ou par ses disciples. Ce système interprétatif, qui se situe à un niveau d'abstraction élevé ... devient peu à peu autosuffisant, tournant en cercle fermé, et les études empiriques semblent servir parfois plus à l'illustrer ou à le légitimer qu'à produire des interprétations locales ou régionales innovantes ou à défricher des chantiers inédits. Sans doute l'enfermement dans le développement rural n'aide-t-il pas au renouvellement : les types d'interactions possibles entre agents de développement et paysans sont à travers le monde en nombre relativement limité, et ne poussent plus le chercheur à l'innovation interprétative « issue du terrain » (*grounded*), une fois découvert le confort du système conceptuel longuien. Celui-ci reste toutefois une pierre de touche en anthropologie du développement.’ (Sardan 2001:744-745)

community currency projects in relation to alternative development in peri-urban settings.

Similarly, Ostrom's institutional analysis and development framework (2005) provides useful analytical tools for understanding collective action and economic governance, with particular reference to common property regimes. Presumably self-governing institutions for community currency have shared some components of common property regimes. In Agrawal and Gibson's (1999) overall review of the concept of community, they suggest that community can be seen as a network of communal self-governing institutions. While many, including Ostrom prefer to embrace the institutional approach to studying common property regimes, there are also some who would take the actor-oriented approach to challenge them. In the study, I take Long's actor-oriented position to get into the issues of institutions.

Although there is no single grand theory in alternative development, it is important to highlight a select few. Wright's (2010) holistic and systematic account of social transformation and its trajectories are one of them even some consider his framework as largely a sociological theory rather than a framework for studying alternative development. Here he depicts three types of social transformation – interstitial, symbiotic, and ruptural. Interstitial involves changes in the spaces and cracks or interstices of organizations and society. Symbiotic transformation attempts reformist approach to changes advanced through cooperation with (rather than struggle against) existing institutions and system. Ruptural transformation represents radical and revolutionary rupture with existing institutions and system.

These three trajectories are useful for analyzing community currency in underdeveloped areas. One can see that interstitial transformation can be represented by small-scale community currency projects. The proportion of transaction by community currencies in the normal state of affairs is tiny. The case of Argentine barter network is more dynamic. A barter club with its own currency at the initial stage can also be considered as interstitial transformation. During times of economic crisis; however, it can become a kind of ruptural transformation, especially for those whose livelihood will have to depend upon these barter clubs. Yet community currency can also be assumed as symbiotic transformation of the country. After the explosion of the barter network, some people restarted small-scale barter clubs to aim at creating only interstitial transformation.

Moreover, the case of primitive currency can also represent symbiotic transformation. Unlike contemporary initiatives of community currency, primitive currencies were used first. Polanyian substantivists in anthropology claim that local economies all over the world are largely swept away by the emergence of the modern market economy, which means that ruptural transformation was made by the emergence of cash economy. But primitive currencies in some economies still maintain their distinct spheres by means of direct and/or cashless exchange. The current economy maintained by both cash and primitive currency can be described as symbiotic transformation.

Wright's theoretical framework remains abstract and is under-theorized to some extent. First, his utopian Marxist analysis is somewhat simplistic and deterministic. Second, although his idea of the three trajectories of transformation is original, the

trajectories are treated as separate, isolated movements. When these notions are applied to review community currency projects, it becomes clear that the three trajectories may not be so unilinear, but in fact should be seen as interactive. Given the social heterogeneity, it is also necessary to examine in details the degree of interstitial transformation to see whether it represents the first step of social transformation or rather that community currencies have the potential to generate further social transformation.

The answer to the simple question of whether community currency is successful depends on how one defines success. Such a question often misleads, and overestimates successes; it can also underestimate the likelihood of failure for community currency projects. In seeing social transformation as involving three different trajectories rather than a simple binary fashion in terms of success or failure, it is likely to be more fruitful. Thus when the experiences of each trajectory need to be accounted for, the actor-oriented interface analysis will be most useful. As the three levels of analysis (Diagram 2-2) indicates, actor-oriented approach is applied practically in the fieldwork, while Wright's theoretical framework will help me better understand the theoretical implications of fieldwork findings.

Chapter 3 RESEARCH METHODOLOGY

Introduction

The purpose of this chapter is to explain the methodological approach to inquiry into community currency projects and their contribution to local community development adopted in the empirical part of research. The study relies primarily upon Norman Long's socio-anthropological approach and his social constructionist thinking to investigate how actors interface in the processes of planned intervention and global/local transformations⁴⁷. The research intends to advance a more reflexive understanding of complex development change. Given that an actor-oriented approach depends on the development of an appropriate research methodology, which should not be reduced to methods and techniques of data collection and classification⁴⁸, this chapter aims to provide a text which:

- overviews issues of philosophical rationale;
- designs a qualitative approach;
- presents research instrument and methods;
- describes research encounter;
- provides reflection on the fieldwork; and
- discusses ethical consideration and reconsideration

⁴⁷ Long (2001:244) explains that '[i]n professional and everyday usage the terms 'constructionism' and 'constructivism' are often used interchangeably, which can lead to confusion. Strictly speaking constructivism is applied to learning theory and epistemology; that is, to how people learn and the nature of knowledge. ... Constructionism is a more general term and embraces the cognitive as well as the social dimensions of behaviour and social practice.'

⁴⁸ Long et al. 1992:268

CONSTRUCTIVIST PARADIGM AS PHILOSOPHICAL RATIONALE

In the previous chapter, it was demonstrated that there are multiple perspectives of examining development, and given “the sheer variety and complexity of social phenomena” (Long 2001: 28), it is difficult to establish “a common epistemology for grounding research methods and findings” (ibid.). However, Guba and Lincoln believe that methodology should be distinguished from methods, and argue that in every paradigm there is a central significant concern:

[B]oth qualitative and quantitative methods may be used appropriately with any research paradigm. Questions of method are secondary to questions of paradigm, which we define as the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways (Guba et al. 1994: 105).

They also demonstrate that in every paradigm, three fundamental questions need to be considered (Guba et al. 1994: 108):

1. *The ontological question.* What is the form and nature of reality and, therefore, what is there that can be known about it?
2. *The epistemological question.* What is the nature of the relationship between the knower or would-be knower and what can be known?
3. *The methodological question.* How can the inquirer (would-be knower) go about finding out whatever he or she believes can be known?

Based upon these observations, all research can fall into the following paradigms, namely positivism, post-positivism, critical theories, constructivism, and participatory approach.⁴⁹ This classification is relevant to research on development⁵⁰, and Long's actor-oriented approach is able to meet the methodological concerns in that it adopts:

- relativist ontology: presenting multiple, locally-, specifically-constructed realities
- subjectivist epistemology: co-creating understandings and findings between the researcher and the informant in the inquiry process
- naturalistic interpretive methodology

More specifically, while social constructionism deals with the heterogeneous socio-cultural and discursive practices, an actor-oriented approach of social constructionism could integrate the analysis of small-scale interactional settings with that of institutional structures or macro phenomena. According to Long (2001: 50), it also carefully considers meaning-making, which is not simply culturally constructed but is differentially reinterpreted in accordance with existing behavioural possibilities or changed circumstances. This study deals precisely with such conceptual and operational issues about community currencies on the outer edge of modernization, globalization and state control (Long 2001: 50).

⁴⁹ cf. Guba et al. 1994, 2005; Heron et al. 1997; Lincoln et al. 2011

⁵⁰ Mikkelsen (2005) presents a useful guide to design a development research from considering such philosophical rationale to seeking optimal combinations of research methods.

Moreover, as the previous chapter indicated, the existing literature in both development studies and community currency research is insufficient due to the disconnection between needed theoretical frameworks and practical consequences of the theoretical debates. Heron and Reason claim that this is like the “text” is in denial of the “body” (1997: 291), and they thus endorse a participatory inquiry paradigm. While the actor-oriented approach is not exclusively a participatory approach to action research, it can bridge the gap between text and body – i.e., it pays attention to listening carefully to people, assimilating and sharing experience with people, and ultimately constructing knowledge together with people. In other words, it will work as an alternative research method for data collection to better inform development policy and practice.

RESEARCH DESIGN

The study is a qualitative research that employs ethnography, as its main approach for data collection. More specifically, a reflexive ethnography, defined as the study of people in natural settings, involving the researcher entering directly and actively their life-worlds and rendering their social meanings, practices, interpretations and strategies understandable from emerging theoretical perspectives from the ground by theoretically grounded methods of social research, will be adopted.

Although this is qualitative research, it plans to collect some necessary quantitative data based upon grounded and reflexive ethnographic understanding of everyday life and of development processes through community currencies by which identities, interests, and social practices are shared, contested, and negotiated by the various actors. For instance, the amount of community currency people earn and spend

per week is important to show how community currencies are circulated while their volume of both currencies are compared. The stamp scrip during the Great Depression and the barter clubs during the Argentine economic crisis are cases in point. The proportion of transaction using community currencies in the normal state of affairs is very small. Nonetheless, despite their somewhat insignificant proportion, what they represent is more than the use of a shopping coupon, activities in a weekly bazaar, or an ephemeral survival strategy. Rather, they have become a mature economic and multi-dimensional system⁵¹. In examining community currency, conventional approaches will be too economically focused while the effects on social relations and the micro-politics of community are overlooked. Hence, the research problem and questions of this research demand a qualitative actor-oriented approach that reveals how the meanings of community currencies are constructed, how community and development is negotiated by people, and how social actions are generated and interpreted in various specific contexts.

As a qualitative researcher, it is difficult not to influence the phenomena under investigation. For this reason, the researcher must be aware that the interaction between him and the researched may produce biased findings if the research process is not handled properly and ethically. Yet it is also entirely plausible that the quality of research can be enhanced by such interactions. Certainly an actor-oriented approach of social constructionism requires a strong sensitivity to the processes by which the researcher enters the life-worlds of the researched and vice versa. The concept of

⁵¹ Gómez 2008

community currencies and its implications for development theory and policy are generated from the data representing the *emic* rather than *etic* views. The data are analyzed and interpreted with a view to understanding the implications of community currencies for new discourses of development in an inductive manner. The qualitative approach is more suited for grounded research to build theory from the informants' direct interpretation of observed events in terms of openness to the research subjects that articulates their own ideas with detailed feedback from the informants. The focus of deduction is on more reflexive types of ethnography, not on the verification of a priori hypotheses. A more reflexive type of understanding is necessary because the researcher's observations and interpretations are tacitly shaped by his/her own biographical and theoretical perspectives (Long 2003: 48). In so doing, the research rests upon methodology that counterpoises the voices, experiences, practices and strategies of all the relevant social actors involved, cross-checks these data and facts, interacts with theories, and incorporates the experiential learning curves of the researcher⁵². Every effort has been made to be impartial, no matter how constrained and complicated given fieldwork situation is.

Investigating the specific characteristics of community currencies thus calls for a more dynamic and interdisciplinary approach to micro-analysis of complex changes in development, focusing on both institutional arrangements and front-line social interactions. The research undertook this process by conducting a qualitative fieldwork

⁵² Long 2001:66

investigation of community currency projects in Northeast Brazil for twelve months from October 2009 to September 2010.

Initially, other possible locales for studying community currency were considered: time coupons in Hong Kong; the shell currency in Papua New Guinea, and the social currency in the Argentine barter network. However, ultimately the social currency issued by the Brazilian network of community development banks (hereafter CDBs) was chosen. The rationale for choosing the Northeast Brazil case was considered on two grounds: research purpose and value.

The Brazilian case is more appropriate for studying community currency and its role in development. The community currency project chosen for this study was created and managed by a community-based organisation in the peri-urban ex-slum district in Brazil. Given its relatively small-scale, it is not only manageable in terms of field work and data collection, it is also sufficient to demonstrate the strength and limitations of the project in fostering community development. As for research value, whether or not community currencies can break new grounds as strategy for local communities suffering from chronic poverty and other development problems at present is debatable. However, what is certain is that community currency can at least offer valuable lessons for international development agencies to consider when developing their intervention with a view to making most of development funds rather than just dishing out money. This is particularly relevant when the Brazilian community currency was created by the community's own underprivileged residents instead of being supported by international and local development agencies. Furthermore, while the Argentine case was more

responsive or reactive to the national economic crisis, the Brazilian case should shed more lights on how community currency can deal with poverty alleviation and promotion of development in a non-crisis setting.

RESEARCH INSTRUMENT

Due to tight budgetary and time constraints, a variety of research methods were used for data collection. These included:

- Documentary research;
- Conversations;
- In-depth interviews; and
- Participant observations

In order to uncover the complexity of planning and implementing community currency projects in northeast Brazil, it is also necessary to target a wide range of adult stakeholders and informants including:

- Users of community currency. They can provide essential information about their relationships to community currency and their impressions on the project.
- Shop managers. Their participation is important to illustrate how effective the community currency has been circulated and impacted on their businesses and community.

- Staff of community banks. They are the ones who are supposed to govern the community currency. Their role and practices can reveal how community currency is managed and evolved.
- Stakeholders intervening and supporting the community currency project. They included the Central Bank of Brazil, National Secretary of the Solidarity Economy (SENAES), municipal government, and local politicians. Their views will illuminate how the project was seen officially and politically, particularly in terms of political and social expediency.
- Other critical actors including civil society organizations and university researchers are also helpful to offer broader, objective and critical views on the project.

A snowballing technique was employed to recruit the informants because a ready sampling frame was simply not available. Attempts were made to maintain a gender balance in sampling. The initial samples were first drawn mainly from personal networks introduced by the community banks before other informants were recruited by referrals.

Document review was an essential initial step in familiarizing the theoretical significance and relevance of this research. It was also paramount for the researcher to further refine the focus of the research, particularly in identifying the gaps in the current state of research. Throughout the fieldwork, a wide range of ‘non-technical literature’ (Strauss et al. 1990) was consulted. This included:

- research papers and dissertations written by local researchers and university students;
- unpublished project-related materials such as project proposals, project evaluation reports, newsletters, minutes from assemblies and meetings;
- conference materials;
- journalistic articles from newspapers and magazines, as well as reports from television and radio; and
- Official publications such as governmental documents and reports providing information on demographic composition, socio-economic indicators, and other indexes relevant for understanding the contextual backgrounds of targeted communities.

These materials did not only offer historical and background information but also assisted participant observation and documentation of the situated social practices of actors and the ways in which such texts were deployed.

Qualitative research methods such as participant observation and listening to people's conversations have become increasingly important for development research, planning, and evaluation, especially dealing with the marginalised⁵³. Exploration of a conceptual and methodological framework for understanding community currencies and becoming familiar with the research setting could not have taken place without

⁵³ cf. See Salmen 1987; Narayan et al. 2000a for more details in research and practice.

participating in the life-worlds of people. As Long (2001) suggests, the central significance of participant observation is that it promotes a detailed ethnographic understanding of the everyday lives of people of the community and organizations associated, as well as the micro-influence of social currency upon people's daily life. This implies that "the participant observer is advised to maintain something like a dual citizenship" (Schwandt 1997: 111), performing simultaneous roles as insider to share ideas and experiences with people and outsider to document the informants' direct interpretation of events. Participant observation also played a crucial role in developing a sampling strategy, particularly interviewees and participants who were personally approached through subsequent personal referrals and invited to participate in the study. It allowed the researcher to identify the key informants and major stakeholders, established rapport and trust with local community members, and facilitated recruitment of participants for the interviews. Field notes were taken to record the observations.

Questionnaires were not feasible or practical for data collection in this research because most informants felt more comfortable with semi-structured face-to-face in-depth interviews. Some informants were simply illiterate and thus would not be able to provide answers in written forms. Others were likewise uncomfortable with putting their written answers down on paper, particularly when offering their subjective opinions.

In conducting interviews, it is important not to ask irrelevant and biased questions. Hence an interview guide was developed first to map out key significant questions derived through the literature review as well as from participant observations conducted in the earlier stage of fieldwork. Throughout the interviews, the tones,

nuances and body language of the participants, as well as details of the locale and surroundings where the interviews were taken place were recorded and documented. All interviews were tape-recorded with consent first obtained from the interviewees before each interview began. The contents of these interviews were transcribed by the researcher, with language assistance from the local assistant.

RESEARCH ENCOUNTERS

My encounter with research on development began some time ago when I first went to Niger to work. I still remember what the woman in a small village told me. She said, “Millet is more convenient than money ... because in six months’ time when the hungry season comes, it can be sold at a much higher price. And if necessary, we can also eat it too.” Her words made me realize not only that the community-based cereal bank played a significant role in sustaining the local economy it also helped to ensure food security. After working in the field of development for some longer time – one year in the Netherlands, two and half years in Niger, and half a year in Fiji – the question of whether development aid, particularly in the form of money is as effective as it should be, remained a real puzzle for me and this was when I began to look seriously at community currency as an alternative. I went to the UK to pursue my postgraduate studies in October 2004 and proceeded to visit Argentina and Brazil in 2005 trying to understand it a bit more.

When I arrived in Brazil, people looked after me quite well. The two coordinators I met were kind enough to explain to me about the community development bank and its own community currency they had started. In addition, they

took me to meetings and conferences, and even taking me to lunch and then drove me home, ensuring that I was safe in a community where safety was not taken for granted. I was fortunate to participate in a local seminar and the first state conference of solidarity economy, which were organized as a response to the visit by a delegation of officials from Venezuela. According to the local shopkeepers I met at the seminar, the community currency seemed to work well with strong community participation. It was then I seriously considered studying the community currencies in both Argentina and Brazil. I also felt the Brazilian initiative could inform me about development theory and development intervention; and given the success of the state conference, it also seemed that it would not be difficult to locate informants who would be supportive of research on community currency.

The opportunity for an in-depth study of community currency in Brazil, however, did not come about until a few years later due to some personal difficulties I encountered which ultimately forced me to discontinue my studies. It was only after I resumed my academic endeavour in Hong Kong, I was able to reconnect with my investigation on community currency again.

The Brazilian community which I first investigated in 2006 is located on the southern periphery of Fortaleza. My first impression of it when I revisited the place was that the sign ‘ACEITAMOS ... (We accept ...)’ which was displayed on almost every shop window to inform local community residents that community currency was in full swing in 2006 was nowhere to be found. Likewise, in 2006 when I took a bus ride to visit the community development bank, I asked the bus driver for direction, he, like

many others, did not seem know where it was. Instead, they always asked me if the resident association was where I wanted to go as this was the name known by local people. Ironically during this return visit, few bus drivers knew what the association was and most only knew about the community development bank. It was only after riding on the bus for an hour, the sign ‘ACEITAMOS ...’ was found on a huge board. For me, it was an exciting signal that perhaps community currency was still working. And when I finally arrived there, I was thrilled to find that some of the staff members working in the community development bank still remembered me and we hugged many times to celebrate our reunion. But then, I quickly learned that coordinator X had gone off to France to launch his autobiography as a guest of the Embassy of Brazil in France. Gradually I realized that the community bank had gone through dramatic changes since my last departure there. It grew bigger, with more staff, of local or foreign backgrounds, working there taking on more complicated duties. New offices also were erected and had become modernized – now gated, equipped with computers, telephones, internet access, air conditioning, and other facilities one normally expects from a modern office.

I was fortunate to set up a base to live and work in the initial months. Coordinator Y accepted me to work in the office with free internet access. She suggested me getting to get familiar with her staff first and take part in some activities inside the community development bank. Every Wednesday the bank organised a community forum from 7 to 9 in the evening. Held since 2009, the forum aimed to provide “an open, plural, nonpartisan space for the community, where they discuss issues concerning the articulation of civil society and proposals related to

socioeconomic and cultural issues' of the neighbourhood" (de Melo Neto Segundo 2010:63). It gave me the perfect occasion to meet local residents.

I also received support in finding appropriate accommodation for my fieldwork. Initially I stayed with a local family who lived in the downtown area of the city. It was necessary to live with local residents in order to familiarize their life-world. However, it was difficult to travel for more than one and a half hours by bus from downtown to the fieldwork site not only because it was time consuming, but also because it was quite exhausting travelling on a bumpy road on buses operated by drivers who had a tendency to speed almost all the time. Moreover, travelling at night was dangerous. Y eventually found it difficult to have me living in her place because she worried the area was unsafe, and she also found it hard to have a male guest in the house which was considered not quite acceptable by local cultural standards. The situation was made worse by the fact that the house was too small to accommodate an additional member, especially having a father who was not comfortable with the idea having a male outsider sharing the small living space with his daughter. In any event, her father had all the power to make decisions in the patriarchal society.

One month later, fortunately, another staff member at the association was willing to accept me staying at her home from time to time. That was because usually the Wednesday forum finished quite late at night and everyone in the office was quite concerned of the danger I had to face travelling home alone by bus. The staff member who took me in was living by herself and away from her family because of family problems. Her house was the cheapest type of residential block called *vila*, consisting of

three rooms and a bathroom. I slept in a hammock in the front room. Her friend, who was also a staff of the CDB, slept there because she had been studying for the university entrance examination until late almost every night. They considered me as a friend and did not feel threatened because I am a slim person. I kept looking for long-term accommodation meanwhile. After another month, a friend of these two staff members asked me whether I wanted to stay with her and took me to her house. She was divorced and was living with her son, but she also worked for children projects and was an active participant in the social movements in the neighbourhood. She had thought the storage room in her house could be turned into a place for me to live in and after spending a weekend in mid-November doing it up, I eventually moved in there.

Although the initial stage of the fieldwork appeared relatively smooth, after a few months I encountered some difficulties. First and foremost, I found I had underestimated my difficulties with the Portuguese language and I had to face tremendous problems having to do my interviews completely in the local language as no informant could speak any English. I had attended an intensive language course before my fieldwork commenced. While it equipped me with the basics to cope with the daily conversations, and people were curious and patient with me, it became a completely different situation when having to engage in more serious group discussions and interviews where it was not possible to ask the informants keep repeating their answers or to confirm if my understanding was correct. Gradually I also found it hard to ask questions meaningfully as the informants kept looking for more precise meanings of the words I used. Very quickly the language barrier made it hard to build trust and rapport with the potential informants. It became even more unfortunate when I found myself

having difficulty understanding X who tended to speak very fast and often include a joke or two when he spoke. I felt that X was not so willing to talk to me when he knew his jokes and conversations were not properly understood.

Another problem I had was that it was not possible to walk around and explore the local community alone freely because the neighbourhood was dangerous – violent crime was so frequent that they seemed almost a regular feature of a normal day. In May 2005 during my first visit, I was accidentally caught in an armed robbery in CDB and my life was threatened. Since then, according to one of the staff members in the association, two more armed robberies took place. While for her these incidents were not something special, for me, the frequent reported cases of violence and robberies in the CDB and the incidents of school buses being hijacked, leading to the closure of a public school there because teachers refused to return there to work, really worried me. I was warned many times that people was frequently targeted, pursued and killed. I heard gunfire in the distance every week at night at home, then seeing curious local residents rushing out of their homes to find out if another murder had taken place near where they lived. I was advised not to carry anything valuable when going out and to never go out alone. For that reason, I went to work with my host family in the morning, and always returned home in the evening accompanied by the staff of the association.

In many ways too I over-expected people's willingness to participate in and collaborate with my research when designing my research plan. I was misled by the impressions I had formed from my previous visit there three years ago and did not realize I was not able to anticipate the changes I later encountered in my fieldwork,

including the changing organization structure, staff duties, and staff working relations. All these changes affected my fieldwork unexpectedly. For example, X and Y now travelled frequently within and outside of the country for meetings and conferences and were often not in the local office. As a result of the growing reputation of the project, there were many more visitors, including development practitioners, journalists, researchers, and university students from all over Brazil, South America, the US, Europe and Africa, coming into the office every day, and the staff and project coordinators had to attend to their needs all the time. I was treated with kindness and courtesy but it would also take much longer for me to obtain information and data for my research even when I was allowed to stay in the office since the staff were busy; frequently requiring appointments to be postponed.

In the initial months of my fieldwork, I was eager to get involved in meeting people and join in their activities and work, not necessarily for the purpose of collecting data but more for building a rapport and good will. To my surprise, however, people seemed to have misinterpreted my intention. One day after discussing the organizational strategy in an internal meeting, a foreign staff member advised me to keep reminding myself that although my voluntary work and research may contribute to the betterment of the organization, I was not a regular staff member and therefore the staff had to do extra to look after me, which meant more work for them. Later on I was also told by a Spanish visitor that people were suspicious of me and regarded me as a spy. These comments led me to reflect deeply about my presence and research strategy.

REFLEXIVE METHODOLOGY

Given the complicated situation, eventually I decided to collect data at my workplace and stopped asking too many questions, or trying too hard to help. I thought it would be best to explore more in the local community on my own, doing simple observations in the CDB, talking to more people, and enjoying life with people. Since there were many visitors in the CDB, I simply followed them, listened to their conversations with X, Y, and the staff. I also began to write e-mails to the staff, asking them about my impressions on the meetings, because one of the staff members had suggested to me that they could understand me better in writing than in conversation. Later X and Y as well as other people suggested that I should become involved in making films with other community-based organizations. As I got to know more people and did things with them, my working relationship with the bank staff also improved. Given that I was unsure whether X and Y were comfortable with my critical ideas about the organization, I decided to be patient; listening and observing rather than asking questions or offering views.

Under these circumstances, the participatory approach and tools I had intended for executing my research became problematic because people were not so enthusiastic to participate and collaborate⁵⁴. Despite the predicaments I encountered, it must be noted that the actor-oriented approach I adopted has not been made irrelevant as it is a

⁵⁴ Among participatory methods, the study planned to utilize Participatory Analysis for Community Action (PACA) devised by U.S. Peace Corps (2005, 2007). Application of PACA aims to communicate information among participants including the researcher, analyze the community problems, mobilize the resources, and identify the rationale of the community currency. The research intended to take advantage of regular meetings that the resident association held to lay the groundwork for community action, exercise PACA tools, strengthen social learning, and supplement the community action planning.

“theoretical and methodological approach to the understanding of social processes” (Long 1992: 271) and *not* action research. As Long (2001: 272) elaborated further:

‘While we are sympathetic to the problems and needs of small-scale farmers, [an actor-oriented] approach should not then be embraced as providing some kind of new methodology for action programmes aimed at ameliorating the poverty, uncertainties and vulnerabilities of disadvantaged groups. On the other hand, we would argue that it does offer a useful conceptual framework for people to analyse their own life circumstances and to assess possible strategies for action.’

More precisely, this was intended as an actor-oriented research using participatory methods or tools that are consistent with a constructionist perspective⁵⁵ and are capable for yielding rich qualitative data, especially from marginalized informants. In reality; however, it was not practical to use the participatory tools for interviewing the community currency users and those governing and managing the community currency project because they all seemed too busy to spend a lot of time answering my questions, although they were nice enough to make themselves available for the interviews. For this reason, they also had little time to discuss the key political and community development issues involved. I was also told that people were tired of talking about such sensitive issues.

⁵⁵ Elabor-Idemudia states that ‘participatory research is consistent with a social constructionist perspective that suggests that the meanings actors give to their actions and those of others are paramount in understanding social life’ (2002:228).

Initially, the research intended to study only the peri-urban neighbourhood. However, at a meeting held on November 4, 2009, I was advised by X to study the community currency in another neighbouring site because he remembered that I had strong interest in studying poverty alleviation and he thought this was a relatively successful project in a small, poor rural community. X however cautioned that it was not an easy site to keep in touch with the local people because telecommunication was not reliable and getting there by public transport was less than easy. For me this was not a problem; rather it was even more appealing as I was really curious to find out how significant and relevant a community currency project could contribute to the social development of a poor community. After thinking carefully for several weeks, I decided to spend a week-long trip in mid-December visiting the rural community to explore further the possibility of making it as a case study, particularly given the original site had changed so much since my last visit.

Upon my visit, the rural community did provide me with good impressions. The staff of the community currency project treated me very kindly and the project also seemed to be working well; with the currency circulated and accepted in many places. It was also timely when I visited as the community organized many events during that week since they were celebrating the 2nd anniversary of the CDB, as well as also celebrating the opening of development projects in the villages, and a community marriage. I felt it was easier to get to know the community and people. Community participation seemed impressive. Given few foreigners had stayed there, people were curious about me. On the street, almost everybody wanted to greet me: I was stopped by people who just wanted to talk and get to know me. People remembered me quickly

although it was difficult for me to remember so many of their names in just one week. I felt I became a star over there when the mayor who actually initiated the community project there gave me a big welcome. Despite his busy schedule, the mayor took me to attend many meetings, introduced me to many people, and invited me for meals and drinks. I began to develop close working relationships with staff in the CDB. I was allowed to help the staff such as counting money in the cashier, getting coins from other shops, and other banking duties. Given that people in the CDB allowed me to work with money, I felt I was able to win their trust. I also spent much time with many people chatting, drinking, and participating in cultural activities like dances and drama in order to maintain good will and relationships.

Both the peri-urban neighbourhood and rural community projects offered many opportunities for me to study community currency, but studying two cases had pros and cons. My main concern was time and my capacity for handling the additional workload for my research. I tried hard to cope but in order to do this, given the limited time I had, research efforts in each site had to be decreased. For example, I found it difficult to map out the details of how widely the community currencies had been circulated in the communities, especially whether or not the currencies had reached the poorest of the poor. Both sites were too large to cover by foot. The peri-urban neighbourhood in particular, was too dangerous to walk around. Even when collecting similar data, researching in two sites actually involved quite different tasks. For example, establishing rapport and maintaining relationships and trust in two sites needed much longer time and different approaches.

I ultimately decided to focus on a single case study. Seeing the success of the community currency project in the peri-urban neighbourhood as pretty much given, as indicated by what was conveyed to me by X, it seemed a good reason for me to focus my research there. Of course, with an additional case study, I could test and see if similar strategies employed by community currency that worked in the peri-urban neighbourhood could be replicated elsewhere. When thinking about it more critically, I felt it was more meaningful to concentrate on the original research site because without a deep understanding of the original community currency project, it just was not possible and did not make sense to understand its replicability.

As for the methods for collecting data, it turned out that it was more difficult to organize group discussions as most informants indicated they were more comfortable with talking to me individually. For this reason, the focus group interviews originally planned for this research were scrapped. However, in conducting the interviews, the immediate difficulty I had to face was that there was no sampling frame available. Originally I thought I could rely on the assistance from X and Y, who had given not only consent to be key informants for my study but also would provide me with a list of networks upon which I could draw my samples. On reflection however, I felt I should not depend on the coordinators to give me the sample frame because it could lead to very biased sampling. I then considered using the general assembly of the resident association in the community where I could meet people and persuade them to participate in my research by using the set of participatory tools to show me how their community actions were planned. Indeed the community association held their general assembly once a month and the CDB also organized the public forum FECOL once per

week. I went there to talk to the participants, but their responses seemed curiously muted and many were uninterested in talking about the community currency, even though some were kind enough to explain to me about the history of the project, and the current problems of the neighbourhood. Issues of community currency have not been discussed in these meetings. In summary, news about community currency was seldom talked about within the CDB, nor was it the subject of conversation among the people in the neighbourhood.

Originally I had planned to enlist the assistance of a local translator and enlisted one of my friends with academic and professional background in development and environment to help. I had met my friend when I studied in the UK. He would have been a perfect person to help as he speaks both English and Portuguese and he would be a tremendous help for me to understand the conversation with the informants. However, the time required for data collection was too lengthy for him to participate. In the end, as a measure to ensure the quality of my interviews and discussions, it became necessary for me to seek help from a local resident who had completed one of the CDB's capacity building projects. Initially she only helped me to translate the list of interview questions but later on I found she was indispensable because she was not merely invaluable as an interpreter, but as someone who would help me to build trust with the different interviewees so that I could directly communicate with them albeit in broken local language. Furthermore, she was also most helpful in sharing with me her local knowledge and network. In the end, she became my employed assistant. From time to time, she suggested relevant research questions and ideas for recruiting samples and also

filled me in with the details of the interviews when I did the transcription and summaries of discussions.

Originally my plan was to interview a total of between 30 to 40 household representatives. Given the difficulties I had encountered, in the end, I could only interview whoever was referred to me through snowball sampling. It was difficult to balance my sample selection based on gender, age, and economic status but ultimately the facts emerged from my informants achieved saturation and clear patterns were revealed.

LESSONS LEARNT FROM THE FIELDWORK

My encounters during the fieldwork period led me to reflect on a number of key questions about doing research.

The first was about the review of literature. I spent the first year of my doctoral study reviewing literature and developing the theoretical framework and the research methodology in Hong Kong. Once I was in the field, however, I found all I learned from my preparatory work seemed almost irrelevant as the reality of the research setting became too complicated and distracting, and I felt unprepared for all the unexpected changes and uncertainties. Ultimately what was really helpful was the theoretical and methodological insight of the actor-oriented approach, which helped me to focus on my fieldwork inquiry by identifying the key actors involved in the specific arenas of action and contestation. I became sensitive to the fact that different actors have different interpretations and responses to questions and contexts. However, practicing the actor-oriented approach was not that easy within limited time. When the interviews began, it

was difficult to study the interviewees' past experiences but easier to focus on their present situation. It was even more difficult to research into the conflicts, problems, and contradictions people had encountered, as well as the detailed processes of organization and negotiation among the different actors. Some informants were less willing to talk about their past, either because they did not think that it was important to share, or they simply forgot the details. In summary, while the literature review did not prepare me well to deal with the surprises and changing situations, which initially misled me to believe that some literature reviewed were irrelevant, at the end of the day, it indeed heightened my theoretical sensitivity to various types of grounded data that could assist my inquiry and reshape my reconstruction of knowledge while in the field.

In the process of my fieldwork, from time to time I was able to collect data in the most unexpected way. For example, when I attended a meeting held by the mayor of the rural municipality on March 21, 2010 for a group of visitors from another municipality, he spoke of the history and performance of his administration, but he also talked about his general ideas of development and some personal experiences. I was lucky to be there because the information was most relevant to my research and it would not be readily accessible by other methods of inquiry such as personal interview. Moreover, at the staff meeting of the CDB and the resident association on June 5, 2010, they discussed the relationship between the two organizations and management of the projects. On that occasion some concerns about the weakening function of the resident association that I had suspected were confirmed by the staff. Because of these meetings, the staff of CDB became less formal and started sharing private time and developing better and closer relationship with me. When they found out that I still had difficulty in making progress

with my research due to language and cultural barriers, a few of them started to help me, especially in giving me feedback in terms of refining my questions for interviewing informants, as well as developing new questions which I had not thought about. In short, they did not only compensate for my limited language skills but also helped me to engage with a constructivist approach in my research that ultimately facilitated and improved my data collection which otherwise would not have happened.

Another lesson I learned from doing my field research was that it is not about asking too many questions, but asking the key questions at the right time and at the right place. Even with the best preparation, questions for data collection are never guaranteed of their linguistic precision and relevance. Different terms and expressions may be interpreted differently by different local people. Furthermore, not every question in the research is relevant for the locals. Despite the preparations I had and the difficulties I encountered, happily everything worked well in the last months, but it was a long process of learning, and it was fortunate that I had a full year planned for the fieldwork, which on reflection, was absolutely necessary. Unlike other visitors who only spent a short time in the field, I stayed on longer. This allowed me to conduct participant observation in a more thorough way and although it did not necessarily allow me to generate better quality data from the majority of staff with whom I interacted, it made it possible to enlist collaboration from a few of them who brought significant progress to my fieldwork.

I learned it is important to give people space to observe me as a researcher, and space for them to get to know me. I found that it was better for people to approach me

rather than me taking an assertive role as a researcher; always taking the initiative to approach them too soon and too bluntly. Initially, without being very aware of my impatience, I believed I had acted too eager to get involved with people which gave them the wrong impression that I was getting too close, as related to me by another foreign staff. My critical comments to the bank and project also confused people – they could not understand if I were so critical, why I should bother to stay there. From this, I learned that I overlooked that they saw development as being part of a community and depending upon one another for support⁵⁶. Their view on development for outsiders was whether the latter could simply share the joy and difficult experiences with them, rather than whether planned intervention would yield visible results. They simply wanted me as a researcher to be able to enjoy living and working with them in the field, understand my critical viewpoints, difficulties, and develop meaningful relationship with me as they had trust in my capacity and character.

The improved relationships I had developed with the local people enabled me to observe more closely the subtle nuances when they interacted with me. One of the peculiarities I had noticed was that people were often quite hesitant and some even were uninterested in speaking about the community currency. This made me very much aware me of the impressions I had formed of the community were in fact quite out-dated and that I had to ‘unlearn’ what I had gained in order to prepare for the new study.

⁵⁶ they conceptualize 'development' in the sense of belonging to a community and connecting with other people in a way that makes possible the satisfaction of mutual interests. They are able to give their own accounts of what is happening in their lives, what their needs are, what they are doing, what they can do and what they intend to do about their issues. (Elabor-Idemudia 2002:227)

ETHICAL CONSIDERATION AND RECONSIDERATION

It was necessary to consider and reconsider the ethical dilemmas and legitimacy of researching in Brazilian underprivileged communities. Many researchers had attempted to research on the CDB in the peri-urban community, but according to Y, having to entertain and receive these researchers could be a thankless task. The time and efforts required eventually became a burden, and some researchers, given they were from countries of economic affluence, showed little respect when they came to the CDB, like not making any appointment in advance, or not bother to provide any feedback or extend their gratitude when they had achieved their goals. I was the first research student they had hosted for a long time. Initially they were a bit apprehensive as how to receive me, especially given my Japanese background, but eventually they were happy about my presence because the staff got along with me quite well in work and daily conversations.

In principle, I first contacted my informants by phone, e-mail, or in person and informed them of the project purposes and other necessary information. Then they were provided with an information sheet highlighting the project details in writing before they were asked to indicate their consent in participating in the research. They were also provided ample opportunities to raise questions about my research and I tried my best to answer their questions. I explained to them about my limited proficiency in the local language, and asked for their permission for tape recording the interviews before each interview commenced. They were also asked to sign an informed consent form but in many cases, many preferred not to read the information sheet and asked my assistant to explain to them and then gave me their verbal consent to be interviewed, some as

indicated on tape, while others were noted on the consent form as witnessed by the assistant.

Participants were likewise assured that I was not connected to any law enforcement organization and every attempt was made to protect their confidentiality and identity. They were clearly briefed that they could withdraw from this project at any time without prejudice as their participation was on a voluntary basis. As a matter of fact, some people refused even before I started to explain the research. They were also told that they had the right not to answer any question should they feel uncomfortable with the questions and participation.

They were informed of their contribution to the research. As well, they were assured that all taped interviews and original field notes would be destroyed once transcriptions were completed and their identity would not be traced as contextual details would be carefully disguised when the information was presented. They were told that should they have interest in the outcome of the research, a completed dissertation could be sent to them if their interests were registered.

In principle, participation was entirely voluntary. But as a gesture of good will, symbolic remuneration or small gifts were given to some participants. I was told that this was also a well-accepted local custom for showing appreciation.

Chapter 4 RESEARCH SETTING AND BACKGROUND

DEVELOPMENT CHANGE IN BRAZILIAN CONTEXT

While Brazil has become integrated into the capitalist global economy through colonial administration and then international financial institutions, poverty and inequality have been persistent over time.⁵⁷ The Northeast region has been the most impoverished part of the country. The vast semi-arid climate, popularly known as the Sertão, is subject to erratic rainfall causing drought or flooding. Livelihoods have become vulnerable due to degradation of the vegetation as a result of cattle ranching and clearing for cotton farming for centuries, while poor access to public services have led many farmers in this region to migrate to cities.

During the 1970s, a considerable number of slums or squatter settlements emerged. The term *favela* in the local language generally refers to squatter communities. It represents a Brazilian specific type of squatter community. It shares some characteristics with slums in general such as urban area, social exclusion, poverty, illiteracy, unemployment and high violent crime, but most *favelas* also have basic infrastructure such as electricity, water, gas, and nowadays even mobile phone coverage. Whereas those vulnerable people live in the isolated community or the fragmented society, being excluded from the state service and the official market economy, they (re)organize self-governing community institutions or participate in grassroots movements to cope with such predicament. Such community-based organizations are called resident associations and function as neighbourhood improvement institutions by

⁵⁷ cf. Belindia (Bacha 1974, Taylor et al. 1976), inequality and economic development (World Bank 2004)

mobilising the local community, directing self-help initiatives and making claims for rights of residence and demands for the public services.⁵⁸ They organize *mutirão* in housing, education, and environmental protection projects. It is an indigenous institution, representing a form of collective work and management based on mutual self-help initiatives.⁵⁹

After the military regime of 1964-1985, there was a resurgence of community institutions, social movements, social action of churches and local/international non-government organizations. The rise of the Brazilian civil society was inspired by Freire's pedagogy and the participatory methods (1970). In 1999, a law was promulgated by the Congress regarding nonprofit private legal entities. The law created the legal title of OSCIP – the acronym for *Organizações da Sociedade Civil de Interesse Público*, translated as Organizations of Civil Society in Public Interest.⁶⁰ It also establishes the Partnership Agreement. Principally, it enhances reasonable and collaborative relationships between the non-profit sector and the public sector. Practically, the law plays a role to transfer public funds to private entities qualified as OSCIP. In other words, OSCIP basically enjoys government supports and resources.

While the search for alternatives in development is not entirely new, solidarity economy initiatives have emerged constituted as social movements, which on occasion propose alternative development agendas in Brazil. It is a new interconnected form of

⁵⁸ cf. Fisher 1984

⁵⁹ e.g. Cabannes 1997 for *mutirão* even in the contemporary context.

⁶⁰The law No. 9790/1999, whose full text can be referred as http://www.planalto.gov.br/ccivil_03/leis/19790.htm

production, consumption, and wealth distribution in order to meet the needs of people. It problematizes the subordination of human labour to capital, and shifts its goal from profit-making to overall development and quality of life. The Latin American economic and debt crisis in the 1980s encouraged initiatives from below to tackle social exclusion, urban unemployment, vulnerable rural livelihoods, and other negative effects caused by globalization of capitalist production. A first meeting was organized in 1998 to build a network for such initiatives at the Latin American level. In the meeting the participants from Europe and Latin America elaborated the concept of social economy, based upon their professional and practical experiences. They also formed networks to strengthen their activity. In response to the Latin American meeting, a first meeting was organized in 2000 to create the network in Brazil.

Solidarity economy has emerged as ‘a newly institutionalised social movement’ (Lemaître et al. 2012). Initiatives of work and income generation are integrated into the network of solidarity economy and constitute the social movement. Attention must be paid to both the new regime and the solidarity economy movement.⁶¹ A national working group of solidarity economies was organized by diverse groups of civil society at the occasion of the first World Social Forum in 2001. It elaborated the concept of solidarity economy and addressed at the end of 2002 a letter to the president “Solidarity Economy as Political Strategy of Development”⁶² including a demand for creation of

⁶¹ Personal interview with staff from SENAES, conducted on August 31, 2010. cf. FBES (<http://www.fbes.org.br>) provides historical process of the social movement of solidarity economy and creation of SENAES. Singer (2004) reviews background of solidarity economy at the federal government level.

⁶² In the original language, “Economia Solidária como Estratégia Política de Desenvolvimento”

national secretariat. The new president of the country was appointed at the beginning of January in 2003 and unlike the previous administrations prioritized social projects for the poor and supported solidarity economy. The National Secretariat of Solidarity Economy (SENAES) was created under the Ministry of Labour and Employment in mid-2003 as a result of the proposition of civil society and the decision of the President.

⁶³ A few months later, the Brazilian Forum of Solidarity Economy (FBES) was created during the third Brazilian Plenary of Solidarity Economy in 2003. While SENAES is the public authority facilitating and coordinating activities in support of the solidarity economy throughout the country, FBES represents the national network articulating and mobilising civil society in order to fuel solidarity economy movement.

Another establishment directed by the new president was the People's Bank of Brazil (PBB) ⁶⁴. Being created as a subsidiary of the Bank of Brazil at the end of 2003 ⁶⁵, it aims to provide microfinance services to those low-income population, e.g. the working-class neighbourhoods of cities and population of rural community, who are excluded from the existing banking services, including checking and savings accounts, debit card, and microcredit.

The concept of solidarity economy has been thoroughly elaborated at state conferences and national conference of solidarity economy. During my fieldwork I

⁶³ Information from the homepage of the Ministry of Labor and Employment (<http://www.mte.gov.br>). Precisely speaking, SENAES was established with publication of law on 28 May 2003 and by decree on 24 June 2003.

⁶⁴ In proper form, *Banco Popular do Brasil*

⁶⁵ It is now integrated into Bank of Brazil. PBB remains used in the study to highlight the new regime.

observed the state conference of solidarity economy for the second National Conference of Solidarity Economy. It was a public space allowing participation of a number of scholars, practitioners and other civil society actors from different backgrounds all over the state; discussing the concept of solidarity economy and the proposition of public policy and reaching consensus, based on the basic documents drafted by the committee. Delegates were selected in order to participate in the final decision-making process at the Second National Conference of Solidarity Economy. The concept was defined collectively at the first National Conference of Solidarity Economy in 2006 as follows:

‘The Solidarity Economy is characterised by concepts and practices based in relation to solidarity collaboration, inspired by cultural values that put the human being as ethical and playful integrity as well as subject and objective of economic, environmentally sustainable and socially just activity, rather than private accumulation of capital. This practice of production, marketing, finance and consumption which favours self-management, cooperation, community and human development, social justice, equality of gender, race, ethnicity, equal access to information, knowledge, and food security, preservation of natural resources for sustainable management and responsibility for the present and future generations, constructing a new form of social inclusion and participation of all.’⁶⁶

⁶⁶ Source: I Conferência Nacional de Economia Solidária Documento Final, downloaded from FBES (<http://www.fb.es.org.br>). The following text is translated:

‘A Economia Solidária se caracteriza por concepções e práticas fundadas em relações de colaboração solidária, inspiradas por valores culturais que colocam o ser humano na sua integralidade ética e lúdica e como sujeito e finalidade da atividade econômica, ambientalmente sustentável e socialmente justa, ao invés da acumulação privada do capital. Esta prática de produção, comercialização, finanças e consumo

The Second National Conference of Solidarity Economy in 2012 aims to advance the concept for the right to produce and live in cooperation in sustainable way.

‘In recent years, in all parts of the world, the adherence to forms of economic organization based on associate work, collective ownership of the means of production, cooperation and self-management. In rural areas, practices and values of the associationism and cooperation have been restored by peasant communities, family agriculture, the craft-work extraction and fishing, and by traditional people and communities. Also in urban areas, solidarity economy and cultural initiatives are appreciated as new practices of work and income generation, coping with unemployment, as a strategy of community organization for resistance and achievement of rights.’⁶⁷

DEVELOPMENT CHANGE IN LOCAL CONTEXT

The section will provide a brief history of the neighbourhood, which is summarized in Table 4-1.

privilegia a autogestão, a cooperação, o desenvolvimento comunitário e humano, a satisfação das necessidades humanas, a justiça social, a igualdade de gênero, raça, etnia, acesso igualitário à informação, ao conhecimento e à segurança alimentar, preservação dos recursos naturais pelo manejo sustentável e responsabilidade com as gerações, presente e futura, construindo uma nova forma de inclusão social com a participação de todos.’

⁶⁷ Source: Second National Conference of Solidarity Economy Documento Final

downloaded from CONAES (<http://www.mte.gov.br/conaes>). The following text is translated:

‘Nos últimos anos, em todas as partes do mundo, ampliou-se a adesão às formas de organização econômica baseadas no trabalho associado, na propriedade coletiva dos meios de produção, na cooperação e na autogestão. Nas áreas rurais, as práticas e valores do associativismo e da cooperação vêm sendo resgatadas por comunidades camponesas, de agricultura familiar, de extrativismo e pesca artesanal, e por povos e comunidades tradicionais. Também nas áreas urbanas, as iniciativas econômicas solidárias e culturais são valorizadas como novas práticas de trabalho e geração de renda, no enfrentamento do desemprego, como estratégia de organização comunitária de resistência e conquista de direitos.’

INFORMAL SETTLEMENT. The neighbourhood is located in the southern periphery of the city of Fortaleza, farthest away among all districts of the city by around 20km from the city centre and the coast. It was founded in 1973 as informal settlement.⁶⁸ Before the settlement, the area used to be a vast wasteland. The original settlers there were mostly fishermen, who had been forcibly expelled from their seaside villages, due to government's evictions justified by the city's redevelopment planning. The dwellers constructed their shacks by themselves in an area of 118 hectares. Once the settlement was formed, it grew rapidly through the influx of migrants mainly from a semi-arid interior of the state. As a result of growing while remaining unconnected to infrastructure or public social service, it turned out to be a slum settlement. The dwellers made a living by collecting resources from the garbage dump of the city near the settlement. In 1976, settlers started to organise themselves through participation in a project for improvement of living conditions. In 1977, a church was constructed and it was the first community-based organisation to provide social services. In 1978, the Urban Social Centre, an elementary school, and health centre were established.

⁶⁸ Brief history of the neighbourhood is referred to the following site:

<http://www.bancopalmas.org.br/oktiva.net/1235/secao/14723>

Table 4-1 Critical events (cf. ASMOCONP 1991, 1998)

My classification	Year	Local context	Resident Association	XY	External context
Informal settlement	1973	Formation of neighbourhood			
	1974	Public school			
	1975				
	1976	Public bus service			
	1977	Construction of church			
	1978	the Urban Social Centre			
	1979	Health centre			
Resident association	1980	Lutas por agua encanada e electricity	Pre-Association Organization of statute and documents necessary for foundation of the association		
	1981	Residents association	1st board		
	1982	Crèche			
	1983		Foundation of the resident association Social movements against drainage and electricity		
	1984		2nd board Construction of the headquarter	X: Sent to the neighbourhood as a seminarian X: member of the Brazilian Revolutionary Communist Party	
	1985				
	1986	Flooding	3rd board	X: Director of the Urban Social Centre	

Slum upgrading	1987	House construction by mutirão		X: quit priest X: secondary school teacher in the neighbourhood X: training course as a popular researcher	
	1988	Demonstration Plumbing Electricity	4th Board	X: President of the Association	
	1989	Theatre group		X: Moving out of the neighbourhood	
	1990		5th Board	Y: drainage project manager (-1997)	
	1991	Neighbourhood Seminar I		X: drainage project manager (-1995) XY: live together outside the neighbourhood	
	1992	The drainage project (-1997)	6th Board	X: Candidate for municipal councillor, but loser in the election	
	1993				
	1994		7th Board		
	1995				
	1996		8th Board		
Work and income generation initiatives	1997	Neighbourhood seminar II	9th Board		
	1998	Creation of the community development bank	Palma Fashion	X: General coordinator of the community development bank	Latin American meeting of solidarity socioeconomy
Institutionalization	1999		10th Board		

(along with solidarity economy movement)	2000	a barter club and its own community currency	Women capacity building project		Brazilian meeting of solidarity socioeconomy
	2001		Projeto de feiras		
	2002	Community currency project	11th Board		
			Execution of projects of the community development bank		Dutch NGO development intervention
	2003	Creation of CDBI	12th Board	X: General coordinator of the CDBI	President of the nation
			Community planning project		Inauguration of SENAES
			Campaign of local consumption		Inauguration of the Popular Bank
	2004			X: Internationally recognized as a leading social entrepreneur	
	2005		13th Board		Agreement between the CDBI and the Popular Bank
	2006		Training project		Agreement with SENAES
			Urban Agriculture		Local state conference of solidarity economy
			Soap project		
			Solidarity shop		
	2007		14th Board		The second meeting of the Brazilian network of associative community banks
			Officialisation as residential district		
	2008		Illumination of the main street		
	2009	FECOL	15th Board	X: Publication of autobiography	
	2010		Reformation of the Association		

RESIDENT ASSOCIATION. On February 11, 1981, the resident association was created by the local community leaders. Its statute states goals such as community mobilisation to tackle community problems and negotiate with authorities. In the 1980s, diverse community-based institutions were created in response to diverse community needs. The residents conducted meetings; constructing offices of those institutions by *mutirão*. Given that the neighbourhood had no financial resources, the resident association obtained materials and resources as donations from outside and subsequently constructed building by themselves. It is also necessary to note the locally specific context found from the interview on October 15, 2009, with the management committee of the association, some members of which served at its establishment. They told the researcher about the history of the neighbourhood, and that floods had occurred frequently to threaten the impoverished dwellers. In 1986, while fighting a massive flood that inundated the neighbourhood, the association constructed a gutter between the major streets, funded by the federal government. In 1988, the association organized two demonstrations about the issues of water supply and management against the water company and then the state government. In a sense, the grievances and fight against issues of water played a role in originating the association and activating movements. The successful experience has not been only brought about endogenously by community mobilization, but also exogenously by institutionalization and empowerment of the resident association. While the residents association has played an important role in the former, it is outsiders who have also played an important role in the latter.

Box 4-1 Statute of the Resident Association

<p style="text-align: center;">Association of Residents of [name of the neighbourhood] – Statute</p> <p><u>CHAPTER I – about creation, denomination, venue, purpose</u></p> <p>Art. 1° – The Association of Residents of [name of the neighbourhood], situated in the neighbourhood [name of the neighbourhood], Municipal of [name of the municipality], created on 11.02.1981, situated and based at [the address], is a civil society, of character of composed of the residents of so-called residential complex. Being constituted by the General Assembly, by a Directing Board composed of four members and audit committee, elected democratically by the group of associated.</p> <p>§ 1° – ...</p> <p>§ 2° – The Association will not make profit ...</p> <p>§ 3° – ...</p> <p>Art. 2° – Purposes of the Association are:</p> <ul style="list-style-type: none">a) To organise the residents of the neighbourhood in order to fight for their constitutional rights to health, education, housing, work, culture, leisure, with special emphasis on defence of woman rights;b) To negotiate the legitimate claims of the residents of the neighbourhood in propositional form with the public power and other institutions;c) To implement projects of local development to combat poverty, aiming to integrate the residents into the labour market;d) To manage credit funds and other financial operations that come to collaborate for the improvement of the living conditions of the residents of the neighbourhoode) ...f) ... <p><u>CHAPTER II – about the Directing Board</u></p> <p>Art. 3° – The Directing Board shall be composed of 1 (one) executive director, 1 (one) director of patrimony, 1 (one) financial director, 1 (one) director of secretary.</p> <p style="text-align: center;"><u>The Directing Board is responsible:</u></p> <p>Art. 4° – ...</p> <p style="text-align: center;"><u>About the members of the Directing Board</u></p> <p>Art. 5° – ...</p> <p><u>CHAPTER III – about the audit committee and the general assembly</u></p> <p>Art. 6° – ...</p> <p>...</p> <p><u>CHAPTER IV – about the elections for the directing board</u></p> <p>Art. 11° – The elections for the Directing Board of the Association and Audit Committee, must be run every two years, by means of slate and secret vote.</p> <p>...</p> <p><u>CHAPTER V – about the dissolution</u></p> <p>Art. 14° – ...</p> <p><u>CHAPTER VI – about the general and transitory dispositions</u></p> <p>Art. 15° – ...</p>
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Note: The statute that the researcher has is not the original version drafted at the time of establishment of the association but updated version on November 13, 2009.

PROACTIVE ACTORS: X comes from a different State of the country, even outside the Northeast Region. In 1979 X entered the seminary in their town of birth. When X was 21 years old, X was sent as a seminarian to the garbage dump beside the

neighbourhood, in which its dwellers made a living. X had to face the shock of the reality on a daily basis; the experience having a crucial influence on the rest of X's life.

⁶⁹ In 1984 X was sent to the neighbourhood. When arriving there, X found a community already incredibly organized, thanks notably to the aid of the previous priest. ⁷⁰ It is also necessary to note that the resident association was already created before X's arrival. X was deeply involved in community development with the residents. While being appointed as a director of the Urban Social Centre, X believed that it was destiny to work for the local community, and eventually decided to leave the priesthood.

As a director of the Urban Social Centre, X succeeded to obtain support from the Federal Government for constructing new residences to take measures on flooding. After being the director, X worked as a teacher at a secondary school in the neighbourhood, while X extended his action into wide-scale activities outside the neighbourhood. X participated as a community leader/representative in the various capacity building and training programs offered by international and local NGOs. One of them was an urban planning and research programme. The programme aims to support the grassroots movement by providing community leaders like X with capacity building to plan and manage development projects and negotiate with public authorities and funding partners. X took a course and later worked as a program coordinator to teach around 200 local community leaders.

⁶⁹ 'J'ai été envoyé comme séminariste sur ce tas d'ordures à l'âge de 21 ans, et cette expérience m'a marqué pour le reste de ma vie.' (de Melo Neto Segundo 2009:17)

⁷⁰ 'À mon arrivée dans les Palmeiras, je découvre une communauté déjà sacrément organisée, notamment grâce à l'aide de prêtres qui m'avaient précédé, ...' (de Melo Neto Segundo 2009:50)

Y was born in another city of the state. Y was a social worker; having been appointed to project management, moderation of community meetings, and conflict management of the drainage project funded by the city office, and a German agency. X and Y became acquainted through the project. The project is described next.

SLUM UPGRADING: The association has made considerable efforts in claiming electricity service and water management. People organized, found partners, and implemented the construction projects. The drainage project is the biggest urbanization project in the neighbourhood and has been reported by residents as the most memorable in the history of the neighbourhood. A joint slum-upgrading program by the city office and a German agency sought four communities with two criteria; community needs of infrastructure and community management of the project. The resident association organised a meeting in 1991 with full community participation. During the meeting 26 associative groups of the neighbourhood elaborated a development plan for the coming ten years. As a result of meetings throughout the year, they defined the ‘social pact’ among all local stakeholders, and came to the consensus that the construction of a drainage canal, infrastructure that could control floods and stopping the epidemic due to insalubrities should be community priorities.⁷¹ They also created a union (UAGOCONP) with the aim of managing cooperation to oversee these projects. The neighbourhood was selected as beneficent of the slum-upgrading program. X was

⁷¹ The following text is translated by me:

‘Nous avons défini le «pacte social» du quartier, avec l'ensemble de ses acteurs, et nous étions mis d'accord sur une priorité commune: la construction d'un canal de drainage, une infrastructure qui permettrait de réguler les inondations et de contenir les épidémies dues à l'insalubrité.’ (de Melo Neto Segundo 2009:143)

appointed as the same position of Y. A drainage channel 1700 meters long was laid by the residents by 1997.

WORK AND INCOME GENERATION: Another meeting was organized in 1997 after the successful completion of the urbanization projects in the 1980s and 1990s. The neighborhood faced a new development problem.⁷² Thanks to increased real estate values as the result of the urbanization project, some of the residents sold their houses and left the neighborhood. Another cynical reality was that although the residents had obtained minimum comfort, they remained poor because of increased cost of living expenses due to utilities connection costs and local taxes. In the seminar residents discussed the neighbourhood problem and reached the conclusion as follows⁷³:

1. We find that the neighborhood was semi-urbanized, that is, although still having problems, the community had obtained its basic services to improve the quality of life of the residents. We have already achieved network of electricity, drinking water, drainage, paving and sanitary sewer.

⁷² de Melo Neto Segundo 2009

⁷³ de Melo Neto Segundo et al. 2003:B-16. The following text is translated by me:

I. Constatamos que o bairro estava semi-urbanizado, ou seja, embora ainda com problemas, a comunidade tinha conseguido seus serviços básicos melhorando a qualidade de vida dos moradores. Já tínhamos conquistado redes de energia e água potável, drenagem, pavimentação e esgotamento sanitário.

II. Percebemos que havíamos desperdiçado a oportunidade de gerar trabalho e renda na comunidade - de forma sustentável - aproveitando o processo de urbanização. Poderíamos ter criado empresas comunitárias para realizarem as obras de urbanização e depois, estas continuariam existindo, gerando renda localmente.

2. We realized that we had missed the opportunity to generate employment and income in the community – in a sustainable way – taking advantage of the process of urbanization. We could have created community businesses to carry out the works of urbanization and thereby generating income locally.

Whereas the living conditions have improved little by little, paradoxically, poverty in the contemporary era continues to threaten them, having evolved and become more complicated. Although people perceive poverty and reach the agenda of employment and income generation, they do not see why they are poor or how to alleviate poverty by themselves:

‘Throughout the year 1997, we organize no less than 86 meetings with the businessmen, producers and residents that we gather block by block. Each time, we submit each other the famous question: why are we poor? The discussions last about forty minutes. Most are often in vain... It becomes more and more difficult to mobilize people. The more we make questions, the less we are to search the answers.’⁷⁴

TRANSLATION INTO A COMMUNITY DEVELOPMENT BANK PROJECT: Under such circumstances, translation into a project or taking action was really difficult. However,

⁷⁴ de Melo Neto Segundo 2009:182. The following text is translated by me.

‘Tout au long de l’année 1997, nous organisons pas moins de 86 réunions avec les commerçants, les producteurs et les habitants, que nous rassemblons par pâté de maisons. A chaque fois, nous soumettons aux uns et aux autres la fameuse question: pourquoi sommes-nous pauvres? Les discussions durent une quarantaine de minutes. Le plus souvent en vain... Il devient de plus en plus difficile de mobiliser les gens. Plus nous formulons d’interrogations, moins nous sommes nombreux pour y chercher des réponses.’

an idea from outside broke the ice and paved the way for developing a project of work and income generation – microcredit. After the drainage project, Y worked for another project outside the neighbourhood; hearing that microcredit could help the businesses of the poorest.⁷⁵ At that time X studied the case of the Grameen Bank, but in the interview X insists that the work and income generation project was totally different from the Grameen bank and was elaborated locally by X, Y and the residents. When X explained the idea, the following question was asked by one of the residents:

‘In the room, a woman interrupts me, “What is the point of supporting the creation of small businesses here?”’, she asked. “We do not have money, so anyway, nobody will buy from them! What is the point of creating businesses if no one can buy what they produce?”’⁷⁶ [Remark α]

The resident’s remark significantly contributed to X’s reframing of the project of work and income generation, which was designed to treat both production and consumption. X explained the context to me in this way – (i) the neighborhood has resources; but (ii) its local economy is disorganized due to a great lack of employment and credit for production; and therefore (iii) its local economy shall be reorganized by creating circuits of production, consumption, and generation of work and income.

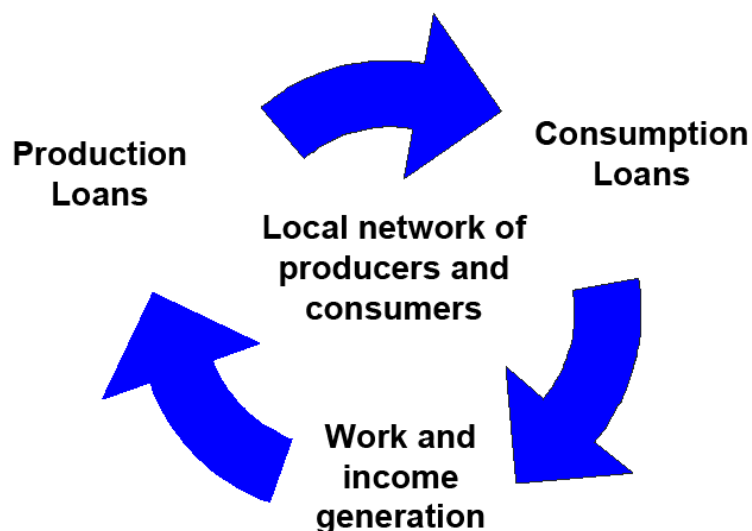
⁷⁵ de Melo Neto Segundo 2009:183.

⁷⁶ de Melo Neto Segundo 2009:185. The following text is translated by me:

Dans la salle, une femme m'interrompt : « À quoi ça sert de soutenir la création de petites entreprises ici ?, demande-t-elle. On n'a pas d'argent, alors de toute façon, personne ne va leur acheter ! À quoi ça sert de créer des entreprises si personne ne peut acheter ce qu'elles produisent ? ».

In January 1998, a project was created by the resident association. They called it a community development bank (abbreviated as CDB hereafter). It was reported by the largest national TV network as ‘bank of the slum’. As initial budget, 2000NC⁷⁷ was loaned by a local NGO and allocated as microcredit to serve five residents for their productive activity and twenty families for domestic consumption.⁷⁸ As X often emphasises its initial scale, the project is too small to be described as ‘a bank’.⁷⁹ As the following diagram indicates, the initial conception of the CDB; however, seems to be a radical approach/strategy to work and income generation:

*Figure 4-1 CDB strategy*⁸⁰



⁷⁷ In this thesis I use NC and CC as currency unit. NC means national currency and CC community currency. 2000 NC is equivalent to around 1800 US Dollar by the then rate, while 2000 NC is around 1000 US Dollar by the current rate.

⁷⁸ de Melo Neto Segundo et al. 2003-116. But in another publication (2009:200) it is written four beneficiaries of the microcredit for production.

⁷⁹ cf. de Melo Neto Segundo 2009:200

⁸⁰ Source: <http://www.bancopalmas.org.br/oktiva.net/1235/secao/2581>, translated and modified by me.

CDB is managed by the local community itself, constructing an integrated economic system, more than a simple microcredit system. It aims to incubate “solidarity networking of local production and consumption”⁸¹. Work and employment is a means to generate income as well as strengthen community relations. The community development bank intends to guarantee micro-credit to the poor. Production loans support self-employment or entrepreneurship. Consumption loans support the poor families’ income as emergency aid and promote consumption of the locally-produced products and services.

INSTITUTIONALISATION: X, Y and people in the neighbourhood had no idea about solidarity economy or community currency when planning to create the community development bank. Neither did the authorities. As soon as ‘bank of the slum’ was broadcasted in the national TV network programme, the Central Bank and local authority turned up to investigate what people were doing there. Setting up a community development bank was misunderstood as illegal activities. It was not well known that the community development bank is a work and income generation project; neither a banking organization nor a community-based non-profit organization.

While CDB started with only 2000NC in 1998, X and Y have made tremendous efforts on fundraising (See Table 4-2). X and Y found partners with various funding organizations including governmental, non-governmental, and enterprises, and financed and implemented the projects and programs. While the community development bank

⁸¹ de Melo Neto Segundo et al. 2003:34. The following text is translated by me:

‘A filosofia central do sistema está voltada para uma rede de solidariedade de produção e consumo local.’

worked well and has increased its activity, X decided to leave the job as coordinator in the NGO; focusing instead on the community development bank with Y. Thanks to external funds, CDB aims to create an integrated economic system including commercialisation of local products and services, social businesses, and social projects.

Table 4-2 External funding for microcredit programme of CDB, from creation to March, 2000

1998/01	Local NGO A	Loan	2000NC
1998/03	German agency B	Donation	3000NC
1998/05	Local NGO A	Loan	30000NC
1998/09	German agency C	Donation	5000NC
1999/04	International NGO D	Donation	14000NC
2000/03	International NGO D	Donation	11500NC

Source: Crisóstomo 2002:34

Institutionalisation was further supported legally and financially by the governmental organisations. The concept and practice of CDB has been consolidated by solidarity economy. Since the national conference in 2000, X and Y have been actively and voluntarily involved in the network of solidarity economy. In parallel to the growing solidarity economy movement, the process of institutionalisation advances by formalisation and popularization of the community development banks. The Community Development Bank Institute (CDBI) was established as OSCIP on June 23, 2003. The role of the CDBI is defined in the Statute in the next page.

Statute of the [CDBI]

CHAPTER I – Denomination, nature, purpose, venue, forum, and duration

Art. 1º – [CDBI], founded on June 3, 2003, ... is a legal entity of private right, civil association without profit-making, ...

Art. 2º – [CDBI] intends as primary goal the spread and multiplication of the practices of [name of the community development bank] developed at [name of the neighbourhood], aiming to facilitate the economic and social development of the excluded communities, and capacitating and implementing instruments of Solidarity Economy in the field of the Brazilian society. It seeks to facilitate the process of generation and distribution of work, job and income on behalf of the poorest, to achieve the local development as strategy from the organization in network of producers and consumers (prosumers), as well as:

- a) To spread the principles and methods of the Solidarity Socioeconomy;
- b) To promote actions of experiment and increment in solidarity economy together with the population of low income, such as: community banks of microcredit, barter clubs with social currency, alternative monetary systems (its own currency) and other monetary instruments of the solidarity finances, collective purchases, low class' credit card, solidarity shops, networks of local production and consumption and other instruments capable of innovatively enhancing local production chains that generate work, employment and income;
- c) To provide through courses, workshops, seminars and lectures, the partner organizations and public institutions with methodological instruments already tested by [name of the community development bank], which is capable of promoting the local development and growth of the community organization;
- d) To contribute to the actions of public policy aimed at social inclusion and development of solidarity-based microenterprises;
- e) To offer paid or unpaid services of [CDBI] to institutions of the public, private, and civil society;
- f) To carry out knowledge management of [name of the community development bank] and other experiences of Solidarity Economy, producing information, disseminating knowledge aimed at strengthening and developing the autonomy and sustainability of the institutions and their diverse collectives;

...

Art. 5º – ... the practices of solidarity economy should be experienced in the form of organization of the entity. In this sense all workers and service providers of [CDBI] have part of their salaries and remuneration (not less than 10%) paid in social currency in order to reinforce the alternative monetary circuits. All cleaning materials, hygiene, pedagogical, food and other stuffs used by [CDBI] in the administration of its venue(s), as well as the development of its projects, capacity buildings, workshops and seminars will be purchased in enterprises of Solidarity Economy, except when there is no solidarity production of these goods and services locally. ...

...

CHAPTER II – About members – Rights – Duties - Penalties

Art. 9º – [CDBI] is formed by an unlimited number of members.

Art. 10º – [CDBI] has the following categories of members, which constitutes its social framework:

- a) Founder member
- b) Contributor member
- c) Honorary member

...

CHAPTER III – About Administration

...

CHAPTER IV – About Executive Coordination

...

CHAPTER V – About Technical Advice

...

CHAPTER VI – About Fiscal Advice

...

CHAPTER VII – About Election Process

...

CHAPTER VIII – About Patrimony

...

CHAPTER IX – About Accounts rendered

...

CHAPTER X – About the General and transitory dispositions

...

[Place], 03 June, 2003.

While the Statute declares the role of the CDBI in details, X explained that the objectives of CDBI were mainly two-fold⁸² :

“... the resident association created [a community development bank]. It is a project of the resident association. ... It is a project of work and income generation ... Several people want to do replication. Several partners want to make agreements. The resident association could not work outside the neighbourhood. ... The association decided to create another organization called [CDBI]. The objectives are two: the first objective is to do diffusion of the technology ... methodology of the [community development bank]. ... the second place is capital resource on behalf of the neighbourhood. ... the Institute is an entity of national character ... much more facilitation to make agreements with the Brazilian Bank, [a government-owned financial institution], [a national development agency].”

In 2005, the Network established partnerships with SENAES and the Popular Bank. Given the Federal Constitution recognising the financial and banking inclusion as a right, it is reasonable for the official institutions to work with initiatives like CDB. This partnership allowed the community development banks to execute the financial services of the Popular Bank. At this time, the Central Bank of Brazil investigated the system of community currency and regulated it.

While the CDBI has expanded creation of the community development banks throughout the country, it was necessary to construct the legal frame of the community

⁸² Personal interview conducted on August 27, 2010

development banks. This was not merely because of legality of the existence but also because of legal recognition in order to claim public funds to ensure activities of the community development banks. A federal deputy initiated to propose a bill to Congress in 2007 in order to create a regulatory legal framework of the community development banks.⁸³ On January 4, 2009, the Central Bank of Brazil and SENAES agreed on cooperation for the study of social currencies. At the end of the year, the Central Bank of Brazil organized a three-day forum of financial inclusion in which one of the thematic focuses was social currencies.

The recent definition of CDB was elaborated by practitioners and SENAES representative at a meeting in 2007 as follows:

‘Community banks are networked solidarity financial services, of community and associative nature, aimed at generating employment and income in order to reorganize local economies, based on the principles of Solidarity Economics. Its aim is to promote development of low-income areas by fostering the creation of production/consumption local networks, supporting initiatives in various spheres of solidarity-based activities such as production of goods and services, support to commercialisation (bars, grocery stores, shops and open-air markets) and creation of both consumer and producer associations.’⁸⁴

⁸³ Projeto de Lei 93/2007. In details, see

<http://www.camara.gov.br/proposicoesWeb/fichadetramitacao?idProposicao=361065>

⁸⁴ de Melo Neto Segundo 2010:61

According to X's conception during the presentation at the conference in May 2010, the community development bank consists of four pillars: (i) production loans in NC, (ii) consumption loans in CC, (iii) correspondent banking services, and (iv) capacity building, training, and social control. The next section is going to describe the entire project in more details.

Chapter 5 PROJECT CONTEXT

INTRODUCTION

The section briefly overviews the entire CDB project as background in order to better understand the community currency programme in the locally specific context.

In response to the neighbourhood seminar in 1997, a work and income generation project was laid out. Given that X had learned the significance of community diagnostics from the urban planning and research programme, X developed a research programme to create an annual map of local production and consumption in the neighbourhood. The mapping program deals with economic activity in the neighbourhood to investigate what people are consuming and producing. It identifies the location of industries – manufacturing, commerce, and services – existing in the neighbourhood, as well as the location of people’s shopping. The map is considered as methodology of a community development bank with a view to informing local production and consumption. The survey program aims to orient the microcredit line in order to prioritize the financing of goods and services for local needs.⁸⁵

CDB began with two lines of micro-credits. Given the purpose of banking for the poor instead of for profit, the production loans are granted at a low interest rate for those who cannot enjoy other microfinance schemes offered by the official public and private banks and whose goods and services meet community needs. Applicants for microcredit must be existing or become new members of the resident association, while no official

⁸⁵ de Melo Neto Segundo et al. 2003:24. The following text is translated by me:

‘Orientar a linha de crédito do banco para priorizar o financiamento de bens e serviços que atendam a demanda local’

registration of residence, no monetary or asset guarantees are needed. Instead of official documents to confirm the status of a borrower, staff from the community development bank visits the applicant's neighbours to establish the person's credibility. X and staff emphasise that the neighbourhood has strong community relations and that such community-based management and practice is one of the characteristic principles. In addition to the person's credibility, the credit analyst on staff examines the financial viability of the applicant's business, the possibilities of commercialisation within the local network, and the applicant's professional experience. The committee, consisting of credit analyst, coordinator of the community development bank, and the executive director of the resident association, considers the viability, commercialisation, and the applicant's experience and credibility and make a decision. The applicant's participation in the community activity and ties with the resident association are additionally considered.

Consumption loans were provided initially in a form of a community-based credit card. Unlike the conventional credit card, the community credit card is made of paper card and manual transaction is necessary. It has an initial value of NC20 and, based on the arrangement between the community development bank and the association of the local businesses, enables poor families to obtain goods in some of the local stores only inside the neighbourhood. The card has a credit limit of NC100, which can be paid back without interest on a date in the following month, according to agreement between the community development bank and each family. It is beneficial for both the poor families and the local stores.

As the resident remark α indicates, microcredit has supported the creation of small businesses; however, sale of the products from these businesses fell below expectation. In order to strengthen networking and enhance local economic development, CDB also works for commercialisation of local products and services. While consumption loans and collective purchase were planned as tools for commercialisation strategy, a weekly fair and a commercialization centre were also established in order to create a space for commercialisation of the local products and awareness-raising. The community development bank has also extended its program into social businesses and social development projects to strengthen the integration. Solidarity-based businesses include fashionable cloth, craftwork, and cleaning materials. Community-based work school offered a training opportunity for the young residents in collaboration with the local enterprises. Thanks to X and Y's considerable efforts on fundraising, CDB has implemented diverse projects (See Table 5-1), while some projects and programs were already completed.

In addition to projects and programmes, the Local Socioeconomic Forum has been held since 2008. It is held every Wednesday evening with around 50 residents participating. While X regards the forum as social control of CDB, in reality it is simply a community meeting to discuss the community problems and public policies, exchange information and opinion, and give young residents opportunities for their cultural presentation. I scarcely heard discussion on the community economy, CDB management, or community currency.

Since the partnership with the official institutions, CDB has become more complex and more institutionalised, offering greater amounts and more diverse forms of financial services, including payments of family allowance, pension, bank accounts, bill payment, and other banking services. Micro-insurance was also launched in September 2010 in collaboration with a multinational corporation.

ORGANIZATION PROFILE

The organisation managing the CDB and community currency programs during my fieldwork is drawn in Figure 5-1. According to X's perception, the CDBI, CDB, and the resident association work closely. Since the creation of CDB, X and Y have made tremendous efforts on fundraising. Figure 5-2. shows financial sustainability of the CDBI. Indeed the agreement with the Popular Bank in 2005 has contributed significant increases in the annual budget in the following years. Services include banking correspondence and creation of new community development banks. Interest and opening tax from microcredit operations and transactions also contribute to financial results.

Table 5-1 Associated Projects (Source: de Melo Neto Segundo 2010:64-66, modified by the researcher)

Project/Program	Objective/operation	Researcher's observation and remarks
Female incubator	The aim of this project is to socially include women (25 per group) who face personal and social risk in the neighbourhood—one of the poorest regions of the state's capital. Among these women, generally unemployed, there are cases of single mothers, people with poor mental health, drug users, or even law-offenders. The project provides psychological and medical assistance, food security, workshops on female health, restoration of their self-esteem, entrepreneurship, vocational courses and instructions on civic actions focused on community participation. All women receive food daily and a monthly stipend of 100 NC. At the end of the period of 12 months, they receive a loan (credit) granted by the Banco Palmas to start a small productive business, or instead are referred to the labour market by CDB. The main goal, once the subjects are recovered, is to provide them with a job which assures an income able to guarantee their families' living.	<ul style="list-style-type: none"> - Some of the women are poor (cf. de Andrade Costa 2002) - Most of the women do not receive a loan but try to find a job in the labour market by themselves.
People's Cooperative School	The People's Cooperative School is a project of the CDBI for the youth of the neighbourhood, with the objective of getting them into the university. It works with an emancipatory pedagogy which offers students with: theoretical knowledge necessary for college admittance via <i>vestibular</i> (the Brazilian form of admission into the university, similar to the American SATs), enhancement of entrepreneurship abilities and the sensitization of youngsters for participation in local activities and environmental protection. Each class receives 6 months of training, with 600 h of in-class teaching. The teachers receive a monthly stipend of 100 NC from the CDBI, and are normally college students or teachers from other local schools.	<ul style="list-style-type: none"> - Evening classes
Fashion Academy of the Periphery	It is a school of training and production in fashion, formed by the youth of the neighbourhood. The Academy functions in a warehouse in the seat of	

	<p>the resident association, measuring eighty square meters and is equipped with proper machinery and equipment. In the same building, next to the warehouse, the Palma Fashion designing is already in business, which serves as support and a great reference for the Fashion Academy. In the Fashion Academy, the youngster is shown the basic steps of clothing confection, which will allow him or her to enter the labour market (or to establish their own business) with technical expertise previously known only to fashion students and personnel already working in the area. The course's curriculum is comprised of 400 h of in-class teaching, of which 60 h are of basic knowledge (solidarity economy, business management, sales and others) and 340 h allocated to specific training.</p>	
Neighbourhood Work School	<p>The Neighbourhood Work School project consists of activities such as training, financing and incubation for young residents of the neighbourhood. The training process is divided into three stages and has a total workload of 380 hours (four months). In the first (Basic Training—sixty hours), a theoretical course held by the CDBI capacitates students in basic notions, entrepreneurship, human relations, solidarity economics and the history of the community. This phase is performed at the seat of the CDBI, in a proper room with audiovisual resources. The second stage (Specific Training—300 hours), the residents are sent to one of the local enterprises (small commercial establishments, beauty parlors, carpenter shops, clothing and others) where they are submitted to a training period of four hours a day for three months, weekdays only, learning the day-to-day routine of the profession. These businesses are called “training enterprises”, and their owners (the trainers of the young apprentices) should have at least three consecutive years of experience in their profession. During this period, the CDBI pays monitoring visits to accompany the apprentice's training process. In the third stage (Complementary Training—twenty hours), the students return to the classroom of the CDBI, with audiovisual resources, for a course on</p>	<ul style="list-style-type: none"> - The project students receive a monthly stipend of 50 NC and 20 CC. - The local enterprises receive allowance (only NC) from the CDBI.

	business management and (personal and entrepreneurial) marketing.	
Community Consultants	This programme trains young residents of the district in Solidarity Economics so they can provide consulting services to small businesses (trade, industry and services) of the neighbourhood and the community banking network of the local State. It aims to improve the productive and management capacities of the businesses of the district and others attended by the credit services of the community banks. Each group has only ten students, who get 600 hours of training, 300 hours being theory and 300 being practice, under instructor observation. The students get all the necessary didactic and pedagogical material, as well as uniforms, food and a monthly stipend of 250 NC. It is a strategic training course for the CDBI, which prioritizes the hiring of those which were given training in community consulting.	- A monthly stipend consists of 175 NC and 75 CC.
Solidarity open-air markets	In these events, which take place weekly, between 5 and 10pm, in front of the CDB, local products are sold and popular culture is exposed (artists and singers doing folklore pieces and other local cultural exhibitions). It provides a moment of leisure for the residents and also an opportunity to exchange experiences amongst the merchants. A weekly average of twenty-five producers participate.	- No markets are organised for a recent few years.
Solidarity Store	A thirty square meter space, attached to the main building of the CDBI, was made available. The producers who use the store are paid proportionately to the number of products sold, and pay a 2% fee to cover the store's operational costs. The store occasionally needs layout rearrangements and equipment upgrading, and seeks support from outside to do so.	- the store accepts payment 100% by CC.
Production, trade and service microcredit	These funds are granted by the CDB to those who could not have access to "official" financing due to bureaucracy, guarantee requirements, level of income, assets and other banking rules. The CDB does not demand documentation or registration guarantees. The neighbors themselves provide information on the borrower, assuring that he or she is a	

	responsible individual with experience in the desired line of business—either that or denying such values. The funds for the credits come from loans made by the Bank of Brazil at a cost of 1% per month. The challenge lies in finding other cheaper fund sources with long-term payment conditions.	
Culture and Solidarity Economics Support Fund	A solidarity circulation fund, of a community and associative nature, for the transfer of interest-free financial resources and with alternative reimbursement forms, under the control of the local community, allowing groups or associations to develop their ideas and transform them into viable projects in the field of cultural economics. The Fund's main philosophy is to generate, through practices in Solidarity Economics, a relation of trust and solidarity between solidarity enterprises, with emphasis on the self-management of the groups and the community, so enhancing their citizenship. This is aimed at strengthening territorial solidarity economics networks, producing culture, labor and income for the local population. Credit approval is made by the Local Socioeconomic Forum. Each project presented by each local community group is discussed and finally voted on. The group pays only 30% of the requested value, and the other 70% is paid in services. For example, a band can repay the loan by performing in the local fairs, a dance company by dancing, and so forth. The groups have up to twelve months to repay credit. Each group can borrow 500 NC the first time, 1,000 NC the second time, and from the third time on, 1,500 NC. The funds were donated by the Bank of the Northeast of Brazil.	
The Banco Palmas in Network Journal	A community journal, fully written and designed by a team of the residents. The journal publishes the district's local news, challenges, struggles and achievements, meetings and events, besides highlighting the leaders that promote local growth. It also publishes the CDB's balance-sheets and other figures. The journal has a circulation of 5,000 copies per month, and is freely distributed to the population.	- not per month.

Figure 5-1 Organizational Chart

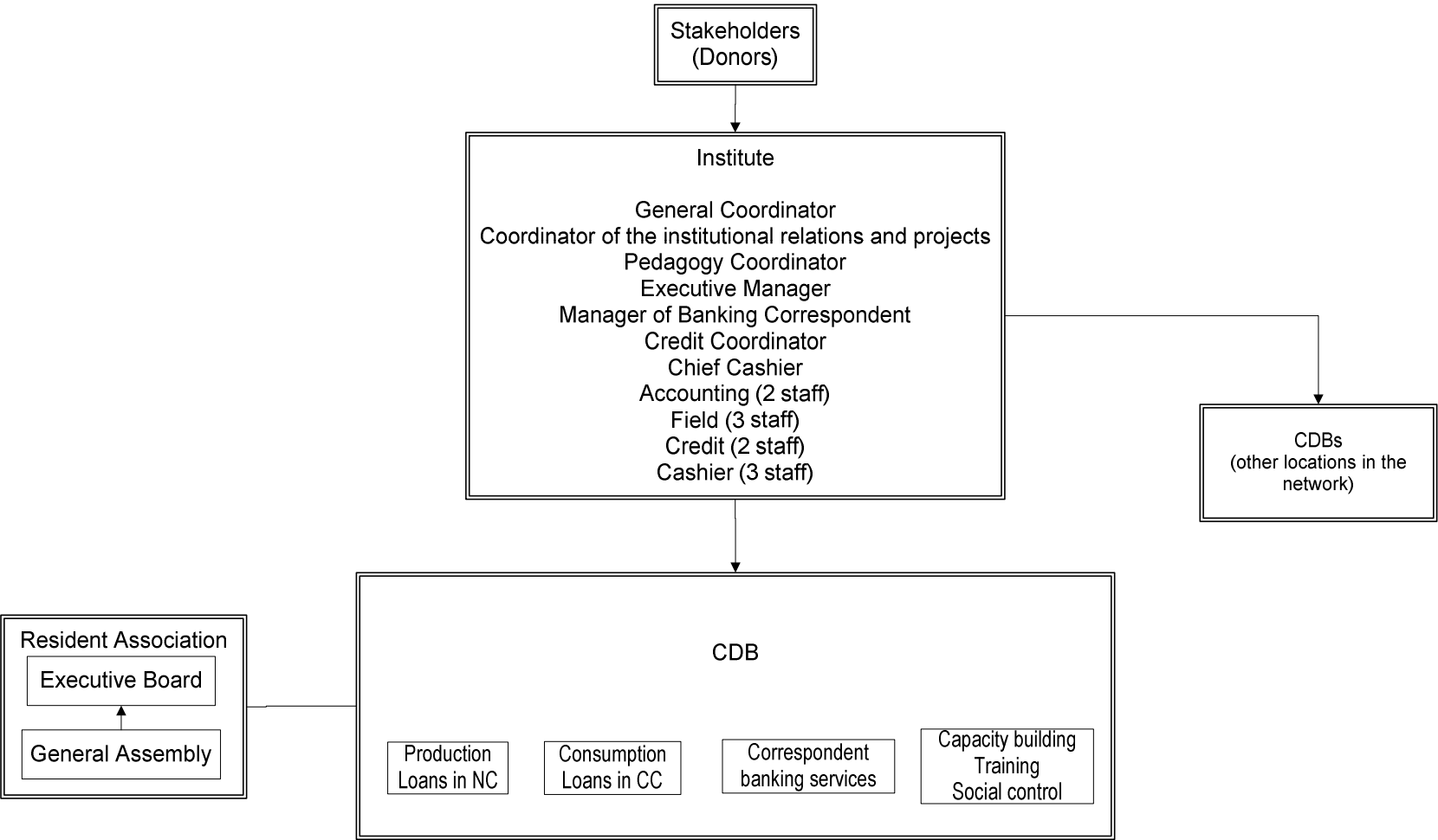
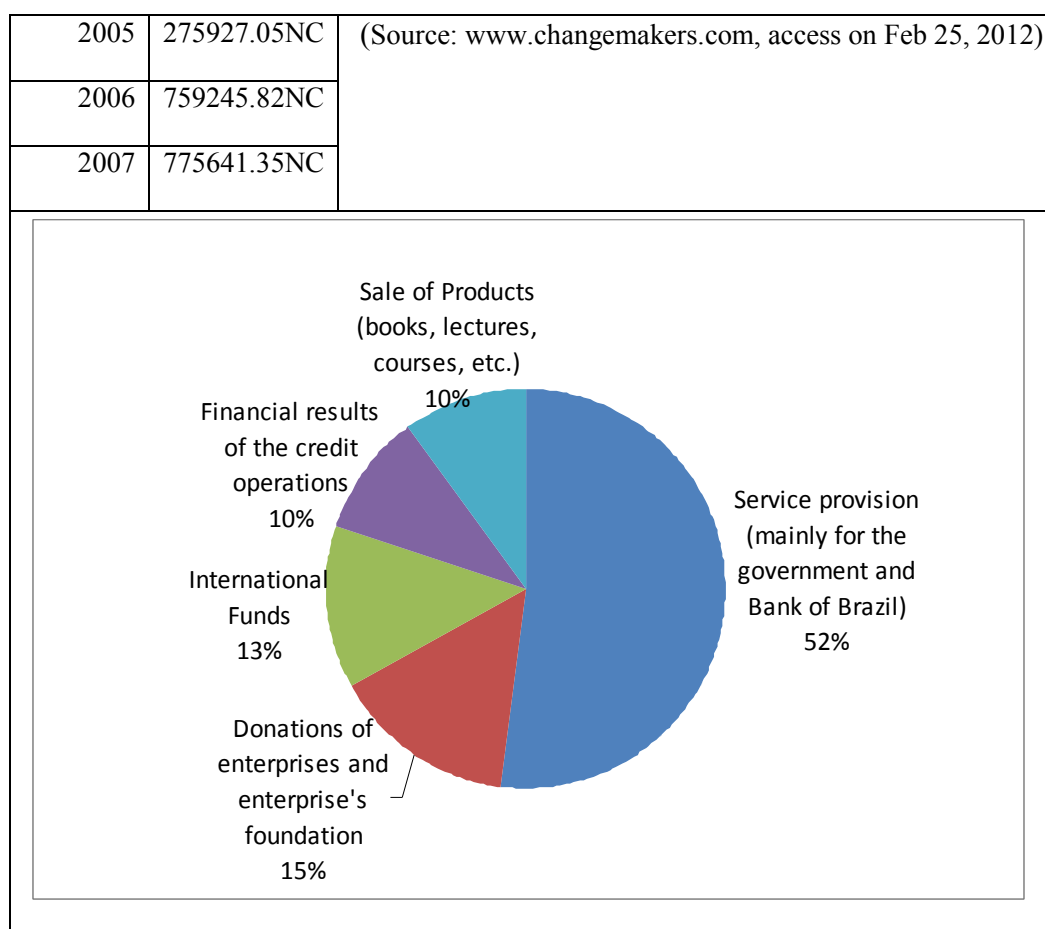


Figure 5-2 Finances and Sources



BACKGROUND INFORMATION PROVIDED BY LOCAL WRITINGS AND RESEARCHES

Basic data at the local level are severely limited. While even no official data of neighbourhood population exist, the basic data of the living conditions of the neighbourhood were collected in 2009 by a German agency after the drainage programme:

Table 5-2 Basic Data of the neighborhood

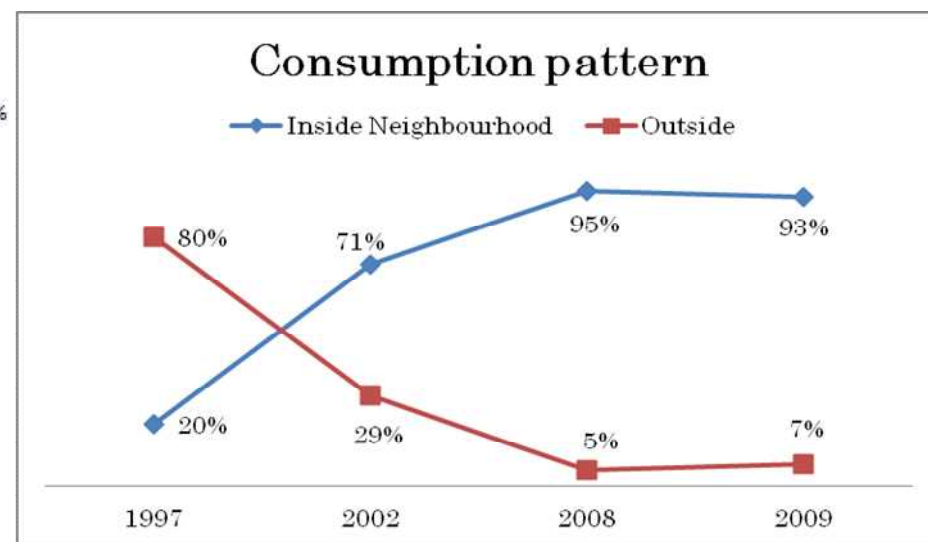
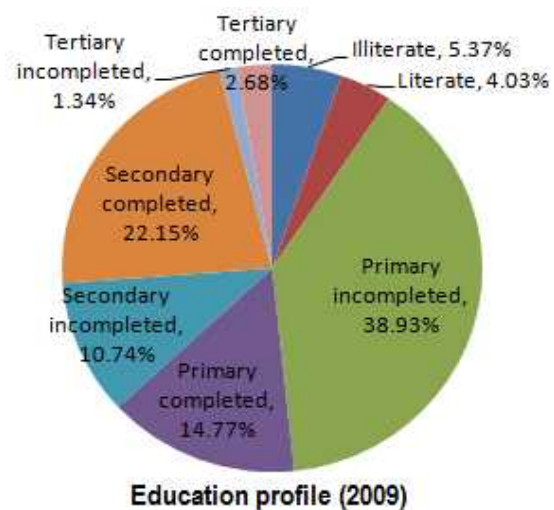
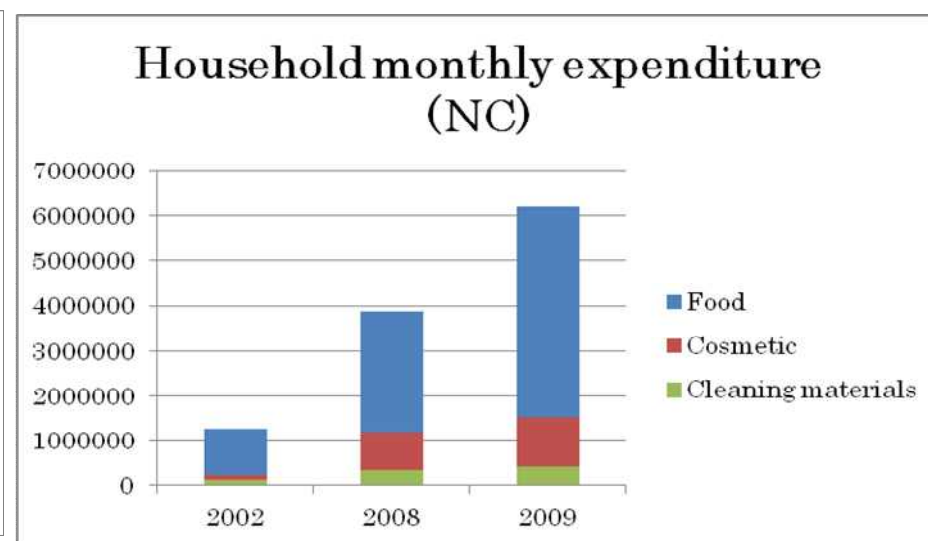
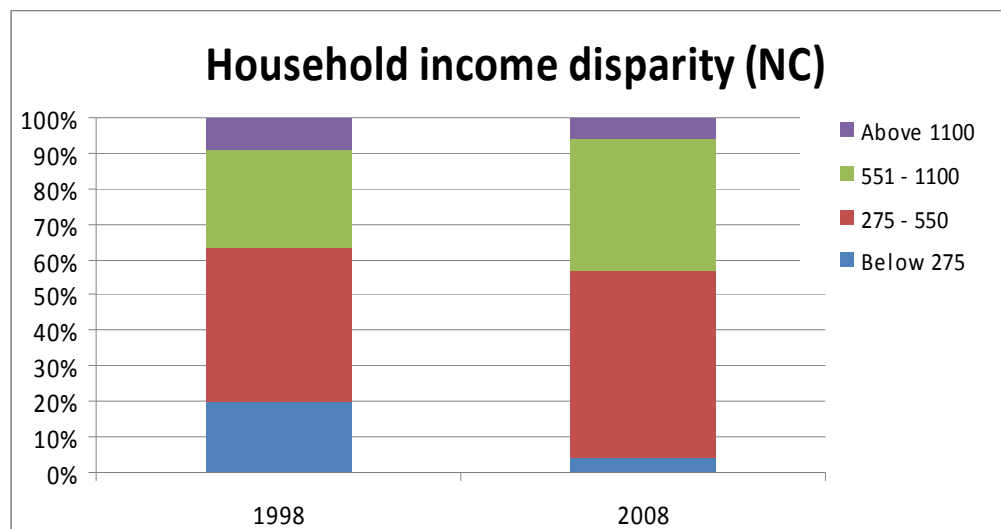
Area		118ha
Population		19000
Density		62 per ha.
Household		4393
Social and Community Equipments	Public school	4
	Urban Social Centre	1
	Health Centre	2
Urban services	Water	2932 connections (67%)
	Drain	2450 condominium connections (55%)
	Light	70%
	Rubbish collection	Monday, Wednesday, Friday in main streets
	Transport	Two lines of bus
	Pavement	Earth 7300m Coatings on paving stone 15850m Asphalt 5400m
	Drainage	Insufficient
Public telephone	Community Public telephone	75
	Telephone Centre	1
Private telephones		412
Source: Crisóstomo 2002:23		

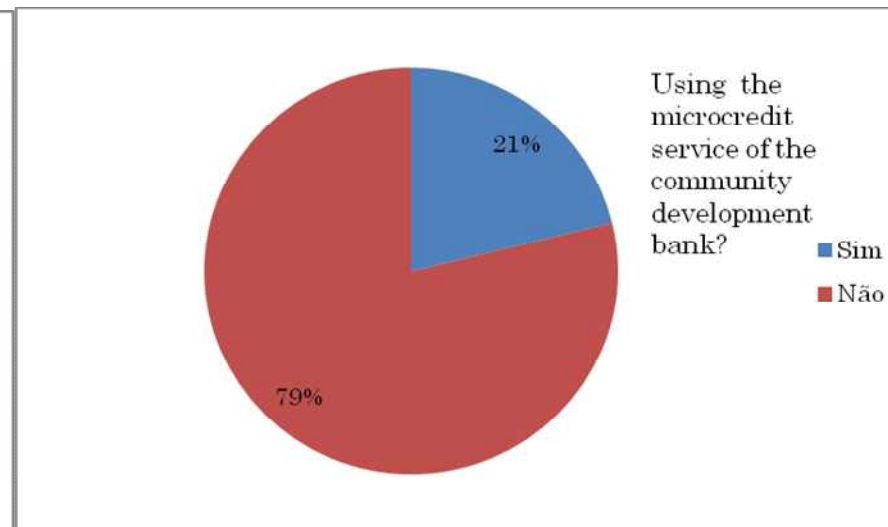
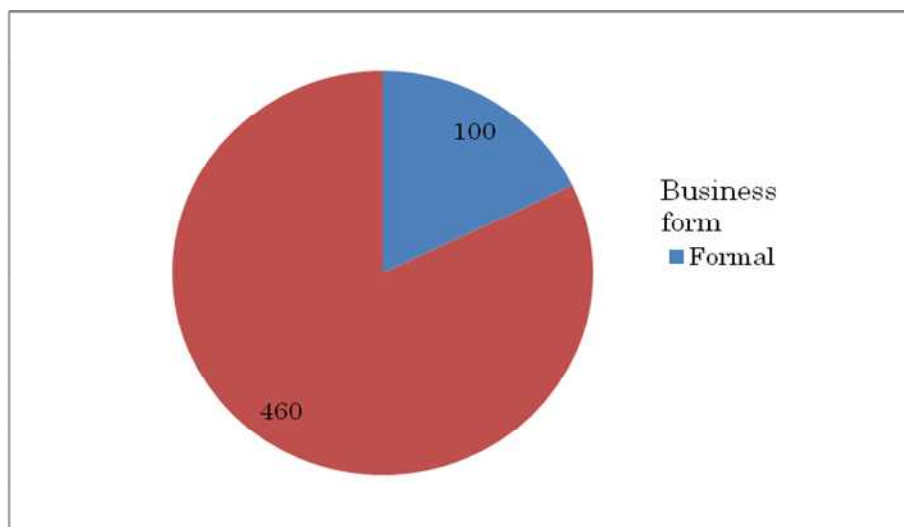
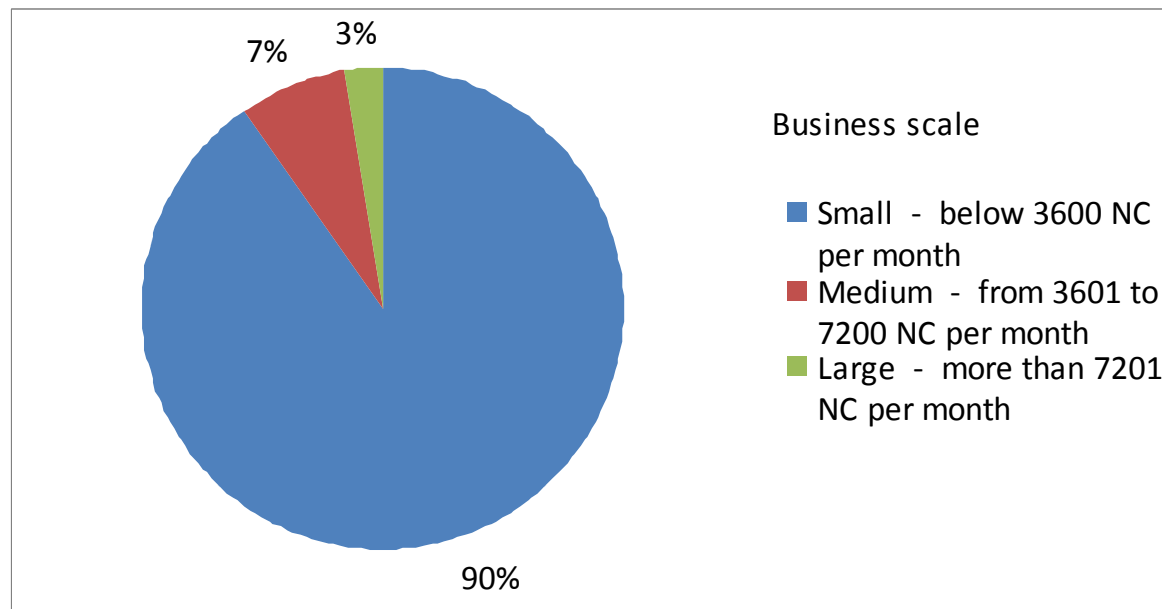
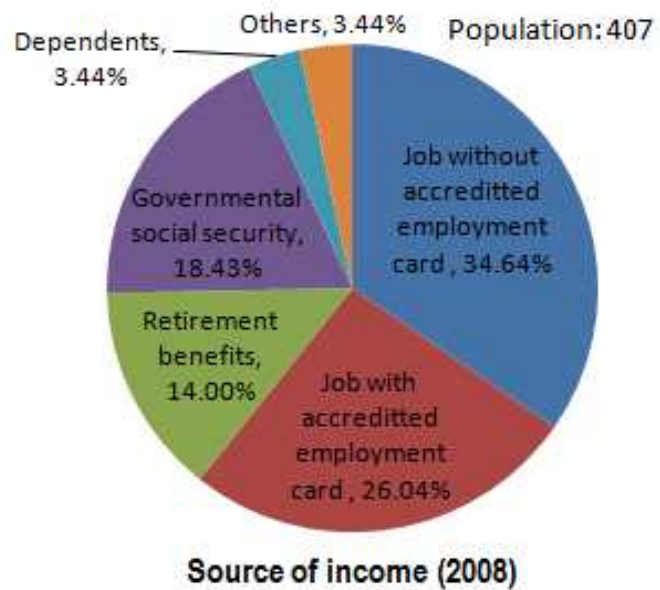
It is often written in many publications that the neighbourhood is a slum with 30 thousand inhabitants. It is not certain; however, when it had/has this number of inhabitants. More importantly, it was often heard by the researcher during the conversation with residents that the population has expanded significantly. Now the neighbourhood has been even divided into two districts. In order to better understand the community currency projects discussed in the next chapter, the following section will

briefly describe existing research findings on the neighbourhood, the community development bank and other related social projects.

The community consultant programme has produced a production map and quantitative data regarding the economic and social situation of the neighbourhood. Preceding the CDB, an annual map of local production and consumption was created. To this point, the mapping was conducted in 1997, 2002, 2008, 2009, and 2011, according to X, depending upon the funding availability for the project, with results being integrated into the community consultant program. The community consultant program aims to collect information about people's production and consumption activity as well as building capacity of the young residents selected from the neighbourhood as community consultants. This is done so that community members themselves can come understand solidarity economy and conduct the survey and mapping themselves. Methodologically speaking, young participants from the neighborhood visit door to door to conduct a questionnaire and interview with the residents and produce a community diagnosis map of production and consumption. The questionnaire was elaborated by X and SEBRAE. As indicated in the form, community consultants asked each household how much rice, beans, meat, vegetable, and different kinds of food they consumed per week. The researcher was given the following information.

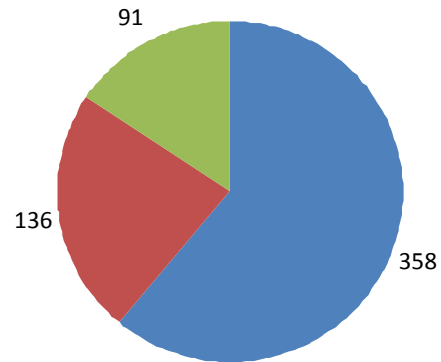
Figure 5-3 Socio-economic indicators of the neighbourhood



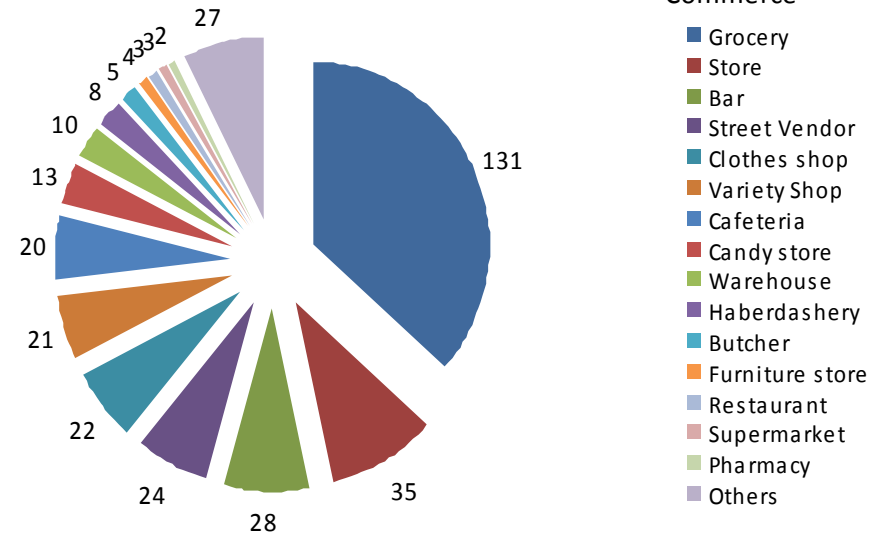


Business classification

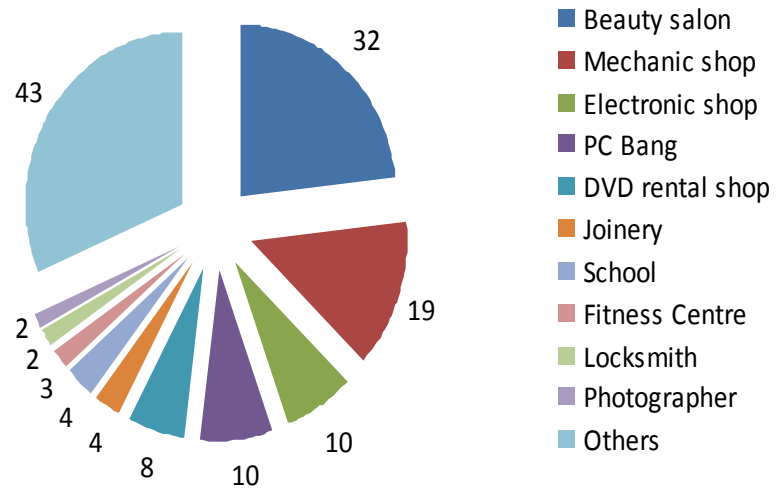
Commerce Services Production



Commerce



Services



Production

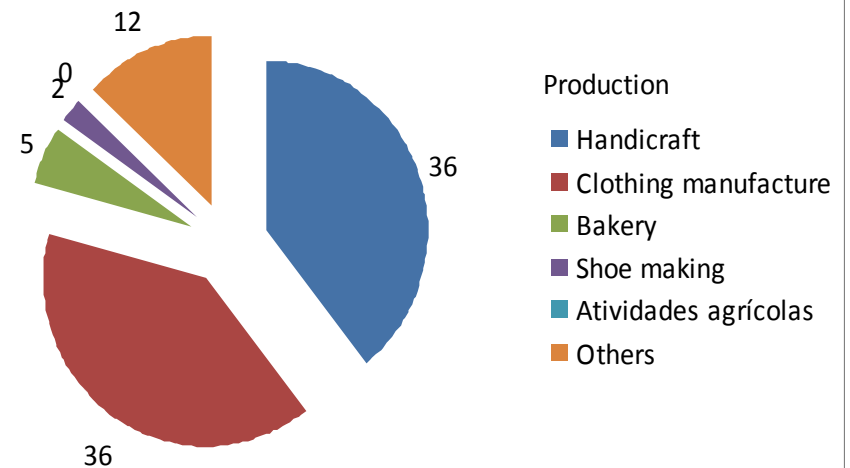
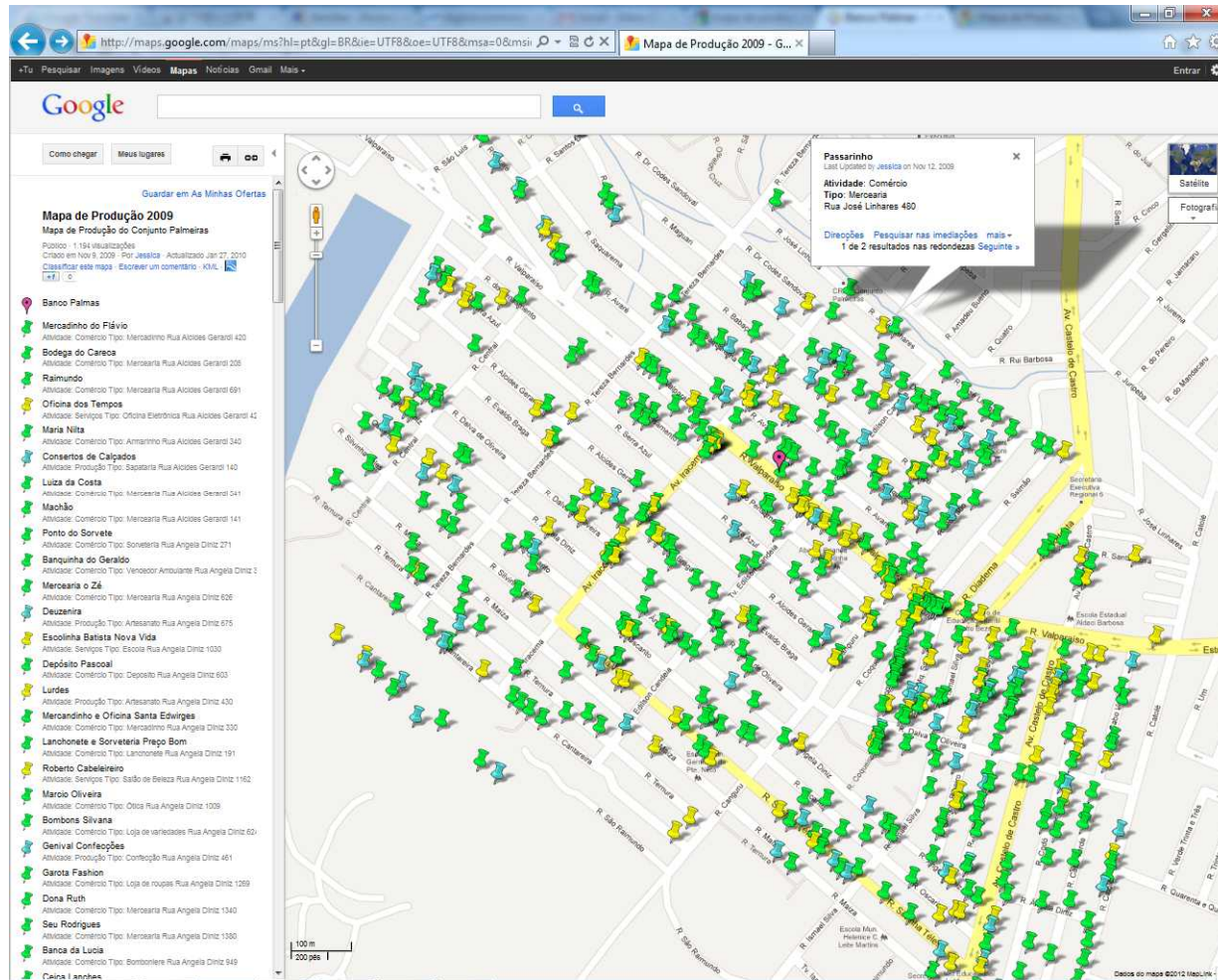


Figure 5-4 Map of Production in 2009



On the map, location of each business is identified with three different colours of pushpin.

📌 : commerce,

📌 : services,

📌 : production

If you click each pushpin, as the screen demonstrates, information about each business is provided such as name, category (commerce, services, or production), type, and address. Likewise, the information about all businesses is listed on the left side of the page.

Source:

<http://maps.google.com/maps/ms?hl=pt&gl=BR&ie=UTF8&oe=UTF8&msa=0&msid=205636286819021531829.000477f132719a0bf8ee7>

Given that no official data at the local level is available; such data are useful to get an idea about the neighbourhood indeed. Like many other quantitative methods; however, validity and reliability of data is questionable. As compared to many research publications focusing on the community development bank and the network, research about the resident association is limited. One of the few, Crisóstomo (2002) documents the initial stage of the community development bank project with financial data. This is informative, although no statistical analysis is conducted, or more generally, even no research question/problem is identified or no argument is found. As such, the data remains purely descriptive in nature. Jayo, Pozzebon, and Diniz (2009) discuss two different conceptual approaches for microcredit and demonstrate that unlike the finance-oriented minimalist approach dominant in Brazilian microcredit institutions, the community development bank has pursued a development-oriented integrated approach. A research project funded by a Canadian agency examines contribution of information and communication technologies to delivery of financial services.⁸⁶ Indeed this kind of research is meaningful for development policy and practice to advance technology sharing and development. It is necessary to make explicit; however, the scope and limitation of this kind of research, that even though information and communication improves project and service delivery, delivery to the poor or contribution to development is another matter. In collaboration with the CDBI, a masters-programme student team from Columbia University have constructed a monitoring and evaluation system in order to “track and measure the economic and social impact of the community development bank model to the clients and communities it serves” (De Castro et al.

⁸⁶ Diniz et al. 2009

2010:12). They perceive and note some limitations in places, although these shortcomings are not examined in depth. They claim difficulties in sourcing reliable data to measure impact of CDB, (De Castro et al. 2010:17) Including that the CDBI did not manage basic financial data in a consistent and systematic way and nor did it own historical data. According to my investigation, it was also noted that inferences being drawn from collected data were not statistically accurate. Crisóstomo's research (2002) is perhaps unique in presenting reliable data. Since 2002, no research has provided historical or current data. Thanks to the efforts of the Network and SENAES, community development banks have been created all over the country. Whereas the new processes of development appear to have gone further on the ground, academics have been slower to analyse the replicability or transferability of the project. Some academic analyses have begun to appear. De França Filho (2007) has conducted research on solidarity economy and the concept of community development banks as well as having implemented projects. His students write about the community development banks as their masters dissertation. Vasconcelos Duran Passos (2007) reviews concept and characteristics of the community development banks. While her focus is on sustainability, it is necessary to make it explicit that her study deals with financial sustainability of the community development bank, not sustainable development *per se*.

CONCLUDING REMARK

At this moment, the section intends to provide background information to understand the following chapters focusing on the community currency projects. When analysis in Chapter 7, the section needs to be read by paying particular attention to changing contexts shifting from a single project focusing on creation of an integrated

social-economic system to a more institutionalised system focusing on financial service delivery to promote financial inclusion and job and income generation. Unlike other works that treat the local context in a static way, just describing what the community development bank is and does, the researcher emphasises central significance on dynamics of local context and the evolutionary nature of institutions.

Chapter 6 PROMOTING LOCAL CONSUMPTION, CONSTRUCTING DOMINANT DISCOURSE

INTRODUCTION

The chapter describes the practice of a small community currency project in the peri-urban ex-slum neighbourhood that was brought into the community by outsiders.

As briefly described in Chapter 4, the background of community currency projects is rather complicated. The creation of community currency in 2000 after the establishment of CDB in 1998 indicates that X's development thinking was directly translated into CDB, not a community currency programme. Instead, the introduction of community currency is related to microcredit. Unlike the community development bank project, which evolved without previous contact with the national and international solidarity economy network, the community currency project was instituted by simply borrowing a readily available scheme reproduced by the activist on behalf of the solidarity economy network.

BARTER CLUB AND ITS OWN CURRENCY (2000-2002)

The background of the Barter Club Project can be traced back to two conferences which took place in southern Brazil. X found the announcement of the conference on the internet, and travelled there in May, 2000 where he learnt ideas about the barter club and community currency concepts from a Brazilian economist. The economist was impressed with X's presentation about CDB and invited X to attend the Brazilian meeting of solidarity socio-economy in June, which was organised by the institute that this economist worked for. The second conference was the first meeting for solidarity economy networks in Brazil, as already described in Chapter 4, which led to

the formation of the solidarity economy movement. Since then, X and Y have been deeply involved in the Brazilian solidarity economy movement.

The two conferences were critical events for X to construct and reconstruct development thinking as well as anchor the legitimacy of idea and practice of CDB on the principles of solidarity economy. These conferences had two reciprocal outcomes. First, the conferences led X to the theoretical discovery of the social and solidarity economy and the third sector⁸⁷. Second, CDB was recognized or discovered as one of the solidarity economy initiatives by the participants including the economist of the institute that X had encountered previously. Also at the meeting in June 2000, X learnt different instruments for the solidarity economy, one of which was a barter club with its own currency. Barter club was explained to the participants as solidarity consumption practice.⁸⁸

During the meeting of 73 participants⁸⁹ X met a Brazilian activist who had helped to expand the barter network in Argentina during the economic crisis. The activist was a university lecturer in Argentina who had worked for various socioeconomic projects and who had come to know of the experience of the barter club and community currency from a TV program in late 1996.⁹⁰ In 1997, this activist started to work with the founders of the first barter club: the activist was interested in

⁸⁷ Joaquim 2009:219-220

⁸⁸ PACS 2000:45

⁸⁹ Source: PACS 2000

⁹⁰ See Primavera et al. 1998 for the original motive for participation in the barter club. Also Gómez 2008:121.

developing the system as a tool or model for anti-capitalist and alternative development. At the same time the founders also needed the activist's professional experience of capacity building and conflict management for project groups, especially when expanding the network. After several months; however, conflicts emerged between them, the primary difference being the governance of the community currencies. The founders attempted to unify the community currencies and issue a single currency to create a countrywide market network for participants' convenience and a larger effect on their income and local economy. The activist proposed to issue different currencies for each club market, privileging intimate social relations and decentralizing power. Whereas the founders issued the surrogate currency in order for them to earn the project costs and their living expenses – i.e. participants pay the official currency for the exchange ticket to participate in the club – the activist does not relate the community currency to the official currency. Due to the economic crisis, the Argentine barter network expanded its network to even replace the official market during its peak around the beginning of 2002. The ultra-rapid proliferation and growth of the barter network exposed a series of organisational and institutional problems.⁹¹ Ideological conflicts and power struggles among the two barter networks, one led by the founders and the other by the activist, resulted in break-up. In the nationwide barter network led by the founders, a large amount of the community currency was issued outside of the central regulation, and as a result counterfeiting and inflation occurred. The institutional concept of the barter network and the community currency were complex, widely contested and controversial.

⁹¹ For details of the conflicts, see Hintze 2003; McClanahan 2003; Gómez 2008.

DEVELOPMENT THINKING: Development thinking that underlies a barter club with its own currency can be two-fold. On the one hand, the community currency in a barter club is intimately related to work and income generation, which has been taken as consensus of the local community to be means of development. X attempts to reorganize the economy of the peri-urban neighborhood by creating an integrated economic system in which local entrepreneurship can be incubated to produce goods/services to meet community needs, the purchase of local products/services can be stimulated, incomes can be circulated within the neighborhood, and eventually economic growth can be achieved in terms of job creation and income generation. Given that cash is scarce, community currency can play a role in facilitating exchange and/or incubating self-employment of the socially excluded. On the other hand, X thought that the barter club and community currency were based upon principles of solidarity economy and hence could improve a community problem systematically. Solidarity economy is a new interconnected form of production, consumption, and wealth distribution in order to meet the needs of people. It problematises the subordination of human labour to capital, and shifts its goal from profit-making to overall development and quality of life. The barter clubs with the social currencies were generally understood to enhance mutual help and (re)build a more self-reliant community.

TRANSLATION: X defines a barter club as an articulation among producers, service providers, and consumers in the neighborhood, who gather weekly to exchange their goods and services by means of a social currency.⁹² Given that many residents do

⁹² cf. 'uma articulaçao entre produtores, prestadores de serviço e consumidores do bairro, que se reúnem semanalmente para trocarem seus bens e serviços utilizando uma moeda social' (Melo et al. 2003:58)

not have cash but produce something or offer services, it is possible to organize a space on behalf of those residents to exchange their products and services “without use of money” or creating their own currency, as well as constructing economic cooperative relations.

Products and services of the local small businesses tend to be less competitive than those in the capitalist market. Many residents preferred shopping outside and did not care about the local businesses. Given that some local products and services were not purchased in these institutions, those local products and services were expected to be traded in the barter club.

Considering the local context, its objectives of the barter club were constructed as follows⁹³:

- To create a space in which people can satisfy their basic needs (food, clothes, hygiene, cosmetics, and others) from their own work and without use of official currency;

⁹³ de Melo Neto Segundo et al. 2003:58. The following text is translated by the researcher:

Objetivos

criar um espaço em que as pessoas possam satisfazer suas necessidades básicas (alimentação, vestuário, higiene e beleza e outro) a partir do seu próprio trabalho e sem a utilização da moeda oficial;

proporcionar à comunidade um maior conhecimento e apropriação de conceitos e ferramentas da economia solidaria;

oportunizar momentos de convivência entre os moradores, exercitando o espírito de solidariedade e ampliando o conhecimento de como funciona a lógica da economia de mercado e da nova economia que se pretende consolidar no bairro

- To provide the community with better understanding and appreciation of concepts and tools of solidarity economy;
- To offer moments of coexistence among the residents, practicing the spirit of solidarity and broadening the knowledge of how the logic works between market economy and new economy that aims to consolidate in the neighborhood.

While the first objective is based on the local context, the second and third objectives sound interventionist approach into the local community.

PRACTICE: The Dutch NGO supported the activist to travel to the neighbourhood and provide a one-month training workshop for the resident association. In the workshop the participants discussed how to organise a barter club including the issuance of the community currency. The local community has to redefine the roles and discuss institutional rules of the community currency in their specific contexts. In September, a barter club was launched and the community currency was issued in the neighbourhood. After the workshop the residents organised a barter club once per week at the association. Figure 6-1 attempts to simplify the model of barter club in order to understand how the community currency serves.⁹⁴

The practice indicated some rules of the community currency in the barter club:

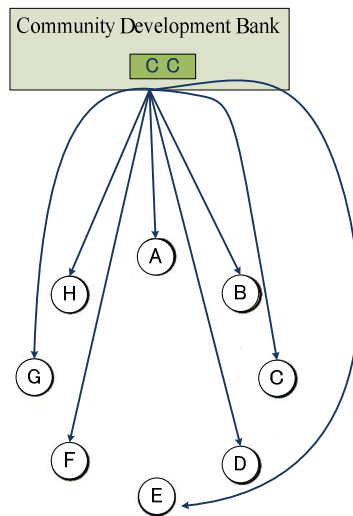
- It is used only as a medium of exchange.

⁹⁴ de Melo Neto Segundo 2003; de Melo Neto Segundo et al. 2003, 2005

- The community currency is the only medium used for payment in the barter club.
- The community currency is not exchangeable with the official currency.
- Since participants cannot save the community currency for the next session of the club, it is not accumulated or speculated.

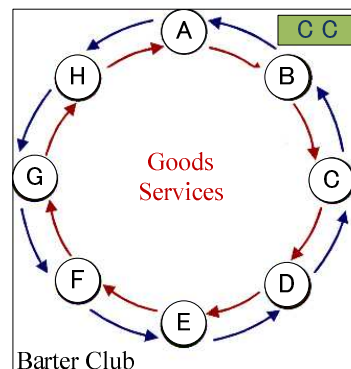
In each session of the barter club;

1. The group has one facilitator whose function is to host people and organize the entire process.
2. Each participant shows his/her products or explains his/her services, and proposes their price for sale.
3. The participants discuss and decide whether the price given by the owner/provider is accepted.
4. When all the participants agree with the price, the owner puts the products on the table and receives the exact price of the products/services in social currency from the community development bank.



5. When every product/service is demonstrated, the price is decided, and every participant receives the social currency, the participants start to purchase goods and services by the social currency.

Community Development Bank



6. After the shopping, the social currency left in the participant's hands must be returned to the Banco Palmas. In case a product is left on the table because nobody wants, the owner takes it back home.

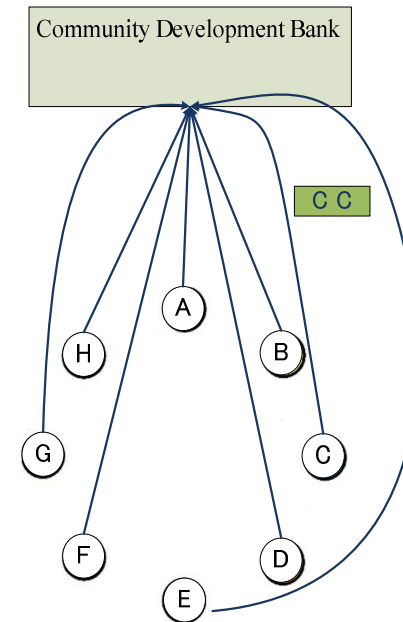


Figure 6-1 Barter Club in the neighbourhood

OUTCOMES AND RESULTS: The Argentine experience of the barter clubs has been transferred to Brazil, mainly to south part of Brazil, but the barter network did not expand so much in Brazil. Even in the neighbourhood, the club remains small with around twenty and some participants. Unlike the co-created definition between X and participants the barter club had limited capacity to satisfy their basic needs from their own work without use of official currency. More specifically⁹⁵, the participants whose majority were poor and relied on a temporary job as a means of living, expected to exchange their products with basic foods such as bean, rice, flour, sugar, oil, egg, as well as medicine. In addition to food and medicine, many participants expected medical services, dental services, legal services, and other professional services. But supply from most of the participants was similar among them – craftwork and clothes – and did not respond to their immediate needs. In the club nobody could provide such professional services. Their needs both basic needs and professional services are not available in the barter market but in the mainstream market economy. As reflection, X wrote that:

‘Under circumstance of poverty, the simple barter of products and services among the poor themselves would never be able to generate and attract new resources needed to make the community grow and develop. It was therefore necessary to advance the exchange system that promotes the growth of the local economy, benefiting the small male and female producers who used to be in the barter club, so that new wealth and new job posts can be generated little by little in the community.’⁹⁶

⁹⁵ Melo et al. 2003:58-59; 2005:15

⁹⁶ The following text (de Melo Neto Segundo et al. 2005:15) is translated by the researcher:

This implies that the barter club had institutional limitation (rather than it was poorly practiced and managed) and that the limitation made X think a shift of emphasis from pro-poor growth to pro-growth poverty alleviation. The club has been organized from weekly to two Friday evenings per month, but after two years it was suspended. It is also because a new community currency project was brought into the neighbourhood by the Dutch NGO, who had supported to implant a barter club. The new community currency was created in November 2002 and the barter club was terminated in December 2002.⁹⁷

INTERNATIONAL DEVELOPMENT INTERVENTION (2002-2003)

The Dutch NGO was established in 1970.⁹⁸ Its initial field of expertise was environmental economics such as eco-tax and carbon dioxide emission rights. During the last two decades, it has shifted its focus into the search for alternatives in research and interventions to aim sustainable local development. While several pilot projects were implemented in the Netherlands in the 1990s, the Dutch NGO has been involved in solidarity economy movement and the Argentine barter network movement.

At the meeting in June 2000 X encountered the Brazilian activist and the representatives of the Dutch NGO, deciding to work together with them to implant a barter club with community currency in the neighbourhood. The dramatically rapid growth of the Argentine barter network did not merely multiply barter clubs nationwide

‘Estando dentro de um bolsão de pobreza, a simples troca de produtos e serviços entre os próprios pobres jamais seria capaz de gerar e atrair novos recursos necessários para fazer a comunidade crescer e se desenvolver. Era preciso, portanto, avançar de forma estratégia em um sistema de trocas para que estes e estas fossem - aos poucos - gerando novas riquezas e novos postos de trabalho na comunidade.’

97 de Melo 2004:84

98 Information is collected from the homepage of the Dutch NGO.

but also vitalize networking of different initiatives all over the world in creating alternative community currency systems. In addition to Argentina and Brazil, the seminar included different initiatives from Chile, Peru, United States, France, and Thailand. The global network of community currency systems advances debate and maturation of the concept. In April, 2001, during an international seminar on community currency and solidarity economy in Chile, in which Y, the barter club activist, and the Dutch NGO attended⁹⁹, the Dutch NGO had an informal meeting with Y and proposed a community currency project. The Dutch NGO decided the realisation of the project in the peri-urban neighbourhood, because of the personal leadership – X and Y – and institutional capacity of the community development bank to deal with community-oriented social projects, microcredit, and community currency. In January 2002, during the II World Social Forum, the coordinators of the community development bank and the Dutch NGO discussed the implementation of the project. The project input sixty thousand euro as a budget for nine months from September 2002 to June 2003.

DEVELOPMENT THINKING: The basic idea of the Dutch NGO is that the present monetary system causes adverse poverty creation and an innovative currency system is required for effective poverty reduction.¹⁰⁰ It problematizes unequal access to scarce money and lack of local monetary circulation. The Third World's debt represents unequal access to scarce money and the high cost of borrowing money. Unpayable debt

⁹⁹ Information is collected from the following reports: "Memorandum from the Santiago Seminar" (downloaded from www.socioeco.org) for detailed information about the seminar in Chile; Strohalm (2003) for detailed information about the project.

¹⁰⁰ Information is collected from van Arkel (2004).

is one of the serious factors for persisting underdevelopment. The Argentine economic crisis and the emergence of the barter network is an example of problem of macro-monetary systems such as neoliberal economic policy and innovative micro-monetary systems as possible solution. Given that impoverishment of the middle class was caused by a downward spiral where people lost jobs, financial corruption caused shortage of money, or more precisely liquidity, productive resource and capacity were paralyzed, community currency systems gave a lifeline for those middle class by reactivating the existing local knowledge, productive capacity and resource. The experience in collaboration with the Argentine barter network motivated the Dutch NGO to develop a new method for a community currency project. As more people join and the system expands, the system becomes more complex. Given that the barter network movement is driven by the spontaneous action of ordinary people, the Dutch NGO believes that an institutional approach into the community currency is required and it has to be elaborated by development specialists like the Dutch NGO.

The Dutch NGO attempted to create the community currency system as development strategy, based upon the assumptions that in many cases unemployment and underproduction can be synonymous to available unused productive capacity.¹⁰¹ Hence poverty can be reduced by tackling shortage of local monetary circulation and (re)activating the potential capacity. If it is cash economy in which people need to sell their own capacity that is unvalued or undervalued by the official economy in order to survive and/or earn a living, the community currency system can enhance the capacity

¹⁰¹ Strohalm 2004:3

as a local business. The system helps local communities to stimulate and defend their economy. The community currency must be spent in the local communities and hence the local businesses increase the sales. Possibly new local businesses can be incubated and more employment opportunities can be generated. In addition, as a donor organization, the Dutch NGO problematizes effectiveness and efficiency of foreign development aid.

‘With a typical local development program, funds flow from the donor to the local NGO, to the stores to buy the goods from non-local sources or to the laborers who work on the project who spend their money at non-locally owned businesses and then out of the community. Eventually all of the funds drain out of the community and the local NGO is looking for a new program to do in order to receive further funding.’¹⁰²

The Dutch NGO does not reject conventional approaches of development such as loans and grants. Its innovative strategies are to enhance a community dynamic so that loan and grant funds can increase spin-off impacts on more number of people in the local community for long term beyond the project period.

TRANSLATION: The Dutch NGO defines a problem as lack of local monetary circulation within the local economy. In relation to foreign aid, as Figure 6-2 indicates¹⁰³, a conventional development project may not fully contribute to long-term local economic development because of money flow of funds outwards into external market

¹⁰² Strohalm’s report “The Bonus Program”

¹⁰³ Source: Strohalm’s report “The bonus program: A modified micro-credit concept”, downloaded from <<http://www.complementarycurrency.org/>>

without necessarily benefiting the local economy. Even though the project pays for materials, workers, and businesses, then people tend to spend money at the external market for their own businesses, daily consumption, whichever.

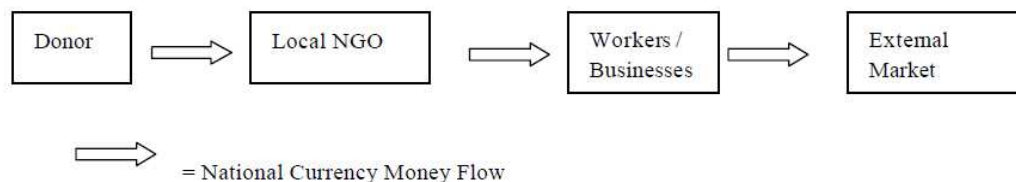


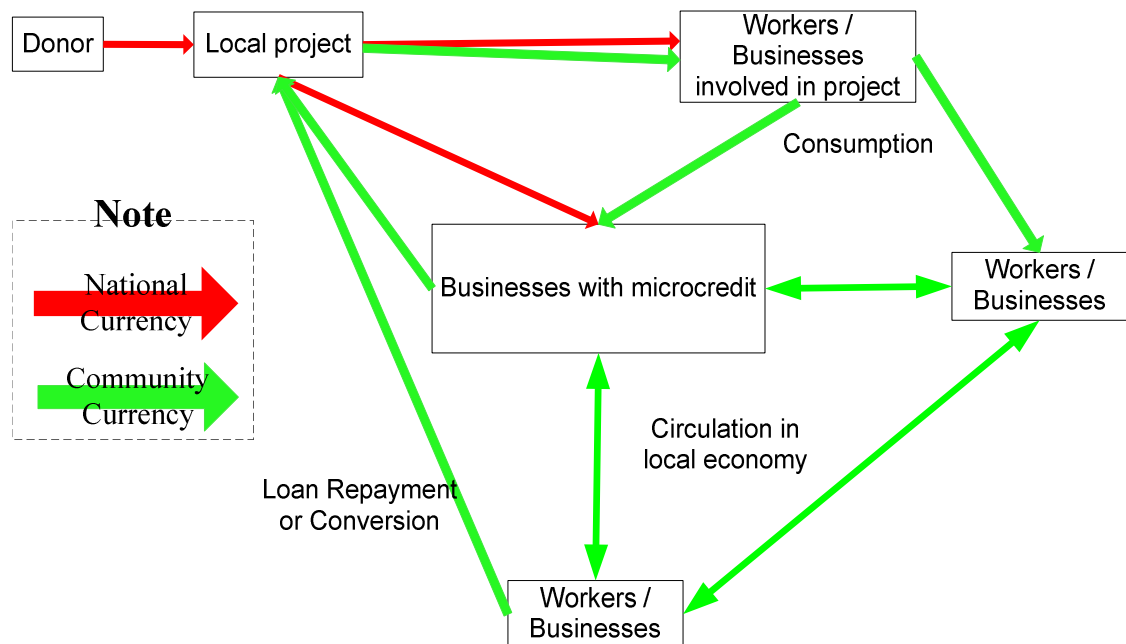
Figure 6-2 The conventional money flow of a local development project

The new method aims to promote local development by increasing multiplier effect of the grant funds through a combination of grant-based program, microcredit program, and social currency. As Figure 6-3 indicates¹⁰⁴, the rationale for creating the local currency voucher is to make most of monetary inflow as the grant funds by distinguishing the roles of two currencies. Money, provided by the grant funds, is used only to purchase goods and services that are not available locally such as basic production inputs. Local currency is used as much as possible within the local community. It is backed by money held in reserve and allocated into grant-based program and microcredit in which non-local materials are purchased. This is where multiplier effect occurs. The other multiplier effect can be expected in the circulation of the local circulation *per se*. It circulates within the local community as medium of exchange, increasing local production, income, and employment opportunities. As long

¹⁰⁴ Diagram is modified by the researcher from basic models of money flow in Strohalm's report "The Bonus Program". Since the basic models are for conceptual purpose, a contextualized diagram – i.e. how to translate the model into the community currency project II within the local context – is necessary.

as it is backed by the official currency its increase in emission does not cause inflation. As a result, the project does not only accomplish the initial objective of the project – i.e. grant-based program such as construction and/or microcredit program directly funded by the donor – but also increases multiplier effect of monetary inflow from project funds. It is anticipated to generate a win-win effect among different actors involved: for local businesses, increase in turnover and business opportunities, more favorable businesses in terms of more access to microcredit lines due to more money held in reserve and cheaper cost due to cooperation among businesses; for residents, more purchasing power thanks to more income and employment, also access to goods and services more and better available locally due to business development; and for the donor organization, project sustainability ensured by long-term effect.

Figure 6-3 The money flow of the Dutch project model



X found the new idea interesting. X noticed that many residents tend to spend money outside the neighbourhood and asked two youth residents to create a map of local production and consumption.¹⁰⁵ It was found that we are not poor because we do not have money but because we don't spend in the local community. Hence it is necessary to create financial instruments to promote local consumption. The community currency in the Dutch model is also expected to solve the limitation of that in the barter club which facilitates exchange once only within limited time and space. Unlike the barter club, the Dutch project involves more people throughout the neighbourhood, expanding the network and multiplying exchanges, and hence promoting more circulation of the community currency and transforming the neighbourhood into what X calls 'grand barter' system.

PRACTICE: The Dutch NGO negotiated and agreed with the community development bank about how to implement project activities. X and Y understood the scheme of the community currency project, developing a proposal for the construction of an informal training school for capacity building and professional training. In this way, the project combines three main activities: construction of the training school, using community currency as much as possible for payment of materials and labour; microcredit loans in national currency, which may be repaid in community currency; and evaluation of the impact of the project. The project started in September 2002. The first one month was spent on training of selected community residents and local

¹⁰⁵ cf. de Melo Neto Segundo 2009:225-226

producers as well as promotion of the project for the whole community in order to understand the operation of the new community currency system.

OUTCOMES AND RESULTS: The final report of the Dutch NGO's project demonstrates achievements and problems with some indicators. (Table 6-1)

Table 6-1 Summary of the long-term objectives and indicators

Short term objective	Indicator	Outcomes and results
Construction of training school	School constructed	100%
Promote the use of CC in markets	Number of markets	One per week
	Average number of participants per market	200
Create confidence in CC	Percentage of CC in total construction cost	88%
A significant amount of microcredits have been issued and repaid	Quantity of loans in NC that have been issued	88%
	Repayment rate of the loans	94%
Long term objective		
Strengthen community relations based on economic specialization and cooperation	Number of enterprises accept CC	40%
	Number of pro/consumers that use CC	300
	Number of products and services available for CC	More than 200
	Percentage of interviewed that the local purchasing possibilities of CC is the same of that of NC	89%
Increase of trade activity	Weekly market is held where CC is accepted	Once per week
	Additional trade thanks to CC introduction	15%
Higher local purchasing power	Percentage of total construction costs that are paid for in CC	88%
	Multiplier effect	15% higher than in case of 100% NC impulse
	Percentage of enterprises that are willing to accept a loan (partially) in CC	53%
Confidence in CC	Amount of CC in circulation by the end of the project	1688
	Amount of CC issued as a loan	0
Source: Strohalm (2003)		

The training school was successfully constructed. New community currency was successfully introduced in the peri-urban neighbourhood. According to the interviews conducted for the assessment report, around 70% of the interviewees stated their trust in the community currency and motivation for accepting it on the basis of trust in the resident association and community development bank. 88% of the total costs of the construction were paid using the community currency voucher and more money was allocated to the microcredit program. Findings support that the community currency increases the local multiplier effect by 15%, which means more income generation. The community currency is supposed to circulate faster and stay longer in a local economy than its national equivalent, avoiding excessive leaking of purchasing power to the global market economy.

However, the circulation effect is limited by short circulation circles and accumulation. (Figure 6-4) CC is not used in circulation circles among the local businesses. Once local entrepreneurs of the microcredit program earn CC, they do not spend it in the local community but save it to repay their loans at community development bank. The consumption pattern of the project workers is so limited – they spent their CC on basic food like rice, beans, and flour at one shop – that only a few shops earn considerable amount and accumulate it.¹⁰⁶

¹⁰⁶ Source: de Melo Neto Segundo et al. 2003:105

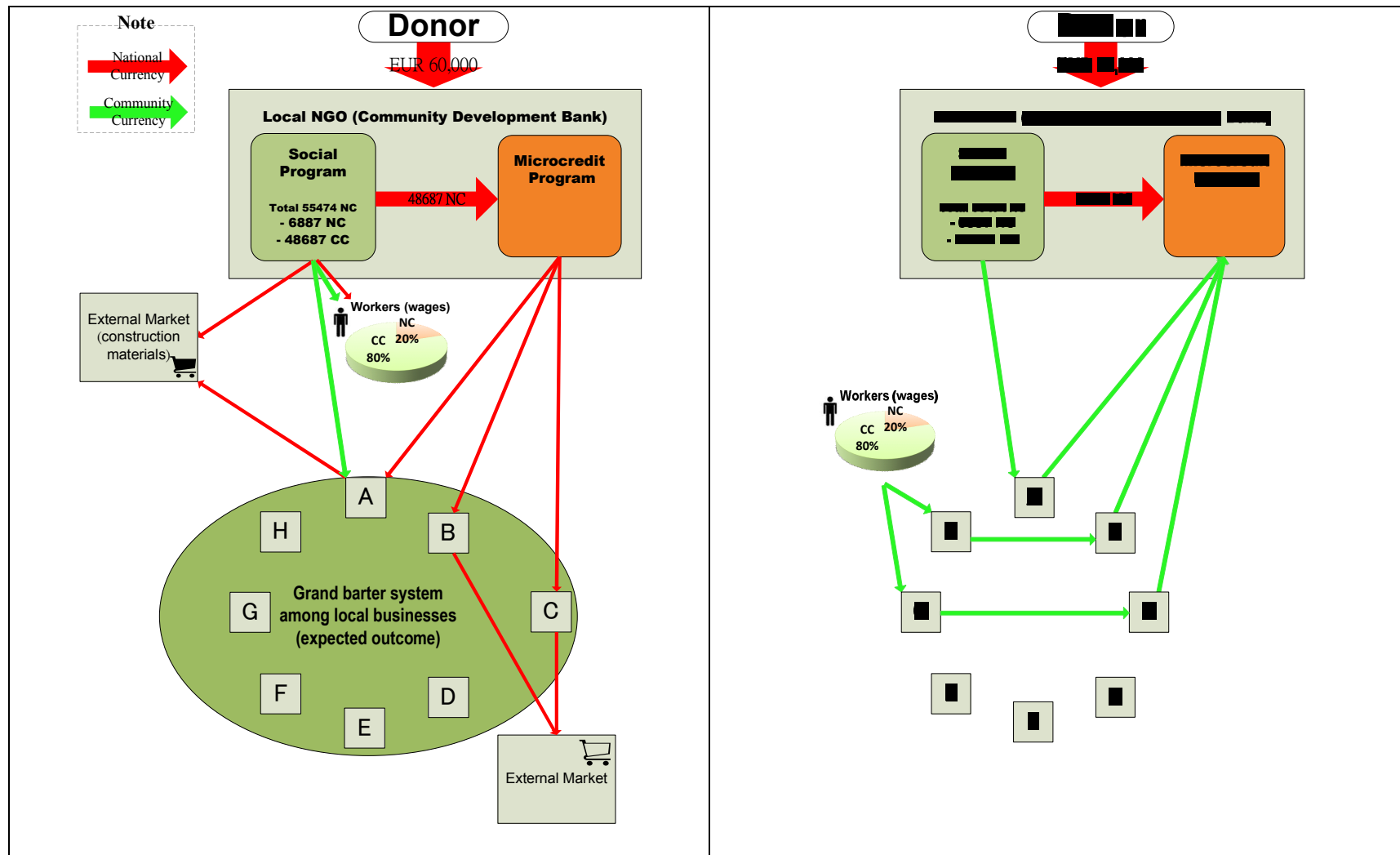


Figure 6-4 Project input and expected outcome (left); Community currency circulation as outcome (right)

X also noticed that all community currencies ultimately stopped circulation in some places like supermarkets, gas deposit and petrol station and were accumulated there. Given that community currency was paid for only one and half month during school construction and the project was executed for only nine months, most of the community currencies were back to the community development bank as repayment of production loans without circulating further into the peri-urban neighbourhood. The Dutch NGO also admits short duration and small magnitude of the project insufficient to build trust and network of the community currency. In order for the community currency to circulate for long time, X proposed the Dutch NGO convertibility that producers and storekeepers could exchange the community currency with the national currency at the community development bank. The Dutch NGO noted in the final project report:

‘[CDB] spends [community currency] to cover its own expenses (salaries, painting of buildings etc.). The [national currency] that are saved this way, are set apart and used to guarantee 100% convertibility between [community currency] and [national currency]. If [CDB] had consulted the convertibility issue in time with [the Dutch NGO], the advice would have been negative. [The Dutch NGO] acknowledges the advantages for [the community development bank] and also for the local economy (a convertible local currency is better than no local currency at all). The very purpose of the [the Dutch NGO method] is to boost confidence in a non-convertible local currency that offers a certain degree of independence from the national monetary system.’

X wrote:

‘The members of [the Dutch NGO] do not agree at all with my idea. For them, I betrayed the virtuous principles of solidarity exchanges and I get back to the capitalist system. But I persist. The ideological quarrels do not matter. I am above all a pragmatist: I want to put into practice what will work in my neighborhood and serve the greatest number.

For us, it is necessary to create a hybrid system. Allowing merchants to change their [community currency] in [national currency] offers the basis for local development without disconnecting ourselves from the world and their development. To grow, the merchants need to seek outside the district the technologies and the raw materials which are not available here. This is why [national currency] is used.’¹⁰⁷

Although 53% of the enterprises accept a loan partially in community currency, X decided production loans made in official currency only, without community currency. X promoted business development on the basis of means of production outside rather than mutual help and self-reliance among businesses.

¹⁰⁷ de Melo Neto Segundo 2009:230. The following text is translated by me.

Les membres de Strohalm ne sont pas du tout d'accord avec mon idée. Pour eux, je trahis les principes vertueux d'échanges solidaires et je rejoins le système capitaliste. Mais je m'entête. Peu m'importent les querelles idéologiques. Je suis avant tout un pragmatique: je veux mettre en oeuvre ce qui va fonctionner dans mon quartier et rendre service au plus grand nombre. Pour nous, il est nécessaire de créer un système hybride. Permettre aux commerçants de pouvoir changer leurs palmas en reais offre la base d'un développement local sans nous couper du monde et de ses évolutions. Pour croître, les commerçants ont besoin d'aller chercher à l'extérieur du quartier les technologies et les matières premières dont nous ne disposons pas ici. C'est à cela que serviront les reais.

THE CIRCULATING SOCIAL CURRENCY SYSTEM (2003-NOW)

After nine months of capital injection the Dutch project ended. In reconstructing a model of community development bank from a single project to an institution, which seeks more space in the public policy under the circumstances of solidarity economy movement, X attempted to reconstruct the community currency project as a component of the community development bank.

DEVELOPMENT THINKING AND TRANSLATION: The reformed community currency aims to promote local consumption that enhances local businesses and hence generates work and income. X focuses on the power of local circulation as the driving force of the community currency. Circulation of the community currency can mobilize community resources, oxygenating the business and increasing the possibilities of work and income, ultimately propelling economic growth of the neighbourhood. Then the reformed model has been called as the ‘circulating social currency system’¹⁰⁸.

PRACTICE: The Dutch NGO provided a community development bank opportunity to issue and manage the community currencies. After separating from the Dutch NGO, the Central Bank and the CDBI discussed the rules of community development banks and community currencies. The community currency is pegged to the national currency. The community development bank keeps 100% national currency reserves to issue the community currency. Given that unlike the barter club the new community currency is circulating freely in the neighborhood, it is printed with security components, including watermark, barcode and serial number, in order to avoid

¹⁰⁸ de Melo Neto Segundo et al. 2005

falsification. Payment by the social currency at the registered shops enjoys discount in order to motivate the usage of the social currency. Producers, shopkeepers or entrepreneurs registered in the community development bank are allowed to cancel their credit loans by repaying their social currency, and directly exchange the social currency for the national currency in case they need the national currency for their businesses outside the neighborhood. Residents are not allowed to exchange their social currency for the national currency, but are encouraged in reverse. In 2005, the Brazilian Central Bank carefully examines the legality of community currency system. After the CDB has been formalised by qualification of OSCIP, regulation of community currency system was examined by the Central Bank.

The overall picture of the current system is drawn in Figure 6-5. Community currency is currently distributed from the community development bank through the four channels: direct exchange, consumption loans, payment of staff salary, and payment of studentship for participants of the capacity building and training projects. People receive the community currency by (i) direct exchange, in other words, purchase of community currency; (ii) local exchange and trade among businesses and residents, offering goods and services and receiving payment in the community currency; (iii) consumption loans from the community development bank. In addition, community currency is paid for a part of the salary or scholarship of the development projects.

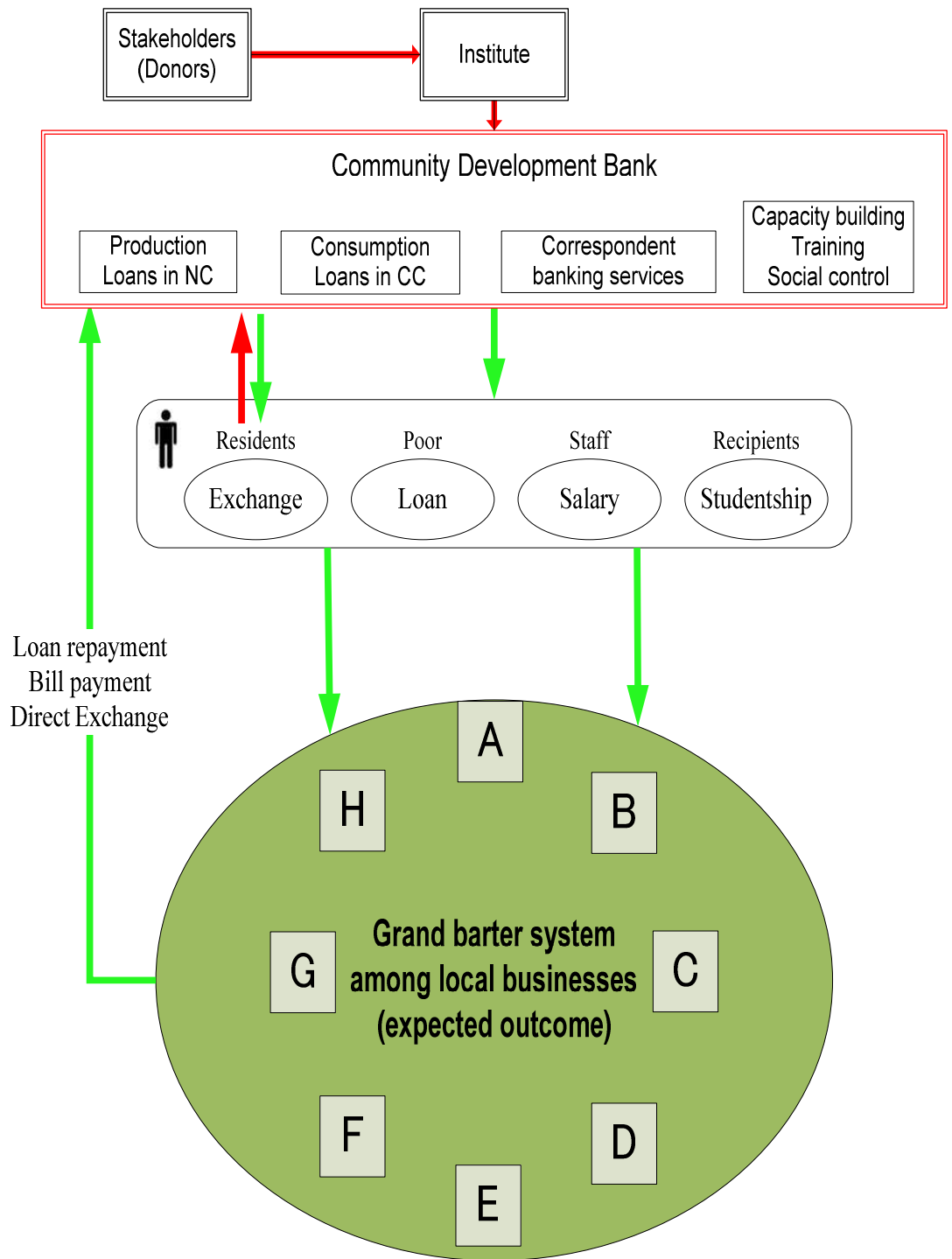


Figure 6-5 The circulating social currency system

In order to promote circulation by consumers, X proposed the idea of discount for shopping and convinced the association of business people about the discount. The consumption loan program in the community currency started since 2003. The idea of consumption loan was initially translated into the community-based credit card. Although X believes that the community credit card program is effective, it has some practical difficulties. Since the system is not computerized, the bank has to spend considerable time on accounting. It is a paper card on which each transaction is written and recorded, and therefore it is frequently reissued. Errors have often occurred in manual transactions among people, caused by their low education levels. After the Dutch project, X decided to offer the consumption loans in the community currency only in addition to the community-based credit card. The consumption loans are made up to 200 CC per contract. The clients pay back without interest for two to three times, according to agreement between the community development banks and each client. Consumption loans in the community currency were more convenient, and thereby the community-based credit card was not used any more. The budget of the program depends upon the amount of annual budget, which is decided by X and Y.

OUTCOMES AND RESULTS: Concerning the current stage of the circulating social currency system, X demonstrated the results to explain the researcher that the circulating social currency system increased the volume and local consumption was promoted. (See Table 6-2 and “Consumption Pattern” in Figure 5-3) X perceives the present system as the grand barter system, creating an alternative market and enhancing solidarity exchange among businesses. The community currency is accepted among 240

businesses.¹⁰⁹ The community development bank made a list of businesses that accept the community currency for the user's convenience. The project successfully contributes to promoting local consumption that generates work and income. The survey of local consumption is based upon structured interviews conducted door-to-door by youth of the neighbourhood. The result shows that people spend more money in the neighbourhood. Local consumption has increased not only by the community currency but also by the national currency. The neighbourhood has economically developed in a sense that people can enjoy the diversity, quality, and/or price of goods and services like the supermarket enough to be competitive to shopping outside the neighbourhood. But even though the community currency brings smaller impacts, it can be assumed that the community currency can contribute to local consumption and economic development of the neighbourhood.

Year	Loans in CC	Payments of salary	Exchange of NC for CC (Purchase of NC)	Exchange of CC for NC	CC in circulation on average
2005	1,450.00	400.00	11,500.00	10,350.00	3,000.00
2006	4,100.00	2,280.00	36,200.00	32,580.00	10,000.00
2007	8,000.00	5,700.00	63,000.00	56,700.00	20,000.00
2008	8,350.00	5,730.00	109,200.00	98,280.00	25,000.00
2009	10,900.00	7,300.00	178,000.00	160,200.00	36,000.00

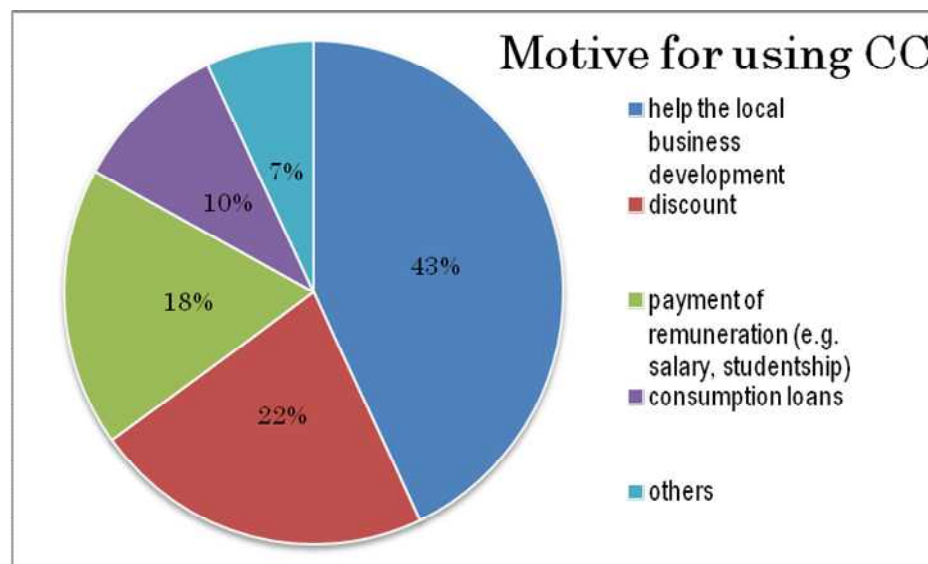
Table 6-2 quantitative data regarding transaction in community currency

¹⁰⁹ de Melo Neto Segundo 2010:63

The community currency increased the volume dramatically. Since the agreement with the Popular Bank in 2005, the community development bank has more financial capacity through service provision and can afford to offer more consumption loans in the community currency. More staff are employed and part of their salary is paid in community currency.

According to the survey conducted by a local university in 2008, 94% of the interviewees believe community currency's contribution to development of the neighbourhood. But only 58% use or have used the community currency. As the following result of the interviews indicates that the main reason for using the community currency is to help the local business development, followed by discount, and passive/indirect motives such as inevitable acceptance through payment and consumption loans made in the community currency. (Figure 6-6).

Figure 6-6 Motive for using CC



Chapter 7 CAN ANYONE HEAR US? ANOTHER HIDDEN STORY CONNOTED IN SILENCE OF THE RESIDENTS

INTRODUCTION

In the process of conducting my field research of in the peri-urban neighbourhood, I encountered many unanticipated challenges. These included an underestimation of language barriers, a shortage of trust, and the risk of violent crime. Furthermore, although residents were kind enough to explain to me about other general topics like history and even current social problems of the neighbourhood, they seemed curiously uninterested in talking about the community currency.

After several months however, I built trust with a few residents. One, who was concerned about slow progress of my fieldwork, claimed that the community currency did not change people's idea about development or improve people's living conditions. According to this resident, the community currency was instead circulating among limited people and was not available for a majority of residents and was used as marketing strategy to attract sympathetic outsiders/donors to support X and Y's initiatives. The resident also told me that people there would never talk to me about the truth or their honest opinions.

The "We accept CC" sign can be seen in many places and the sample of community currency is painted and demonstrated in several places. It would seem that the entire neighbourhood has been highly mobilised and motivated towards alternative development through the use of community currency. This remained puzzling and

became the point of departure for critical observation and analysis. Complexity of the projects needed to be demystified, in which seemingly multiple realities were conceived.

COMMUNITY CURRENCY AS MYTHMAKING?

UNRELIABLE DATA: The reliability of the quantitative data provided by X was questionable. Inferences being drawn from some figures in Table 6-2 were not statistically accurate. For instance, exchanges in 2008 appear to be based on the addition of figures from 2006 and 2007: 36,200 and 63,000 amount to 109,200, and 32,580 and 56,700 amount to 98,280. As such, the figures quoted for CC in circulation on average seem to be a rough estimate.

A list of loan records in 2009 were given from the credit analyst including clients' domicile addresses. 154 loans in total were released in 2009. Due to repeat clients, some of whom returned more than five times in a year, 70 clients were offered the loans. 200 CC is loaned normally per each application. If 154 loans were made in 2009, the total amount would have been 30,800CC. But Table 6-2 shows 10900CC of loans in 2009. I was not given reasonable reply to explain the gap.

Curiously very few residents seem to do exchanges. The cashiers told me that the community currency was often received but that people hardly exchanged their cash for the community currency. During an interview, one of the residents told me she had exchanged 400 NC for 400CC per month and spent it at the gasoline stand because of the discount. The stand in question however, does not offer the discount. As a result, I am not sure whether or not she actually uses the community currency. Another resident who was critical of CC reported that most of the residents have little cash and manage to

survive, while community currency can be used in only limited places. As a result, most are reluctant to exchange official currency for CC.

The number of businesses who do accept the community currency is confusing. It is written in the article that community currency is ‘accepted among 240 establishments, which offer a 5 percent discount to those who use it.’¹¹⁰ CDB made two lists for the residents.

The figure on the left (Figure 7-1) declares agreements with establishments for acceptance and discount, including the name of shops, type of business, and addresses. The figure on the right contains over 200 establishments with various degree of discount. The list may give impressions that CC can be used everywhere in the neighbourhood and that many solidarity exchanges are generated among the network. According to my visit; however, many shops answered that they did not earn the community currency. The grand barter system therefore, appears as the proverbial wax fruit; a concept that will be explained in more details later.

¹¹⁰ de Melo Neto Segundo 2010:63

[illegible]

Another piece of research dealing with microcredit of CDB reveals difficulties in sourcing reliable data to measure social impact.¹¹¹

“[CDB] did not have a consistent and systematic way of tracking basic financial indicators within the network, that it had little current data on file, and that it had almost no historical data. It was also noted that inferences being drawn from collected data were not statistically accurate

STRANGE DATA: After X's presentation of the story with a positive outcome of community currency illustrated in chapter 5, I conducted interviews with different users of the community currency to find out what they thought and how they behaved. Given

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that people were not willing to speak, I focused on simply tracking where the community currency is circulating within the neighbourhood. Interviewees were selected by snow-ball sampling; depending upon their response to further track the users. I started interviews with the primary users identified in the previous chapter – exchange, consumption loan, salary, and studentship. Then I conducted interviews with business users. Since the number of shops and businesses provided by the primary users was so limited, I visited more shops and businesses, according to two lists of businesses made by the community development bank: the first consisting of shops that accept the community currency and the second consisting of clients of microcredit for production. In contrast to the planned model drawn in Figure 6-5, the following figure (7-2) demonstrates the circulation of the community currency as outcomes, based upon the responses of the interviews.

Figure 7-2 Dynamics of the circulation in the circulating social currency system

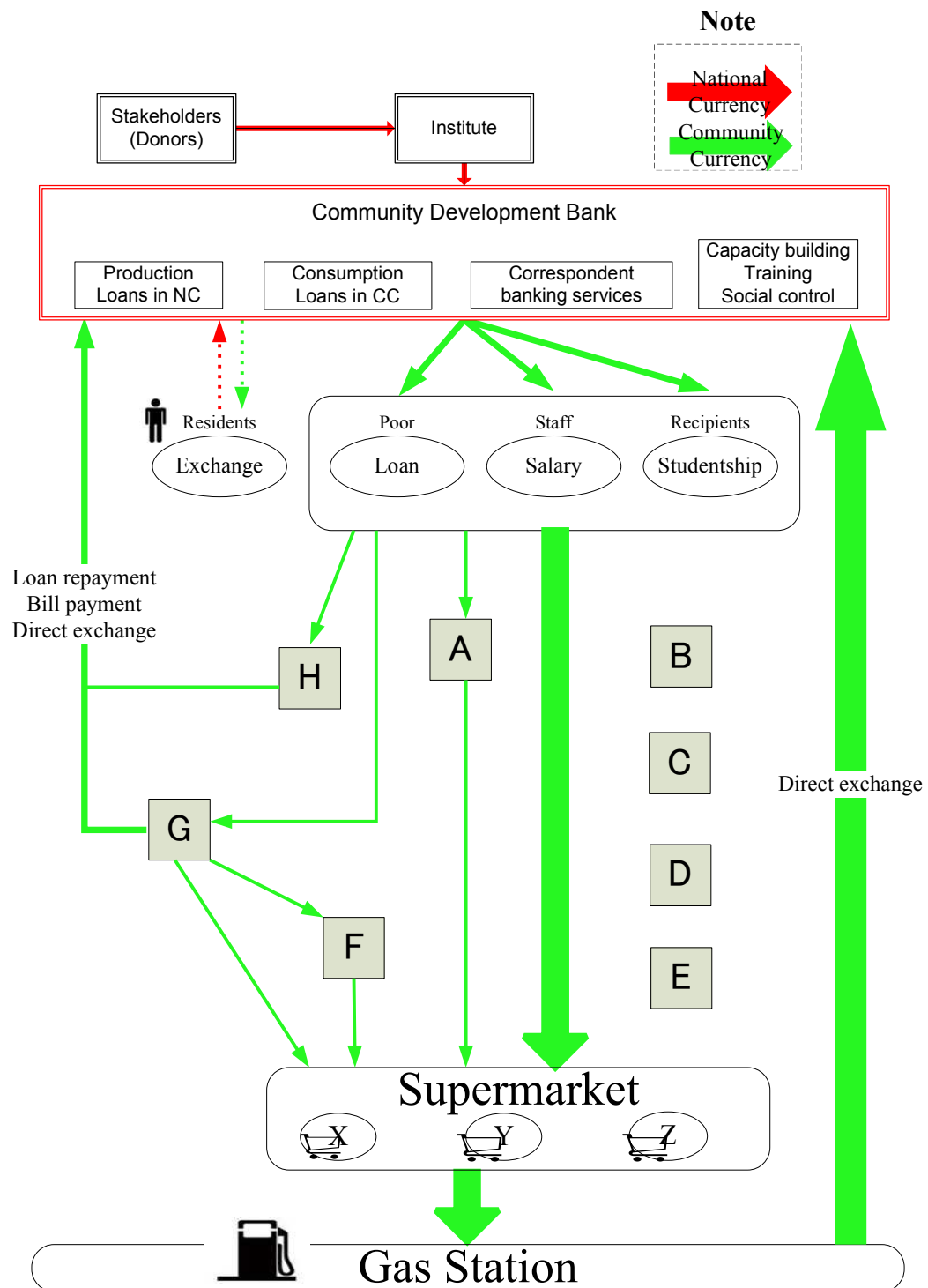


Table 7-1 Sale in community currency at Supermarket A (Unit CC)

2009Jan	Feb	Mar	Apr	May	Jun	Jul
249.08	91.24	415.03	471	999.81	1141.35	645.03
Aug	Sep	Oct	Nov	Dec	2010Jan	Feb
686.65	624.73	2836.78	2659	2109.95	805.95	422.24

Figure 7-3 Sale in community currency out of total sale at Supermarket A

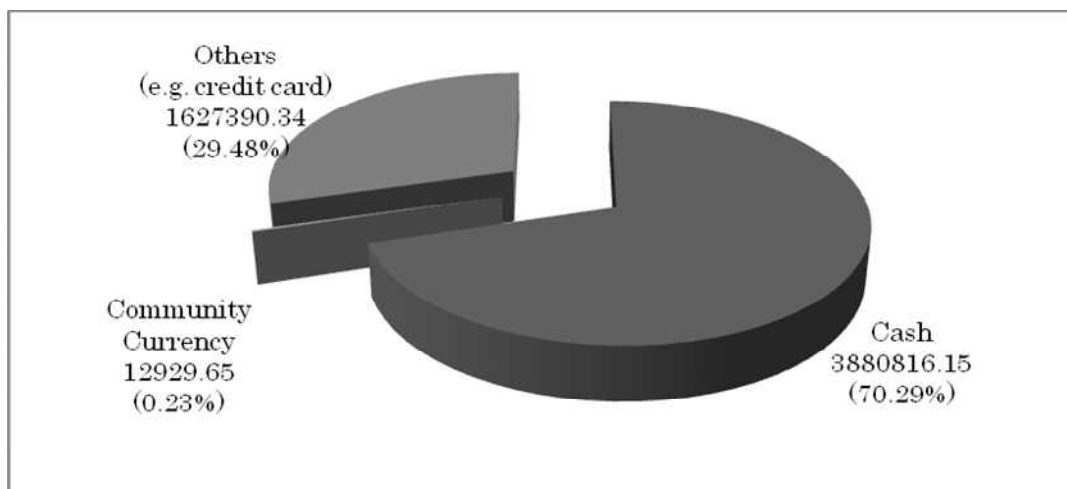


Table 7-2 Sale in community currency at Supermarket B (Unit CC)

2009Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
105.72	107.23	157.98	352.83	46.59	57.61	4.35	360.4	863.58	487.59
Nov	Dec	2010Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
467.26	553.46	362.49	600.87	n.a.	209.5	514.78	504.58	473.83	724.68

Note: 1. Both supermarkets A and B offer discount by 5%. 2. Number (fractions) is recorded electronically by a cash register including 5% discount. It is not calculated manually by counting the community currency earned.

Supermarket C: 2283 CC in August 2010

The owner answers that there is no historical data. Sale in CC is simply considered as that in NC. At the end of every month, the sale was calculated together in their accounting.

Although the problem of short circulation circles was found during the Dutch NGO programme, it persists in the present system. The primary users – i.e. consumption loan clients, the bank staff, and students of the training projects – tend to spend most of the community currency in the three major supermarkets of the neighbourhood. As the above data indicates, the three supermarkets earn a considerable amount of the community currency. Owners of the three supermarkets save the community currency and spend it on fuel for delivery vehicles at a gas station. Y lives outside the neighbourhood and comes to the office by a private car, also spending community currency earned as part of the salary on fuel. Ultimately, the community currency is accumulated at the gas station. When I interviewed staff there for the first time, a bundle of community currency worth 2890 CC was shown by the person in charge. One week later, I visited again. The gas station had already exchanged that bundle of community currency for the national currency and earned 1675 CC. Community currency is brought back to the community development bank for exchange, without spending it in the supermarkets or paying employee's salary. The person in charge justified that the gas station has played a significant role in the project, not only accepting large amounts of the community currency but also bringing it back to the community development bank so that they could further circulate it and could charge administrative fees in order to pay CDB staff. Although the community development bank attempts to spread the community currency among as many people as possible through multiple channels such as direct exchange, consumption loans, salaries, and studentships, instead short circulation circuits result, flowing into supermarkets, the gas station, and returning to the

community development bank; with small poor entrepreneurs (B,C,D,E in Figure 7-2) being excluded.

Another finding is the aforementioned wax fruits analogy for the grand barter system. I interviewed the primary users and visited the business owners whose names were subsequently provided by interviewees. The number of these various business users amounted to 23. This is certainly far less than 240, which is the outcome stated in X's writing. Among 23 business users, five shops answered that they earned small amounts of the community currency. Almost all shops replied that they have earned some in 2009 but have not earned much since. Most of the small business users who earn the community currency go to the community development bank to either pay bills or directly exchange for national currency, while a few business users such as restaurants, buy ingredients at the supermarkets with the community currency.

None of the small shops claim that they receive the community currency. Three years ago when I visited the neighbourhood for the first time, the community currency could be paid on two routes of mini-buses from the neighbourhood to the downtown areas of the city; however, now, the community currency is not accepted by buses. After 15 random visits at establishments on the list, it becomes apparent that many businesses are isolated from the community currency system, and that many poor businesses are provided with microcredit loans, but no economic specialization and cooperation is generated among them. In other words, no integrated economic system of loans and local production and consumption can be found. This speaks to the fundamental

question raised by one of the residents (Remark α): What is the point of supporting the creation of small businesses if no one in the neighbourhood can buy what they produce?

Behavioural change of local consumption is limited, while divergent motivations for participation in the community currency projects were found. Previous research and reports emphasise the outcome of the project that community currency has changed people's consumption patterns in terms of the preference for consumption within the neighbourhood. Very few however, realize that their consumption pattern was changed by the community currency. Three distinct categories of motivations give meaning to the community currency. The idea of community currency was introduced from outside through X. The community currency was promoted by the campaigns or lectures of the capacity building projects. Motivations for participation therefore, depend on how individuals have re-interpreted the community currency.

The first category of motivations represents the solidarity economy objective of assisting local business development. In additions, when paying with community currency, members feel the significance of local consumption and a sense of belonging to the local community.¹¹² Very few; however, realize that their consumption pattern has changed. Presumably local consumption used to be new behaviour. Now, regardless of whether they have money or community currency, most of them go shopping in the supermarket, since many goods are available, it is generally cheap, and it is convenient in terms of less time and effort to meet their needs. The neighbourhood has already

¹¹² cf. Alves Rocha (2010) intuites that community currency is symbolic capital being capable of arousing the sense of belongingness to the local community and promoting new culture of solidarity, although no evidence was found from her interviews to the users.

developed and people can satisfy their needs at the supermarkets in the neighbourhood. A few interviewees responded that they had learnt community currency, local consumption, and solidarity economy from X during the capacity building and training projects, and so had subsequently come to believe that shopping at the supermarket contributed to the local economy and solidarity economy more generally. Even for a few people who reported spending the community currency elsewhere than supermarkets, the small shops were chosen not because of behavioural change resulting from community currency, but because of their custom and existing consumption behaviour.

In the second category, community currency is seen as a form of coercion. This is especially so for those whose motive for using community currency was payment of remuneration and consumption loans. In other words, they prefer cash to community currency since the shops where they would normally frequent do not accept the community currency.

The third category relates to discount. X planned that payment with the community currency at the registered shops would entitle customers to a discount in order to motivate the usage of the community currency. X insisted that X had observed residents doing direct exchange in order to take advantage of discount shopping. According to my observation; however, no residents did direct exchange. Instead, shopkeepers behave differently when not in the presence of X. In a community forum on May 7, 2010, when X promoted the use of the community currency on the basis of the discount, one of the participants claimed that in fact the discount was not accepted in many shops. Another participant shared a rumour with me that shops did not usually

offer a 5 percent discount to the residents, but when X visited and did shopping they offered X the discount. It was confirmed by my visit that only three places offered the discount. The motive for discount therefore, is not for business purposes such as attracting more customers and increasing sales, but rather their awareness of and commitment to the circulation of the community currency as a social responsibility of the business sector in the neighbourhood. The owner of the supermarket presented data indicating that the proportion of sales in the community currency was less than 1% of the total, and hence the community currency including the issues of discount had little effect on business as a whole. As a result, the majority of business users do not understand the rationale of offering the discount and make little or no attempt to provide incentive to use the community currency.

The consumption loan programme is problematic. Quantitative data indicates that consumption loans in the community currency have increased year by year. Nevertheless I faced difficulties in obtaining reliable data such as how much budget is available each year, how many clients applied for loans and what percentage of the loans are repaid, and the degree of default of the clients. It seems that the programme was not properly managed. Both the chief cashier and the credit coordinator could not provide definitive data on the budget, responding that it depends upon availability of NC and CC in the bank (since issue of CC is backed up by NC). Instead, a pile of printed contracts of the loans and receipts of repayment were provided by the cashier. Some were signed upon settlement while others were not. It was explained to me that the lack of a settlement signature did not always indicate that the loan was still outstanding. Since many clients open bank accounts – the community development bank offers

banking services on behalf of an official institution, the Brazilian Popular Bank – with payment being charged directly to their bank account. In the case of the community development bank staff, the credit was automatically deducted from their monthly salary. Hence although payment had been made, no record was found in the printed records. Some clients were also repeat customers after fulfilment of the loan contract. As an informal practice based on trust, a subsequent contract was not written, but instead, only an arrangement of automatic deduction from the salary or bank account was made.

I also paid careful attention to the profile of the clients, listed in the consumption loan records. According to the list containing clients' addresses, many clients live relatively close to the community development bank. To my surprise, it is found that many of them are family of staff, friends, as well as ex-staff members. I took the risk of walking alone far from the bank to the clients, expecting that the loan program could reach the poorest, but during the interview it was found time and again that they were family of staff. Since consumption loans are offered for any resident, nothing is wrong. One of the community leaders expressed about the profile that staff should not make loans by themselves, but instead consumption loans should be offered for the poor family or the unemployed. As a matter of fact, community leaders were not found in the list, except the ex-president Z. I met some residents who were in emergency situations but were rejected. One resident did not repay the credit for a previous loan and while for another the loan was not available.

RELUCTANCE TO TALK: It was difficult to collect the above data. Originally the thesis planned to quote informants' responses verbatim. Given the difficulties, it is almost impossible to audio tape the conversations.

Staffs were not willing to talk about the community currency. I was repeatedly told that they were too busy. Although I asked for some specific data, they suggested that I ask another staff member, and then another to another, ultimately talking with X. No staff work under exclusive contract to community currency projects. Two staff members are involved in administration of the projects and daily transaction with the residents. The chief cashier is responsible for the management of the community currency, while one of the cashiers deals with customers about transactions involving community currency; ranging from contract to repayment and exchange. Additionally, two staff members from the CDBI are involved in the community currency management. The manager of the community development banks deals with community currency issues of other community development banks in Brazil, while the credit coordinator is responsible for data control of community currency. Although they were always busy with administrative duties, it would appear that they may not be effectively managing the projects or controlling the data.

As discussed, it is very difficult to talk with residents about the community currency. Some residents strongly expressed their sense of dignity through their view that the neighbourhood was constructed by themselves. Unlike the history of the neighbourhood, apparently nobody feels that the community currency is endogenous to the community, nor do they feel any sense of ownership of it.

Some residents express that the community currency is a tool for enhancing a good image of the community development bank to attract more funds. In that context, residents self-identified as community development 'guinea-pigs'. Some users did not agree with the rule that producers are allowed to exchange the community currency for cash, but consumers are not. X and Y insist that producers are allowed to exchange because they need cash to buy materials and technology from outside in order for the neighbourhood to develop. Consumers cannot make the exchange however, as they are encouraged instead to purchase locally-produced goods and services. While this opinion is understandable from an interventionist perspective that is focused on local economic development, it can also be interpreted as unfair for consumers. This is where differing perspectives among various actors with different motives become evident. Given that X and Y execute power to decide and implement the rules, some residents are less motivated to use the community currency. Under the circumstances therefore, people's participation in planning and managing the projects is questionable.

Whereas the CDB is quite popular among the national/local policymakers, international development workers, and researchers, many residents, even those who have stayed in the neighbourhood for a long time, do not know much about the role and function of the CDB. Recent arrivals did not experience much of the community movement and the drainage project. Many residents stay in the neighbourhood in the evening and work outside during the day. X and Y have invested a considerable amount of time and money for promotion of their activity in various ways, but surprisingly residents' recognition has been below expectation. The community currency projects are managed by the CDB. Whereas CDB is considered in principle as community and

associative nature, such nature cannot be made most of in practice, but is instead, severely constrained. Issues of institutional limitations and lack of community ownership will be further analysed and discussed in the next section.

INSTITUTIONAL LIMITATION

GROWTH FETISH: X believes the present system is successful as it has achieved secure circulation, which has also increased the volume of circulation, and hence promoted growth of the local economy as a whole. In fact, some trickle-down effect does occur. Where short circulation circles are apparent, diversity of purchase items and shopping places is also found. The primary users have various backgrounds, diverse needs, and different preferences for shopping. Their purchases range from staple foods to cosmetics, medicine, gas and mobile phone credit. While three major supermarkets receive most of the community currency from the primary users, many of the primary users spend very small amounts in various small shops. A few users prefer spending the community currency in small shops rather than the supermarkets because of distance to their house, close relationship with the shopkeepers, and arrangements of the payment method.

Even though wide recognition and trickle-down effect are achieved, it is debatable whether the scale-up generates diverse solidarity networks among producers and consumers. What is termed ‘grand barter systems’ assumes that scale-up increases impact. Diverse economic specialization and cooperation could be generated from scale-up of the community currency. Indeed the volume of circulation has increased dramatically and the community currency has reached many people in the

neighbourhood; as demonstrated by X and the Dutch NGO as well as highlighted in the local literature. The majority of users however, have only used the community currency a few times. Studentship is given during the period of project, normally for a few months. Small shops and businesses earn the community currency occasionally. Community currency through consumption loans is given just once, unless loans are made repeatedly. It becomes a permanent local means of exchange for only a handful of users – i.e. staff, supermarket, and gas station. Ironically, it is possible that like the capitalist system it actually comes to exclude or marginalise small businesses or poor people's businesses for which the community currency could be an essential income source. Even though the number of users and the volume of circulation increase dramatically, the majority of residents are not involved in the internal dynamics and change for development ethos of solidarity-based economy. During my fieldwork for one year, no meetings occurred to discuss/monitor the community currency by the residents.

MAPPING AS STRATEGY OR EXCUSE? : Given the limited circulation of community currency, the usefulness of the annual map of local production and consumption as methodology is questionable. X emphasised increase in local consumption, explaining the annual map as one of reference to orient the microcredit line without specifying any single case directed by the map. As explained in Chapter 6, local consumption has increased by both national currency and community currency, due to the recent economic development of the neighbourhood including more places for shopping such as supermarkets. It is not sure whether the map actually plays a role to orient the microcredit line, empirical research is required to see whether microcredit and

community currency can be integrated by the annual map. This means that microcredit can benefit the entire community in the long run rather than just support single business.

The other problem is accuracy of data. According to the survey of the community consultants, annual consumption in 2009 in total is around 6.2 million NC. The sales of one of the supermarkets are around 5.5 million NC. Given that there are two more big supermarkets and hundreds of businesses and shops in the neighbourhood, the result seems to be an underestimation. The sampling population is restricted to District One only, where the community development bank is located. District Two was excluded because of time and budgetary constraints. Geographically speaking, it is located further away and is more marginalised. It was considered by the programme as not secure enough for local participants of the project to visit door-to-door for the survey. Given the location and situation of District Two, it is safe to assume that the current situation may be even worse than the results of the mapping project. Forcing quantification of consumption is problematic. The consumption items are limited to only food, clothes, cosmetics, and a few luxuries. A few participants of the community consultants' programme expressed that some families were annoyed by the difficulty of quantifying the amount of food items they consumed. Many households did not usually measure their amount of consumption, but guessed it for the interviews. The objective of the consumption survey is also unclear in terms of whether consumption goods are important in order to identify what should be produced in the neighbourhood, or if quantification of consumption in monetary terms is important in order to find out how much income is necessary to satisfy needs.

LIMITED CHALLENGE IN REACHING THE POOR: Poverty levels of the users varies significantly; with some seeming not to be poor at all. Unlike common problems having been previously faced by participants at the time of the barter club, the community currency is not necessarily spent on basic needs. Given that the community currency was created for those who do not have money but have some products or services to be offered, it is difficult to assume that the poor will exchange currency. It is possible to improve the service in order for the poor to be included in the circulation of the community currency. But given the dynamics of urban poor population and movement, it may not be fair to discuss the capacity of the community development bank in this regard.

It is a serious matter whether or not the consumption loan program is actually reaching the poor. Generally speaking, the challenge of financing the poor and achieving financial sustainability in terms of ensuring repayment are incompatible goals. The poorer the client is, the more risk the bank has to take. As a matter of fact, other community development banks have been terminated because of default of the clients. In regard to the community development bank in the neighbourhood, no requirements of official registration of residence, no confirmation of income of guarantor are needed to apply for the loan. Instead of official documents to confirm the status of a borrower, the community development bank conducts investigations by visiting the applicant's neighbours to establish nature, responsibility, and reliability of applicants. Delay in repayment causes extra credit as penalty, and the community development bank attempts to keep in touch with the clients and while continuing to await payment. Although the objectives of the consumption loan program are supposed to be different

from those of the conventional bank in terms of carefully considering social aspects, in practice its application also appears to deviate from the planned objectives due to over emphasis on promotion of local consumption and circulation of the community currency. Even though no reliable data can be presented here, it is more likely for the community development bank to minimize default of the clients. The argument is therefore, that while the community development bank achieves economic objectives such as promoting local consumption, minimizing default of the clients, and financial sustainability of the community development bank itself, consumption loans in the neighbourhood do not reach poor families but instead, much like traditional credit cards enhance consumption of the better-off in the neighbourhood such as the bank staff.

The staff members of the community development bank come from diverse backgrounds. Many of them live near the community development bank, while a few are poor and live far away from the community development bank. One staff member is a single mother, while some own a car. It would be possible to say that one staff member comes from one of the poorest families in the community. She lives on the periphery of the second district of the neighborhood, the condition of which is generally worse as compared with other areas. During heavy rain, water from the neighborhood will flow down into her residential area; forcing residents there to take off their sandals to walk. Her house and neighbors are divided by a hedge. Although the researcher's host-family uses a fan, this woman's family uses a mosquito net. Her house has a refrigerator, gas, water, and a small TV with an unclear picture. She provided dinner to me, which consisted of rice, beans, and scrambled eggs. It seems that the family does not usually enjoy even meat or salad, which is a typical meal in this area. The researcher also heard

that another staff member comes from a poor family and lives further away from even her house.

Projects of capacity building and training provide participants with studentships. The Selection of participants is competitive. There are multiple elimination processes including written exams and oral examinations. Participants constitute a diverse range of backgrounds and some of them are poor. de Andrade Costa's research (2002) deals with the challenges of reaching the poorest, employing a case study of the women's capacity building program implemented by the community development bank. She attempted to deconstruct the concept of poverty and examined the profile of participants of the program using multiple indicators of poverty. Although she recognized the limitations of her study due to sampling, her analysis demonstrates that:

- The profile of the female participants of the program is heterogeneous in terms of poverty level.
- Most participants come from poor households below poverty line, while a few come from less poor households.
- Participants from poorest households are reached by the program but they are minority.

LIMITED REPLICABILITY: X explained some difficulties in order to implant the community currency system.¹¹³

¹¹³ cf. de Melo Neto Segundo et al. 2005:49-51

- A community organization with a relationship of mutual trust with residents and local businesses
- Institutional capacity of the community organization to manage the community currency system
- Secure system of the community currency against counterfeit
- Local businesses' understanding and participation of the system
- Financial control of securing the national currency in reserves in order to emit the community currency for direct exchange demanded by the local businesses and consumption loans.
- Encouragement of consumers' spending by community currency and no permission for the consumers to exchange community currency for the national currency.
- Accumulation of the community currency in certain businesses

During an interview, X explained these problems occurred when implanting the community currency system in the new site. X declined to explain which of the problems are relevant to the specific case of the neighborhood. When I talked with CDB managers from other Brazilian communities during a national conference in May 2010, they pointed out these problems. Community currency was not circulated well or even implanted in many CDBs because of lack of money. Unlike the Argentine barter network, national currency is necessary in order to start community currency project and secure reserves.

QUAND LES DÉMUNIS PRENNENT LEUR DESTIN EN MAIN

X published his or her autobiography in French with the above subtitle. It can be translated into English as ‘when the underprivileged take their fate into their hands’. It was confirmed through interviews with many residents that the neighbourhood was constructed and urbanized by community members themselves. Whistler (2006:17) was also aware that:

‘Whenever the founders speak of the bank’s accomplishments, they never fail to mention the importance of the strong civil society association that preceded them and made their initial efforts successful. Without the strong social support from [the resident association], our banks would have never been successful’¹¹⁴

I also found that community and associative nature is declared in every one of X’s speech and writings. There is; however, a gap between what is said to outsiders like me and what is done for the residents. Inconsistent data and the unheard voices of the residents can be seen as evidence.

Certainly the autobiography would be more accurate than my description because it was X’s own experience in real life context. Almost all local literature has been produced in a replicated manner through interviews with X. If one visits there just for a few weeks, one will notice that staff are busy, and that the projects work well by just observing progress on the main street and some signs about solidarity economy, community currency, and other messages. If one uses snow-ball sampling, many interviewees starting from X, Y, and the community development bank talk about

¹¹⁴ The name of the resident association is suppressed by me.

associative relations, strong leadership, solidarity economy, and other similar positive comments. Other researchers would be utterly convinced by the story, taking X's narrative as *the* reality of the neighbourhood and the projects, producing a thesis and reports replicating X's own conclusions. From a constructivist viewpoint, however, realities are apprehendable in multiple ways. In other words, the autobiography is simply *one angle of* reality. Some residents could have told a story totally different from X's narrative about the CDB described in Chapter 5 and the community currency projects in Chapter 6. This section will briefly describe the hidden story of the excluded residents in order to better understand the contradictory and paradoxical outcomes of the community currency projects.

SLUM UPGRADING BUT COMMUNITY DEGRADING: Tell-tale signs to understand the inconsistent data and the unheard voices can be traced back as far as the period of slum upgrading. Given the success of slum upgrading based upon community mobilization, these actor-defined events do not indicate a sudden change to affect development of the neighborhood. This is why no existing research has paid attention to it.

After informal settlement, the resident association was created. It was after this, that X moved in to the neighbourhood. Many residents regard strong associativism and community mobilization as characteristics of the neighbourhood, given creation of many associations, participation in community meetings, and construction of the neighbourhood by themselves. X has initiated many projects and made a significant contribution to the neighbourhood. The slum upgrading project was successful, not only

in terms of outcomes of infrastructure construction, but also processes of development based upon combination of personal leadership and community mobilization. The combination however, has been changing in the process of slum upgrading and further development. In parallel to slum upgrading, community mobilization has apparently started to decline and X's personal leadership has been changed as well.

According to my observation during the fieldwork, associativism remains strong. There are several community leaders in the neighborhood, who are active in fighting against the community problems and who have attempted to mobilize the community. The problem however, lies in the limited capacity of the associations and weak cooperation among them. Indeed many associations were created in response to diverse needs by *mutirão*. The different associations however, dealt only with their own objective and activity and scarcely worked together. Most of the associations had too little capacity or resources to implement even their own activities. The resident association did not deal with every issue of the neighbourhood. One of the outcomes of the first community seminar in 1991 was the creation of the Union of Associations and Organisations, consisting of 26 associations and groups. It was not the resident association which managed the drainage project, but rather, diverse associations and groups negotiated their own interests and created a union to manage the drainage project. Apart from this occasion, cooperation among the associations and groups seldom happened. When many associations were looking for resources, stakeholders intervened into the neighbourhood such as local governments, political parties, and international NGOs. Since the era of democratization in 1985 after the military government, ordinary and even "powerless" people have been involved in politics. External support was

provided by the stakeholders, governments, and donors. When political parties intervened in the neighbourhood, residents started to develop different ideologies, which made cooperation among different associations even more difficult. Some capable community leaders were found and paid by them to manage the community project and went out from the neighbourhood to work in their offices in the centre of the city. Some of them were employed as staff by the local government, being lured by secure income. These individuals were regarded as liars or traitors by the neighbourhood. Whereas residents used to feel collective obligations, attend the meetings and mobilise even their few resources to realise projects, many of them started to exit from collective citizenship, feeling that it was not a matter personal responsibility but rather government's obligation to solve the problems. While some associations received external support, which often caused community cohesion to decrease, many associations simply disappeared because of lack of capacity or resources to formulate and implement a project.

Other factors to be considered are the consequences of the slum upgrading. Even though the slum upgrading project was successful, why so many residents sold their houses and left the neighborhood remains a puzzle. Indeed economic reasons such as living expenses and value of the houses seem plausible. Some of the residents were so poor that they sold their houses when they had more value, thanks to the urbanization project, and subsequently left the neighborhood. Although I could not interview any who left the neighborhood at that time there have clearly been significant implications for community mobilization. It can be assumed that community relations are not strong enough to overcome economic difficulty. Given that people from different birthplaces

have often moved in and out, social cohesion is weak. People easily exit the membership of the resident association. Despite the successful slum upgrading, community spirit has declined, which in turn has caused a spiral of poverty and violent crime in the neighborhood.

Another concern is the decline or illusion of X's personal leadership. Given weak social cohesion and cooperation, X's charismatic leadership and presence is particularly important for the community to be mobilized. X initially lived in the neighborhood as an outsider, but was subsequently recognized as a community leader by the residents. Personal leadership however, might be dramatically changed if X moves away. One of the residents reported that X created the community development bank and moved outside the neighborhood for better living conditions. Before creation of the community development bank, X left the neighborhood because of a romantic relationship with Y. X met Y through the drainage program and subsequently moved away during the program. One of the residents reported that Y was eager to work for the neighborhood, but did not want to live there. X also wrote that Y preferred to live outside the community where they could preserve their private time and space.¹¹⁵ The statement of the resident is unreliable as evidence but its implications for the issues of personal leadership and community ownership are valid. Another resident reported that the municipal election might affect X's motivation. In 1992, X stood as a candidate for the municipal councilor in order to convey voices of the neighbourhood, but was soundly defeated by a rival candidate. It can be assumed that the resident association

¹¹⁵ de Melo Neto Segundo 2009:162

was not cohesive enough to support X. X thought that “community leader and municipal councilor are two different roles. The neighborhood is ready to support me in the former, but it does not bring me the latter”.¹¹⁶ While X was elected as the president of the resident association in 1989, there was no evidence to say that the neighborhood supported X as a community leader at the time of municipal election. Given that X chose to leave the neighborhood, whether the leadership continues to facilitate community mobilization is serious matter.

FROM COMMUNITY MOBILISATION TO INSTITUTIONAL ARRANGEMENT: In parallel to community decline, ‘NGO-ization’ has emerged, fuelled by donor organisations. The focus of the approach shifts from community mobilisation and local self-governing institutions to NGO professionalization and interventionist/managerialist approach to institutional arrangement.

After X left the neighborhood and lost the election, X was found by international and local NGOs. X was regarded as a community leader and trained as development professional through participation in their capacity building projects; even traveling abroad. X was armed with the capacity building program, brought the neighbourhood new ideas of development and resources for planning and implementing development projects including community development bank and community currency projects. As already described, several community leaders left the neighborhood, and unexpectedly, the local community has lost its mobilization dynamics.

¹¹⁶ ... leader communautaire et conseiller municipal sont deux rôles différents. Le quartier est prêt à me soutenir dans le premier, mais ne me porte pas dans le second. (de Melo Neto Segundo 2009:164)

The resident association also has internal problems such as a limited capacity of the local community and changing motivations towards more self-centred materialistic interests. Some residents also claimed that many people exit from the membership because of Z. Z is one of the old residents in the neighborhood and has been active in slum upgrading. As soon as Z became the president of the resident association; however, Z made use of president's authority for Z's own benefit. As mentioned before, Z utilizes the consumption loan program. Z worked closely with X and Y in managing the project and monopolizing the resources. This is why many residents ceased to participate in the resident association or community development bank.

Presumably X and Y wanted to help the neighbourhood, bringing the idea and resource of microcredit from outside. A banking institution cannot be officially created and hence the community development bank is established as a microcredit project of the resident association. Unlike creation of a union of associations in the slum upgrading project; however, X created X's own team for management of the community development bank. The team consists mainly of young residents. When X was a school teacher in the neighbourhood, X met a few students. Since then, these students started taking community action together. Because of trust and loyalty, these young residents were employed as staff of the community development bank. Presumably because X understood the significance of local management from the development donor organizations, X insisted that the bank employed residents as staff, and hence it was managed by the local community itself.

X states that the CDBI was created by the resident association in 2003. Whereas many residents reported that the resident association created the community development bank, many of them do not understand how the CDBI functions. It was found from the report of the women's project in 2002 that the CDBI was identified as the organisation of the fund recipient and project implementation. X answered that the CDBI had been already established but was formalized in 2003. It is assumed that, chronologically speaking, the CDBI was created to receive the funds rather than facilitate the diffusion of the social technology of the community development bank. X and Y have worked full time for the community development bank. The community development bank has become more than a simple project. Since the CDBI cannot be registered as an organisation, X and Y wanted to create a NGO to deal with the community development bank and related development projects. OSCIP is a good reason to differentiate their NGO from the resident association. It is assumed that X and Y did not talk with the local community, but talked instead with their employees; the young residents who have worked with X and Y for a long time and who are loyal. X insisted that the CDB and the CDBI were created by the residents, because these young staff are residents.

Paradoxically, according to X's autobiography, two different actors – the resident association and the team of the community development bank – existed and seemed to conflict each other.

'Between the histories of [the residents association] and the team of [the community development bank], it is not only generational gap. For the first time,

with the arrival of the computer, we are forced to put a little distance between the residents and us. The PC, which contains information about users of the bank and tables of numbers, makes us careful: ... We guard it carefully as a treasure. Only those who work on the project have the right to approach it. Initially, people resent this bar: previously, the premises of [the resident association] were open to the four winds. Anyone could enter, leave, come and get involved in a program...

With the bank, where the residents have also become customers, a distance of administrator is needed. They cannot have access to everything. This transition from a social competence to economic competence is a real dilemma for me. I must refuse loans to community leaders who have given for the neighbourhood but did not come with a viable project, according to the conditions that we have defined.

I feel a little embarrassed to see that they do not fully understand this view. They estimate that they have given much, through their fights for the neighbourhood, and that the bank must bring them a service. ...'

It is a real headache. We must control all, format all, and protect access to data. Certain residents accuse us of having turned into "bankers".¹¹⁷

¹¹⁷ de Melo Neto Segundo 2009:215. The following text is translated by the researcher, and the name of the resident association and the CDB are suppressed:

Entre les historiques de [the resident association] et l'équipe de [CDB], ne se creuse pas seulement un écart générationnel. Pour la première fois, avec l'arrivée de l'ordinateur, nous sommes contraints de mettre un peu de distance entre les habitants et nous. Le PC, qui contient les informations sur les utilisateurs de la banque et des tableaux de chiffres, nous oblige à être précautionneux : une mauvaise manipulation ou un accident avec un verre d'eau qui se renverse, et nous risquons de perdre toutes nos informations ! Nous le gardons précieusement comme un trésor. ... Au départ, les gens prennent mal cet interdit : avant, les

Overall X's perspective of proper project management seems plausible. Although X confesses in the autobiography to the "dilemma" of refusing loans to community leaders, one of the community leaders claims that consumption loans are actually given to the community development bank staff. The consumption loan program is not executed properly in terms of accepting loans to the bank staff, even though it is out of X's direct supervision.

While X justifies his proper project management, the community development bank does not appear to be a project of the resident association. Creation of the CDBI appeared to take away the ownership of CDB from people's hands. Another matter affecting project management is X's leadership. At the time of the election, X interpreted that people did not support X as a political leader but as a community leader. But the creation of CDB did not allow people to regard X as a community leader any more. The residents expected X to be a community leader in terms of what X used to be while X stayed in the neighborhood, but they did not support what X intended to do at that time.

locaux de [the resident association] étaient ouverts aux quatre vents. N'importe qui pouvait entrer, sortir, venir et s'impliquer dans un programme

Avec la banque, dont les habitants sont aussi devenus des clients, une distance de gestionnaire responsable s'impose. Ils ne peuvent avoir accès à tout. Ce passage d'une compétence sociale à une compétence économique est un vrai dilemme pour moi. Je dois refuser des prêts à des leaders communautaires qui ont beaucoup donné pour

C'est un véritable casse-tête. Nous devons tout encadrer, tout mettre en forme et protéger l'accès aux données. Certains habitants nous accusent d'être devenus des «banquiers».

*HIGH-SOUNDING RHETORIC IN UPHEAVAL, CHARISMATIC LEADERSHIP IN
DECLINE*

It appears that there has been a downward spiral of lost leadership and lost community mobilization. Where personal leadership has been gradually changing shape, community mobilization has gradually faded away. People have been less and less involved in the activity of the resident association. Instead they have become busy with their own life and work in the city. Given that people are considered as clients and not agents of community ownership, they are more interested in obtaining a benefit from the services and projects offered by CDB. In parallel to community decline and NGO-ization, a paradox of empowerment and community nature of governance becomes apparent.

The complexity of the problem is that nobody is wrong. Everybody involved with the project has good intentions, and is serious about doing the work of the CDB. Due to X's interest in scale, the CDB has achieved rapid growth in terms of providing large amounts of microcredit, implementing diverse projects and extending the CDB network nationwide. Although this expansion increases the financial impact of CDB statistically, it is uncertain whether or not the scale produces a significant social impact on the community. The scale of the project creates a heavy workload of administration. People are occupied with administration, so they do not have time or energy to consider community planning.

I was fortunate to observe two meetings regarding the relationship between the resident association, CDB, and the CDBI. Since I started fieldwork and stayed in the CDB, I sometimes witnessed some confusing (and therefore problematic) relationships

among the resident association, the CDB, and the CDBI. X and Y believe that it is necessary for the three to work together. As a matter of fact, staff raised the issue that communication among the three was not smooth. Given that the CDB is responsible for issuance and management of the community currency, these troubled relationships affect management and practice of the community currency.

During the staff meeting at the end of the year 2009, X remarked that centralization of staff is necessary to create a closer relationship with the local community. Given the heavy workload, it is necessary to pursue efficiency of administration and management, and therefore centralized management is necessary.

X also talked about the issue of community access, creating spaces for two staff members to better serve the public and attend community meetings and activities as representative of CDB and the CDBI. X also suggested that all staff attend the community forum every Wednesday. The community forum aims at community control of the community development bank and provides a space for discussing community issues. X made an effort to attend and coordinate the meeting, although X was often absent due to business trips. X felt it was a problem that staff did not participate in the community forums and claimed that participation was fundamental. After X's advice however, many staff members went home after work and did not stay for the meetings. Some say that they are too tired by the daily routine during the day to attend the community forum in the evening, while others cite family or university commitments. Many of the staff regard the community development bank as place to earn a salary rather than a space to take action. Staff hardly met each other on Sundays. There are

many churches in the neighborhood, with every staff member attending a different church. When I expressed my surprise that people's life was modernized, individualized, and diversified, many agreed with me and expressed that they had already become accustomed to the working style of the community development bank and lifestyle in the neighbourhood.

The other meeting was held on June 5 in 2009, in order to discuss and improve the relationships among the resident association, CDB, and the CDBI. X explained that X was now the head of the CDBI, and X's own motive and mission was to expand the CDB network outside. X also reported that he was still involved in the development of the neighbourhood through CDB and the community forum, but emphasised that the local community must revitalise the resident association by themselves.

The president of the resident association regards as problematic the situation that the community development bank did not exist without the resident association. Ironically however, the resident association at present does not exist without the community development bank. The president also claims that X still has a moral contract with the local community, even though X's individual contract is with the head of the CDBI, which expands the CDB network nationwide. While CDB has been focusing on economic problems, the resident association has to deal with many other social problems that persist in the local community. The president has taken initiatives to restore the role of the resident association. This restoration will be a long process.

One member of the managing board of the resident association expressed that it was difficult to rely solely on volunteers. According to Y; in the past, Y experienced in

the neighborhood that people collaborated without any monetary incentives. Y had felt a change in the neighborhood. People were no longer mobilized without money. Instead, it is now difficult to do so because everyone has to earn money to make a living. Consequently, Y has made tremendous efforts to find partners like governments and donors to support projects. Y then became emotional when talking about her own experience of fighting against bureaucracy of governments, which prevented many activities and fundraising efforts. It is necessary for CDB to bring projects/fund to mobilize people. At the same time, motivation can be overshadowed by monetary incentives. According to Y, many people just show up looking for material and financial opportunities, but do not participate in volunteer activity and meetings of the resident association and the CDB.

There is a gap of understanding about ownership. Indeed, the interviewees confirmed that the urbanization of the neighborhood was managed by people; that the problem statement of work and income generation in the seminar in 1997 was agreed by the residents; and that the CDB was created by the resident association. Many residents attended the second seminar in 1997 and identified lack of income and employment as community problems. They participated in numerous meetings in order to establish the CDB. The CDB however, has never been managed by the resident association.

It was officially reported that the CDB is a project of the resident association because of legality of financial services such as microcredit and community currency. People are not active participants in planning and managing the projects but merely clients; seeking opportunities to participate in the project and material/financial benefit

provided by the project. During an interview, X responded that 'community' was conceived of as a 'community of interest'. The neighborhood is another distinctive community, in which various actors with multiple interests exist and often conflict. X's interest and stance is to construct CDB as an imaginary community of solidarity economy. I also clarified the meaning of community management. X insisted that this meant 'management by the community itself' since the staff of the CDB are residents of the neighbourhood. Administration by the residents and community ownership must be differentiated. According to my interpretation, X does not care about community ownership because (i) X and Y want to achieve what they thought they had to do for the people; and (ii) X and Y assumed that the community's capacity for managing the projects was limited.

Many residents express a shift of centripetal power from the resident association to the CDB. X took advantage of the human network of the resident association to promote the CDB but the resident association was not involved in management. The president of the resident association used the analogy that the resident association is a parent and that X is a son. When a son grows up, a son must take care of parents. But X replies that X is father, who has taken care of the resident association and the CDB. People are X's sons and they have to grow up and strengthen the activity of the resident association and the CDB. Another opinion that many residents share is that the CDB is not a blanket cure-all and that X has overrated achievements rather than seeing many different problems of the local community.

There is also a gap of understanding about leadership. During the urbanization project X was regarded as a community leader by the residents. Now those who appreciate X's leadership are CDB staff and mainly outsiders like governments, NGOs, and researchers. X is a leader of a private organization that deals with community economic development, rather than a community leader supported by the neighborhood. The residents expect the leadership of who X used to be. Presence is important because of not only shared experience but also of knowledge process. Presumably when X lived in the neighborhood, X always talked with some residents about daily life and community problems, and this is how knowledge was created. Since X left, it has been created between X and Y; with the residents being used to confirm it. The residents were not active participants in producing knowledge and planning action and projects but passive recipients of intervention or clients of X's projects. The idea of microcredit, CDB, and community currency did not emerge from the neighborhood but from Y and from outside.

Overall it is most worthy of note that two social actors X and Y moved into the neighborhood in 1978 and have devoted themselves to development projects there. A person has only one life and their life decision to work in the neighborhood is worth respecting, while numerous development professionals are floating from one country to another country in the field of international development cooperation. While a combination of personal leadership and community mobilization was lost, a conflict between community ownership and administrative rationalism and managerialism seems to have emerged. A conflict of goals exists. From one side, X and Y's egoistic ambition of the CDB network and their obsession with growth requires more professional staff,

and exploits community human resources in dealing with the heavy workload as cheap labour. The residents are excluded from management. From the other side, limited organisational capacity exists. Residents have little educational qualification. They are not good at technical issues and have little motivation and human network, both of which are necessary for community-based self-governance.

*ADDITIONAL FINDINGS AND ANALYSES FROM THE RURAL CASE*¹¹⁸

This section will examine how the circulating social currency system (re)formulated by the CDBI was replicated in the rural community. It does not intend to present a comparative case study, due to different local socio-economic and socio-cultural contexts, but takes the rural case as reference in order to better understand the main case study.

The municipality is small, rural, and new. It has a population of 5937.¹¹⁹ After the emancipation movement in the beginning of the 1990s, the first municipal government was installed on January 1 1997. The essence of development problems and policy of the rural municipality can be understood from the mayor's public speech on March 21, 2010, when a group of ordinary people from another municipality visited to gain insight into development policy and projects.

“... we are among the 21 poorest municipalities in the state. ... in 10 municipalities with the highest illiteracy rate in Brazil, there are 5 in this State,

¹¹⁸ cf. see Borges' chapter (2010) for overall function of CDB in the rural municipality. I collected some data with him during his one-week fieldwork in February 2010.

¹¹⁹ Source: Relatório Sintético de Domicílios e Pessoas Cadastrados Cadastramento Único para Programas Sociais do Governo Federal, Ministério do Desenvolvimento Social e Combate à Fome, 2009

and 3 in this region including our municipality. And now, what shall we do with that? This was a challenge. ...” (to be continued in page 218) ¹²⁰

According to the results of the Human Development Index, the municipality was ranked as the 21st worst in the State and 81st from the bottom (5484/5564) in Brazil. According to a presentation on another occasion, the mayor explains poverty of the municipality in addition to the Human Development Index and illiteracy by demonstrating the following factors:

- subsistence agriculture economy based upon plant extraction such as babacu palms and basic crops, rice, corn, bean, manioc, pig, bovine, chicken, egg
- low income level, according to UNDP, 77% of the population earn below half of the minimum salary
- little money circulation, the municipality economy is too small, roughly 600 thousand NC per month, consisting of 250 thousand NC for social security like pension from the public agency, 220 thousand NC for town hall administration, 70 thousand NC for family allowance program of the federal government, and 50 thousand NC for gross product.
- low level of schooling
- increasing child mortality, 8% cannot complete one year

When the administration began, the mayor was informed by the data of the limited circulation of money and low income level. He attempted to understand the needs of the poor family. Then the municipal government started to attempt to build the

¹²⁰ The following statement was recorded and translated by the researcher: “... Em termo de pobreza nos estamos entre os 21 municípios mais pobre no estado. ... nos 10 municípios com maior índice de analfabetismo no Brasil tem 5 no Piauí, tem 13 aqui na nossa região inclusive São João. E agora, que fazer com isso? esse era o desafio. ...”

capacity of poor families through various income generation activities. The problem was however, that these families had no money and asked the municipal government to lend them money. It was not legally permitted for the municipal government to do so. While the mayor began initiatives aimed at creating an institutional mechanism to finance the poor family's productive activities, one day in a meeting of an agriculture school project, the mayor heard about the CDB from a partner NGO, which was affiliated with an international development and humanitarian organization.

REPLICATION AND (RE)LOCALISED PRACTICE: A joint study tour was organized by the NGO and the municipal government in order to learn the actions of CDB. The NGO had a sustainable development project at another site, which included creation of a community development bank, and which brought people from there. The mayor took a group of some 32 representatives – production groups, small business entrepreneurs, municipal secretaries, councilors, and representatives of other entities – on the study tour. According to the brief reports written in the blog, two groups – the beneficiary of the NGO's sustainable development project and representatives of the rural municipality – visited the CDB in the peri-urban neighborhood at the end of July 2007.¹²¹ They learnt about both the barter club and its social currency, and the system of circulating social currency. They were inspired by the project in terms of promoting a local

¹²¹ cf. the following blogs briefly report the study tour:

<http://projetoaliancamandu.blogspot.com/2007/08/economia-solidaria-piauienses-visitam.html>

<http://projetoaliancamandu.blogspot.com/2007/08/clube-de-trocas-solidarias-com-moeda.html>

According to the information on the blogs, two groups also visited another small rural town, in which the experience of the CDB was replicated.

economy in a low-income area. Given that no bank had existed in the municipality at that time and their spirit of emancipation in their history, they were eager to create the project by themselves. Likewise, they appreciated the community currency in its symbolic and practical functions such as solidarity, municipality's identity and self-help, poverty alleviation, and promotion of local economy. After the study tour, people shared their observations through meetings with various groups and associations as well as residents.

They decided to implant a community development bank including the community currency in collaboration with the CDBI. The bank was created by the mayor's initiative, the municipal government's financial support, and CDBI's technical support. This support included social technology of set up and the enjoyment of banking services within the community development bank network.

The general objectives are to promote social inclusion in terms of supporting the poor families and strengthen the local economy. The consumption loan program using the community currency aims to financially support the poor families, allowing them urgent access to basic needs that can be offered by the rural community. According to the mayor, the rationale of making payment of salaries and wages in the community currency was so that theft could be prevented by circulation of the community currency within the municipality. According to the understanding of the CDB staff and from the experience of the peri-urban neighbourhood, the community currency can stimulate circulation of the resources and wealth of the rural community.

The preparation phase consists of the creation of an organization and mobilization of people in the rural municipality. An organization – either an existing one or a newly created one – is required, which is officially registered as a legal entity¹²² and must have a bank account at a conventional bank so that the community development bank can act under the control of the CDB network and access the services of the Brazilian Popular Bank. Before knowing of the community development bank the mayor initially planned to establish an advisory board/committee to deal with microcredit; however, the key community groups involved decided to form their own complete organization. The organization was named as the Social Inclusion Center.

Four persons were selected by the study tour participants. The technical team of the CDBI visited the rural municipality to transfer the manual of setting up a community development bank including the community currency. The community development bank staff from the rural municipality also visited the CDB in the peri-urban neighborhood for practical training just before the inauguration. While four staff members were engaged in administrative work for the bank, the mayor proposed that the advisory committee manage and monitor the bank. The advisory committee consisted of 23 members from the municipal government, the town association, the unions of the rural workers, church, solidarity production group, Culture Center, settlement, Palms Extraction Group, the rural association, the business group, and councilors. The mayor invited X to communicate his ideas with the people in the rural municipality.

¹²² *Cadastro Nacional da Pessoa Jurídica* (National Register of Legal Entity)

Several meetings and campaigns were held in order to promote understanding and participation of the local shops to accept the community currency. Some residents participated in these meetings. Others did not attend the meetings, but were happy to accept the community currency and learn about the project including how community currency works by daily conversation with the neighbors. Many reported to me that they already trusted the mayor and supported the public policy and the projects.

The mayor intended to make most of the CDB and created a municipal project law as follows:

Article 1 – The Chief of the executive authority of [the rural municipality] is authorizing to celebrate an agreement with the [community development bank], with the assistance of [the CDBI].

Article 2 – The agreement aims to authorize this town hall to make the payment process of the servants and other service providers of that municipality ... through the [community development bank].

Article 1 means that the rural CDB is authorized by the municipal government. In the organizing process of a community development bank, the mayor planned to use the community development bank for paying their salary, which was defined in Article 2. Given that no official banking institutions existed in the municipality, public servants of the municipality used to receive their salary in the neighboring city. Moreover, the idea of payment in community currency was written in “draft term of agreement” as an annex of this municipal law:

‘As common agreement between the municipal government of ... [the CDBI] and the beneficiary (municipal civil servants, outsourced service providers and others), the payment can be made in social currency, backed by [the national currency], in circulation in the municipality, the currency [name of the currency]. The value to be paid in social currency may not exceed the maximum limits of 25% of the total to be paid.’ ¹²³

The law was endorsed by the municipal council on December 12, 2007. The community development bank was inaugurated. ¹²⁴

Table 7-3 Actor-defined critical events

2005	The present mayor’s administration started.
2007	Ideas of community currency are transferred through group’s visit to the CDB in peri-urban neighbourhood. Community currency was created at establishment of the community development bank.
2008	Payment of daily laborers’ wages in community currency started. A NGO was officially founded.
2009	Payment of civil servants’ salary in community currency started.

¹²³ The following text is translated by the researcher: “Desde que em comum acordo entre a Prefeitura Municipal de São João do Arraial(PI), o Instituto Palmas e o beneficiário (funcionários públicos municipais, terceirizados e outros), o pagamento poderá ser realizado em moeda social, lastreada em real, em circulação no município de São João do Arraial-PI, a moeda Cocal. O valor a ser pago em moeda social não poderá ultrapassar o limite máximo de 25% do total a ser pago.”

¹²⁴ Due to the administrative bureaucracy, however, official inauguration of the NGO was delayed until May 2008 and the agreement was made on May 2, 2009.

Actor-defined critical events concerning community currency are summarized in the above table. The partnership between the CDBI and the official bank allows the CDBs to provide correspondent banking services such as banking account and bill payment, which are helpful for the excluded, such as slum residents and residents in rural areas. A thorough investigation of the context and the situated social practices of actors however, reveal some significant differences. The CDB in the peri-urban neighbourhood started from a microfinance institution and became a development agency that provided educational and vocational training courses. The CDB in the rural case has been well supported by the municipal government, providing services of salary payment and the articulating of community currency. Initially the community currency was underutilized. Consumption loans were also often available because of fund shortages.¹²⁵ Some people exchanged small amounts of currency for curiosity. The community currency has been used to pay for a portion of daily work since March 2008.¹²⁶ Circulation of the community currency was then significantly increased when the agreement of payment was enacted in May 2008 and civil servants' salary started to be paid. Salary was paid in the community currency for 260 civil servants in December 2008 (Figure 7-4). Given that there was no guidance from the CDBI, the actors developed their own way of making payment of salary and wage in the community currency. Due to significantly larger amount of circulation of the community currency,

¹²⁵ In parallel to the community development bank the mayor enacted another municipal project law of municipal fund for microcredit and support for solidarity economy in December 2007 in order to realize his original motive in creation of institutional mechanism to direct municipal budgetary resources on poor family's productive activities. Although the coordination team was created in the NGO, the NGO itself was not officially established yet and the fund could not be transferred.

¹²⁶ http://www.saojoaodoarraial.com/site/index.php?option=com_content&task=view&id=86

one staff member is responsible for its administration and management. Every Friday afternoon, weekly payment of daily workers and service providers is executed. More than 300 workers are registered, although not all of them have jobs every time and receive payment every Friday. Once per month, around 300 civil servants come to the CDB to receive their salary paid in official and community currency.

Figure 7-4 Salary paid by community currency

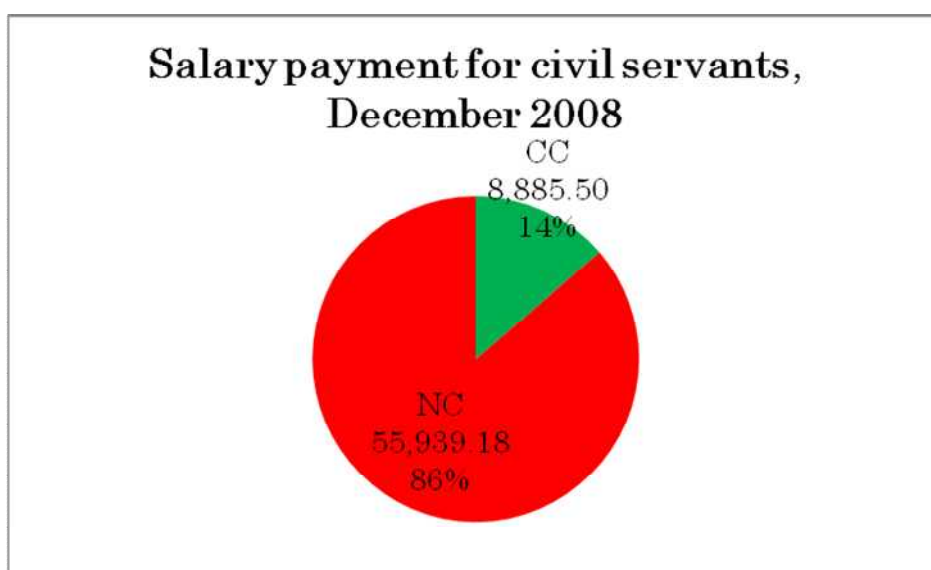
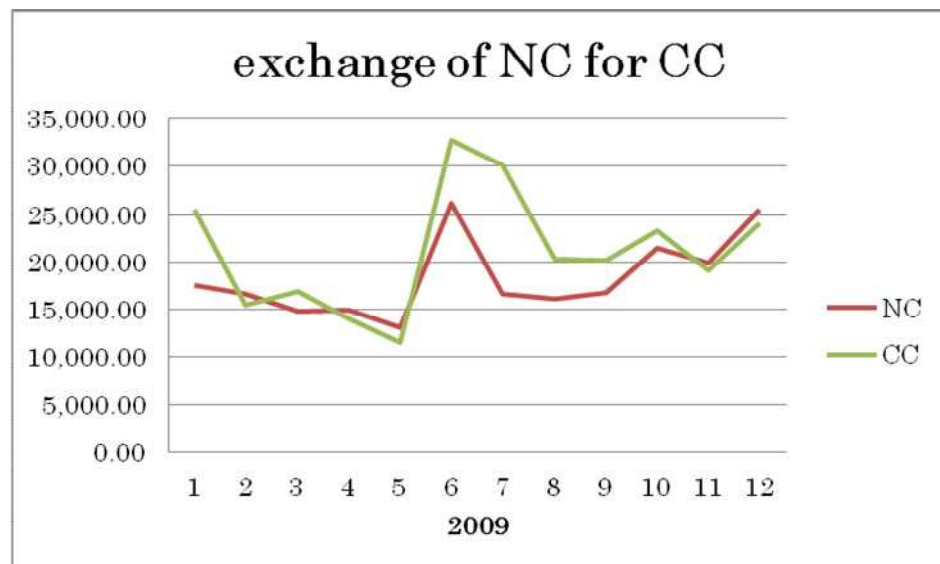


Figure 7-5 indicates transaction of the official currency (NC) and the community currency (CC) through exchange. Quantitative data is provided by the rural CDB staff. In 2009, 203,520.50NC was purchased to issue the community currency, and 253,276.50CC was paid by the residents for exchange. If comparing the case of peri-urban CDB (Table 6-2, 178,000.00NC and 160,200.00CC in 2009), quantitatively speaking, the rural case shows much more transaction of CC at the CDB. As a result of salary and wage payment, a much greater number of people actually use the community currency in daily life. I walked around the town, visiting different shops, and found the

community currency in use everywhere around the municipal area. This means that people actually spent the community currency in many places, with many shops participating in the projects. There is no supermarket in the rural municipality, so people spend the community currency in diverse places, with three grocery stores at the centre of the town tending to earn a greater proportion of community currency. It is hardly used in the surrounding villages, though the villagers earn the community currency in the town and spend it there.

Figure 7-5 Currency exchange



Previously, people had to travel to the neighboring city in order to receive their salary and pay bills. They usually took advantage of the trip to do shopping there because goods were cheaper and more available. After the establishment of CDB, a majority now do not need to go to the neighboring city and do shopping inside the municipality. While a handful of wealthy families own private cars to easily travel there, the public transport fee to the neighboring city is relatively expensive for the majority.

According to the interview participants, interestingly, the majority feel that it is now sufficient to lead a simple life without shopping outside and express affection towards the municipality and its people.

LEADERSHIP, OWNERSHIP, AND EMPOWERMENT: People recognize that the success of the community currency project is attributed to the leadership of the mayor. I came to develop close relationships with many local people and tried to understand the community currency systems and development of the municipality. According to conversation with local people, the municipality's social development has been dramatically advanced – in contrast to political emancipation of the first mayor – since the present mayor was appointed on January 1, 2005. The mayor was born in a town of the municipality in 1965 and grew up there. He then moved to the capital city of the state to study at a university and work for a non-for-profit organization. In order to promote development of his birthplace, he became a candidate for a mayor on behalf of the Workers' Party. He was defeated in the mayoral election in 1996 and 2000 by the leader of the emancipation movement. Under the new regime, the Worker's Party won the 2002 presidential election. Since then, community support grew in his favor and eventually he was elected in 2004.

In his speech on March 21, 2010, the mayor continued ideas about development change and social transformation:

(continued from page 209) "... then it is possible for people to change that reality, try to find a way out. ... First, plan together is a good start. We need to understand what the problems are, understand what the solutions are, what

people see, together with technical and financial capacity and then when we started executing at once we had several meetings to understand difficulty. What do people propose? This was the first thing. Parts of ideas being developed were not out of our head, but were as a result of a collective construction involving diverse people, because we believe that even though a person is illiterate, father and mother say, but the person has capacity, thinks, lives. So it was people who had to find a solution, an exit to the problems of the locality, for it is not administration, not technique, it is the capacity people bring together to find a way out the problem. Because if administration changes, the governor changes, the president changes. So if people should understand the way and should be convinced by the way, people continue the journey. That is very important. Few administrators work.”¹²⁷

During a Sunday lunch with local people, the researcher heard the reference “palliative” used to describe politicians. When inquiring about term, it was explained to the researcher that the politicians did not work, but customarily gave people bicycles or 10 NC – i.e. small amount of money – in order to win the election. Unlike such

¹²⁷ The following statement was recorded and translated by the researcher: “... ai é possível a gente mudar essa realidade, tentar encontrar uma saída. ... Primeiro, planejar junto é um bom começo. Nós precisamos entender quais são os problemas da comunidade, entender quais são as soluções, que as pessoas ver, juntar com a capacidade técnica e financeira e ai foi quando nós começamos a fazer logo na campanha fizemos várias reuniões pra entender dificuldade. O que as pessoas propõem? Essa foi a primeira coisa. Parte dessas idéias que se desenvolveu ela não saía da nossa cabeça, era por resultado por uma construção coletiva envolvido várias pessoas, porque nós acreditamos mesmo que a pessoa seja analfabeta de pai e mãe como dizem mas ela tem uma capacidade, ela pensa ela vive. Portanto era as pessoas que tinham que encontrar uma solução, uma saída para os problemas da localidade, pois não está no gestão, não está no tecnica, está na capacidade a gente juntar as pessoas para encontrar uma saída no problema. Porque se um gestão muda se muda prefeito, muda o governador, muda a president, então as pessoas tiverem compreendendo e tiverem convencido aquele caminho, ela segue a viagem. Essa é muito importante. Poucos administradores trabalham.”

palliative mayors or politicians whose primary interest is to maintain their position and power for their own benefit, the present mayor intends to take advantage of the position on behalf of people to execute 'an eight-year project' during his mayoralty – Brazilian mayors serve a four-year period, and can only be consecutively elected for two terms – to promote development in his birthplace.

The source of development change in the municipality, according to the researcher's understanding, is not only his motive but also his approach to development intervention. His development policy aiming at poverty alleviation and social inclusion sounds prosaic. The approach; however, does make a difference. It is not a conventional government approach to development such as plan and control, but rather a mobilization/empowerment approach. As the speech cited above implies, the mayor attempts to understand development from the viewpoint of the poor. When staff from a major national development agency in the field of micro-entrepreneurship visited the municipality on March 27, 2010, the mayor told them that poverty in the municipality was not just about lack of money but lack of people's motivation and volition to overcome poverty.

In order to motivate them, the mayor believed that it was necessary to build trust with people. The researcher assumed that the mayor has directed considerable time and efforts on direct communication with people. According to the researcher's observation, even in 2009 and 2010, the mayor often visited villages to listen to farmers, local families, and women groups; and in town attended gatherings/meetings to talk with and encourage his staff, school teachers, entrepreneurs, nurses, artists, and youth groups; and

in the weekend went to parties/festivals where the mayor visited table by table, drank and chatted with ordinary people.

The mayor also attempted to stimulate creative capacity and entrepreneurship of people. Motivation, not only of the poor families but also of actors to support them, can also be seen in the organizing processes of development actions. Since the present mayor, according to interviewees, people have been highly motivated to work for development action such as public service delivery and project planning and implementation.

It was emphasized by the mayor and the president of the CDB during different interviews that the community development bank and the community currency were merely programs and that the objective was creation of an organization to enhance capacity building and systematically support poor families by using these kinds of available instruments, projects, and actions. In parallel to preparation for the CDB, the actors advanced discussion of the establishment of the local development agency including its objectives and function. A coordination team was subsequently elected by the advisory committee.

Although the two cases cannot be directly compared, the case study represents the opposite dynamics of development change. The urban case started with development from below, but the leader aims development as growth and intends centralization. Where the community currency project started with the mayor's ideas and initiatives, which appears to be top-down approach, in the organizing process the power has shifted from the mayor to people – this is empowerment. Community and associative nature can

be found in action, in management such as selection of staff (as well as their salary), budget planning, and in dealing with problems of the community currency project.

It is clear from the two sites that personal leadership, even in the form of charisma, is essential in initiating community currency projects. It is also important to understand the difference of quality in personal leadership and position. While the mayor initiated the implanting of a community development bank with social currency, he is not the director or coordinator of the community development bank (or the legal entity to represent the bank). Ownership is in the people's hands. Given that he works as mayor, his personal income does not rely directly on the community development bank. He does not need to budget for activity of his own interest. Implied in his speech, his motive is to promote development within a *limited* time, i.e. 8 years. Hence, his ultimate consideration is sustainability; how people continue community development actions including the community currency by themselves *without* him. This is where the difference of quality in personal leadership is evident as compared with X and Y in the peri-urban neighbourhood, who have devoted themselves over three decades – and presumably it will be their lifework – to development of the neighbourhood.

INSTITUTIONAL LIMITATION: The community currency project in the rural community demonstrates newly emergent social forms and connectivities to secure livelihoods. Difficulties were identified as follows by the community development bank staff in the annual report and were shared and discussed in the advisory committee on February 26, 2010:

- Lack of adequate security of the CDB

- Materially fragile note of the community currency
- Little expertise in solidarity economy
- Few resources to release loans
- Committee meeting and coordination to make decisions

Unlike the urban ex-slum neighborhood, I never felt danger even when walking alone at night during the fieldwork, although admittedly the CDB was attacked once by burglars. These burglars were not found; however and were considered to be strangers from outside the municipality. Community currency was not stolen by them. As consistent with the mayor's rationale in paying the salary in the community currency, the community currency does seem to be an effective counter-measure to theft.

During interviews many users claimed material fragility – e.g. exhausted, wet, torn – of the community currency as the main problem. Although this fragility is a serious practical problem, it is also evidence of fast circulation of the community currency in the rural municipality. Given that the same material is used for printing notes in every community currency within the community development bank network and that no bank recognizes the wear as a printing issue, it implies that the currency is well-worn by people's usage in rural areas.

Staff express little expertise in solidarity economy in general. They want to plan and implement solidarity economy projects, but community currency seems of little use. The president of the Social Inclusion Centre expressed his frank opinion of the community currency and denies overexpectation of its role as an agent of promoting

solidarity or social development. As written on the currency notes, it is just a coupon. People are given communitiy currency as some portion of salary, then spend it on grocery stores or restaurants; with the shops and restaurants bringing the currency back to the CDB for exchange. Only a few restaurants and bars spent community currency by purchasing food and drink for their own businesses. An interesting case is found in one of the grocery stores where community currency is circulating more. According to my survey, the store earns 375.15 NC and 55 CC in one week and 371.75 NC and 19.5CC in another week. CC are not brought to the CDB but are used for payment and even as the change to customers. The shopkeeper's neighbour sells her eggs at the store and the neighbour accepts CC from the shopkeeper, because the neighbour often does shopping at this grocery store. Given that such economic relations to support livelihoods each other While CC does not necessarily create business opportunities, livelihoods based on existing economic and social relations of the neighbourhood are earmarked and strengthened by CC.

Whereas community currency is distributed widely from the CDB through payment of salary and wage for more than 300 local civil servants including administration, school teachers, and medical staff as well as another 300 daily laborers, short circulation circles still exist. Although the community currency circulates, it contributes to the local economy to a limited extent. Consumption loans in community currency are beset with difficulty. Whereas the urban case provides more than 150 loans and more than 10000CC in 2009, the following table indicates 62 loans and 3180CC.

Table 7-4 Consumption loans through the community currency in 2009

Month	Number	Amount in total
January	1	50
February	0	0
March	0	0
April	0	0
May	7	380
June	3	150
July	1	50
August	1	50
September	8	400
October	12	600
November	10	500
December	23	1150
Total	62	3180

Although there are few resources to release loans, the CDB in the rural case attempted to provide the service to the poor. Due to the relatively small municipality, the staff know who are poor and where they live. Unlike the urban case, people such as staff members and civil servants do not make such loans. Given only two cases of extending the loans for another month, many poor residents utilize the project appropriately. In addition to the problem of limited resources to release consumption loans in community currency, the contradiction between financial sustainability and social impacts exist. In principle, the poorer a borrower is, the more risk the bank has in terms of default. According to the list of borrowers and their address, many of them are located on the periphery of the municipality. The staff allowed me to accompany them on visits to some borrowers to request repayment. Although staff hesitated to speak of the details, some borrowers delayed repayment. So far no one has defaulted on repayment. Presumably this is because the municipality is small and people know each other well. It is therefore, rather difficult to live there if people know violation of repayment. The

community development bank has to simply wait for their repayment. Although the bank does not become bankrupt, a new loan for another person cannot be made. The staff explained to me that it was possible for the borrower to repay because the borrower received the family allowance.

The committee members are busy with their own job and are involved in the committee as volunteers (unpaid). Sometimes it is difficult to organize a meeting even once per month. People share the idea that, as the mayor and the staff express, it is necessary to discuss not only management of the CDB but also the local development agenda in order to systematically support poor families and encourage solidarity economy initiatives. In practice, given that daily banking administration and management has been done smoothly, committee meetings and coordination tend to be ignored.

Even though the community currency circulates well, the impact of community currency on the local economy is limited. There is no fundamental change in the local economic structure after the community currency project. Although capitalism and globalization are surely reaching the rural municipality and are transforming people's lives and urging them to earn more cash, economic activity for income generation or so-called entrepreneurship develops little, for historically and culturally, economy depends on subsistence agriculture. People have few skills and experiences of marketing. Many people earn cash through the local government, since it is the mayor's policy to create jobs for individuals such as cleaning streets and collecting rubbish as well as for enterprises to provide services such as organizing festivals, catering, transportation, etc.

Community currency does not circulate without external financial input from the government or the donor. The mayor's policy to create jobs of cleaning streets and collecting rubbish enables daily laborers to earn the community currency. Consumption loan programs make the poor families use the community currency for their emergency needs such as food and medicine. Community currency also indirectly helps the poor. Without external funding, community currency is not issued. Community currency does not stimulate endogenous development such as creation of jobs and networks between producers and consumers.

The following lessons or working hypotheses can be obtained from the rural case.

- (i) Evidence shows circulation of community currency.
- (ii) Institutional limitation persists in a sense that circulation of community currency hardly promotes solidarity or local economic development.
- (iii) Some lessons could be learnt for better practice.

The rural case is useful to better plan how to circulate community currency. Quality of leaders is significant in terms of charismatic leadership as well as empowerment of people. It is necessary that people have ownership through a participatory process of planning and management. While trust of the organization that issues and manages community currency is required, neighbors' relationship in terms of mutual trust as well as people's belongingness to the local community is helpful. No matter how well community currency is circulating; however, development change may not emerge. In other words, attributes of the local community such as leadership and

belongingness and trust enable circulation of the community currency. Given that rural people feel self-sufficient, promotion of local consumption is already achieved without introduction of community currency. It is not community currency that changes people's behavior of local consumption. Institutional limitation of the current model of community currency is revealed. Under such circumstances, the following question arises: If the circulation of community currency does not bring development change, why do we need to promote circulation of community currency? Since the project has only been operating for a relatively short time, its future is uncertain. Actors inevitably must examine the function of community currency, or otherwise community currency itself may disappear. It may change when the present mayor completes his mayoralty and the new mayor is appointed.

Chapter 8 CRITICAL APPRECIATION

AN UNTOLD TALE

The study employed actor-oriented approach, which offers an intellectual framework in understanding various actors and stakeholders involved in the community currency projects, not in terms of highlighting the community's specificities and idiosyncrasies, but in terms of sensitively listening to their silent voices. An untold tale is revealed to maximum extent possible in the study. While I learnt lessons from the fieldwork about why the residents did not respond directly to my interview questions (see Chapter 3), silence is also a voice being indicative of contentious politics regarding the community currency projects as well as institutional limitations of the community currency.

Thanks to X's initiatives and continuous efforts, community currency has been in operation over a decade. It can; however, be understood from the case study that community currency has limited capacity to (i) enhance solidarity relations and development, and (ii) transform management and practice. It is; therefore, necessary to reconsider the role the community currency is playing via-à-vis the mainstream economy. Another important matter to be considered in this case is that the local community never had ownership of the community currency projects. It did not; therefore have the opportunity to test whether the community currency works or not along the next direction of their own development after the success of slum upgrading in 1980-1990s.

PARADOX OF CIRCULATION: A QUANTITATIVE TALE VS. A QUALITATIVE TALE

Some may support a proposition that circulation of the community currency promotes development of low-income areas. Indeed, as X demonstrates, quantitative data indicates circulation of the community currency, local consumption, and an increasing multiplier effect. While these factors raise expectations of continued promotion of development of the neighbourhood as a whole, the research has shown otherwise. The qualitative data and analysis collected from the neighbourhood indicates a fundamentally different reality. Thus, although circulation increases in quantitative terms, the ultimate outcome on the morale of the community appears paradoxical in qualitative terms.

Theoretically speaking, the proposition is based in economic principles such as the Fisher's equation of exchange $MV=PT$ (M = stock of money, V = velocity of circulation of money, P = price level, T = amount of transactions) and the multiplier effect. Stamp scrip in the United States was created by Fisher as an urgent temporary strategy during the economic crisis. The scrip works on the basis of his equation explaining that when M remains stable and V increases, PT (which means gross output) will increase. Stamp scrip is a depreciation currency such that the velocity of circulation can be stimulated. In modern economics a modified equation $MV=PY$ (Y = income) is used and Keynesian economics assumes the equation $M(\uparrow) \times V(\text{stable}) = P(\text{stable}) \times Y(\uparrow)$. Exogenous increases such as government expenditure, investment, and development contribute to raising income. The multiplier effect is a concept of measuring to what extent inflowing money contributes to income generation or an overall stimulation of the local economy. Yoshida's empirical research (2004) on a community currency in the

United States demonstrates that the multiplier of the community currency is higher than that of the county economy, which suggests the effect of local production and consumption to be beneficial for the local economy.

It is possible to say that circulation of the community currency promotes local consumption in a way that it replaces monetary resources such as inward funds, circulates within the neighbourhood only, and prevents resources from draining out of the neighbourhood. Ward and Lewis term the strategy of local consumption for local economic development as ‘plugging the leaks’ (2002). The community currency is spent for consumption in the neighbourhood, not being used as a speculation tool. It circulates within the neighbourhood, supporting local production opportunities, and brings people income and employment. It is not only beneficial economically for the local economy but also effective for investors and donor organizations in terms of project sustainability. Presumably local consumption has increased not only because of the community currency but also through the official currency people spend, for example, the diversity, quality, and price of the goods and services available in the neighbourhood become competitive to that of outside. Even though the community currency brings smaller impacts; thus, it does not necessarily ‘plug the leaks’ completely.

Ideally, the community currency can give hope to those who lack money and a secure livelihood. In assisting the local community to break its poverty cycle – no matter whether transient economic crisis like the case of the Argentine barter network, or persisting urban poverty like the case of the Brazilian neighbourhoods – a group of people organize themselves to pull together all the resources they have. Microcredit may

help employment and income generation on a larger scale. If funds are not available; however, the importance is to share and maximise what they have in order to survive by themselves. Given that money or external funds are not available, residents create their own currency, instead of using money, to facilitate informal exchange and support their products and services. This is what solidarity is supposed to mean. Even though it is not an official institution, community members agree that the oddly-coloured piece of paper has value in order to satisfy their basic needs from their own work and without use of official currency (cf. the first objective of the barter club written in Chapter 6) as well as promoting community well-being and development. In other words, community currencies emerge from people's informal exchange habits in order to secure and rehabilitate livelihoods. This trajectory can be seen in the initial stage of the Argentine barter network.

In practice, circulation does not work as theory informs, instead resulting in short circulation patterns, no access for the majority of residents, and exclusion of the poor. The community currency functions merely as shopping coupon. Circulation complements and strengthens the economic relations of capitalism, excluding poor people's small entrepreneurship in the network. It does not constitute solidarity networks, but resolves people's own needs by means of paying community currency as a shopping coupon. Even though the embryonic solidarity relation emerges, it is easily crowded out by petty capitalism inherent in shopping coupon schemes.

Ward and Lewis (2002) emphasise the significance of the concept of irrigation in community development. According to the metaphor, a large irrigation channel enables

inward investment and funds to be re-spent, providing benefit throughout the local community without necessarily attracting more investment or funds. In principle, CDB and community currency aim to promote development by fostering local solidarity networks of production and consumption. Under community participation and management as well as appropriate institutional arrangements, the community currency is not expected to function as a defensive local consumption policy in terms of plugging the leaks, but instead, potentially plays a role to construct and reconstruct the economic 'irrigation system' among residents, producers and consumers.

Given patterned circulation, the community currency in the peri-urban neighbourhood shows weak evidence of fostering local solidarity networks of production and consumption. Community currency functions only within users' existing consumption behaviour and has little capacity in generating change for development. Likewise, no change has occurred in production patterns of businesses by trading in community currency. No specialization or cooperation is facilitated by the circulation of the community currency. Whereas a trickle-down effect has been generated little by little to reach the poor, the majority are usually excluded from the network of community currency trade. No community-based institution functions to monitor where the community currency is circulating. Diverse services such as different lines of microcredit and socio-economic development projects are not integrated or interrelated. The research reveals the dilemma in practice that the community currency cannot circulate without participation of corporate-owned businesses such as supermarkets and the gas stand. Their participation; however, excludes solidarity-based small entrepreneurs from the network of production and consumption.

Using the analogy of irrigation, the research casts significant doubt on the proposition regarding local monetary circulation. Quantitative criteria such as the amount of the community currency and the Keynesian multiplier possibly lead to a misinterpretation of the local economy structure. The increasing multiplier effect does not necessarily promote development of low-income areas, with specific reference to the community currency of the neighbourhood, because of patterned circulation and the “second” exclusion of the poor. It is; therefore, necessary to consider both aspects of circulation – quality and quantity.

In relation to the conception of circulation, it is debatable how to interpret the residents’ remarks on creation of small businesses. Promotion of local consumption was interpreted by X. In some senses, community currencies are seen as purely economic or financial instruments such as shopping coupon, without considering the social meaning of money and exchange. In X’s understanding, if all the residents spent their money within the neighbourhood, the community currency would not be needed to exist. As typically expressed by X in the debate against the Dutch NGO, money and technologies are more important for the merchants to develop rather than solidarity exchange and cooperation among them within the neighbourhood. It would appear; therefore, that local consumption is intended for income generation only, ignoring social, cultural, or environmental perspectives. X’s idea of 5 percent discount to community currency users is a typical example of dealing with community currency as purely an economic instrument. It is difficult to not only associate discount as incentives with solidarity, but also the organising and ordering process of discounting – not emerging voluntarily from

people but rather being asked to agree and assigned coercively by X. As a matter of fact, people practise differently from X's expectation.

Given the analogy of irrigation, the residents' remarks can be interpreted as a rehabilitation of livelihoods. The residents feel that the economic approach does not necessarily solve all of community's problems. The experience of barter clubs and networks should be reconsidered. According to the theoretical arguments of Coraggio and empirical evidences from Argentina and Brazil, barter clubs and networks have institutional limitations as well as practical difficulties. Although it aims to build a self-reliant community, Coraggio(1998) explains that its economy is embedded in the capitalist system, depending upon the basic inputs in the official market economy in order for the members to produce the goods and services on which the network relies for its existence. It is an illusion to think that the barter club is a self-reliant community because it was only during the economic crisis in which the formal market economy did not function properly and that basic production inputs were available in the barter clubs. As Coraggio suggested, given no communal ownership, but pragmatism instead as the predominant motive and the limited role of the barter network, the community currency projects do not enhance solidarity among residents but instead resolve their own needs.

Given the Polanyian framework (1957) of the formal and the substantive meanings of 'economic', the meaning and context of 'barter' should be carefully considered. While by definition barter is a simple direct exchange, it is necessary to consider how social relations and culture have a deep presence in barter. In relation to poverty alleviation and community development, community currency projects should

be more concerned with the people and creation and rehabilitation of their livelihoods, rather than primarily preoccupied with the number of printed notes. Given paradox of circulation, a focus on qualitative analysis and indicators rather than quantitative data is likely to be more fruitful for the community currency projects. Instead of supporting an interventionist approach into the proposition to justify external top-down investment and funds to raise the Keynesian multiplier, the emphasis should be on the way in which the community currency is endogenously circulating throughout the local community in order to recognise and increase its productive capacity further. Social recognition of productive capacities of people or communities is also emphasized by Coraggio (1998). While it is a tiny fact from the rural case study, the relationship between the grocery store and the egg farmer hypothetically indicates that to what extent residents are recognised and connected by productive chains or production-consumption relations through the community currency can be one of the criteria to examine the proposition. In relation to community action to tackle urban poverty, another criterion can be the potential of circulation in reaching the poorest and facilitating the emergence of safety nets. In order to achieve this, participation, ownership, and empowerment are mandatory in terms of creating solidarity networks by people themselves and creating and managing the community currency by themselves.

WHOSE REALITY COUNTS – LEADERSHIP, OWNERSHIP, EMPOWERMENT

Personal leadership, even in the form of charisma, is essential in initiating the community currency projects. The Dutch NGO selected the neighborhood for the project location because of the personal leadership of X and Y as well as institutional capacity of the CDB to deal with the community currency project. The assessment also reports

that personal leadership has significantly contributed to people's trust in the introduction of the new community currency. Certainly X and Y have contributed significantly to the residents' critical learning through various discussions on solidarity economy and implementation of different projects including the community currency. Given many difficulties in introducing new ideas of solidarity economy and the community currency, it is reasonable to say that the community currency projects could not have been sustained for over a decade without X and Y's initiatives and tremendous efforts. An organization of community and an associative nature are two of the important prerequisites for the community development bank and also one of its inherent problems.

Issues of power and empowerment are debatable. The new language of development such as solidarity economy implies shifts in power and empowerment, yet the gap between what is said and what is done is widening. Long (1992:275) stresses the paradoxical aspect of power and knowledge through intervention, and suggests the limitations of the concept of empowerment and participatory development. He regards neo-populist discourses as merely enlightened experts' narrative such as: listening to the people, understanding local knowledge, empowering local people, strengthening local organizational capacity, and promoting alternative development agendas below. There is a dilemma that to achieve participatory development not through the learning processes like the experts' narrative but only through their strategic intervention from managerialist perspectives by injection of power from more knowledgeable and powerful outsiders to the local people in the cause of local self-determination.

VeneKlasen and Miller (2002:45) classify four forms of power – power over, with, to, and within. In the form of power over, power is seen as a win-lose relationship. After taking power from someone else, the power-holder uses power to dominate and prevent others from gaining it. Based on the concept of agency as the ability to act and change the world, three alternatives are described by VeneKlasen and Miller. ‘Power with’ functions to build solidarity and collaboration across different actors and interests. ‘Power to’ highlights the unique potential of every person to shape their own life and make change. ‘Power within’ helps people affirm personal worth, recognize individual differences, and respect others. VeneKlasen and Miller (ibid.) also raise concerns of power.

‘In the absence of alternative models and relationships, people repeat the *power over* pattern in their personal relationships, communities and institutions. This is also true of people who come from a marginalized or “powerless” group. When they gain power in leadership positions, they sometimes “imitate the oppressor.” For this reason, advocates cannot expect that the experience of being excluded prepares people to become democratic leaders.’

Residents have witnessed a shift of X’s expressions of power – from power with to power over – and X’s leadership has been changed accordingly. The Illusion of leadership can be seen. Whereas charismatic leadership used to be strengthened by X’s presence and shared experience with the residents, since living outside the neighborhood, X believes in X’s own leadership by providing people with financial services and development projects like microcredit and capacity building. Governments and donors

overrate or misrecognise leadership and should not expect that people like X and Y are prepared to become democratic leaders.

In actual terms, X controls resources and decision making through development projects and hence has power over residents who are attracted by gaining monetary resources from these projects. New forms of leadership and a widening of the decision making process is necessary in order to promote more democratic forms of power. In contrast, the mayor in the rural case expresses power in reverse; from power over to power with. It is evident that the political position of the mayor is endowed with power over, but the mayor has opted for power with by giving ownership of the CDB and community currency projects to the people.

In relation to empowerment, it is necessary to consider the role of conscientization and sensibilization. The integrated economic system requires new cultural standards of solidarity among people. On the one hand, as history indicates, solidarity emerges in the spontaneous form from below, not necessarily informed by theoretical insights. It is not; however, consolidated spontaneously. This is where sensibilisation and pedagogy work is necessary, in order to develop solidarity as a coherent political strategy of development. Indeed X and Y have good intentions and have directed considerable amounts of effort into the conscientization of solidarity economy.

ALTERNATIVE DEVELOPMENT RECONSIDERED

Some scholars argue that alternative development tradition reached an impasse in the mid-1980s. The effort to search for alternatives in development; however, has

continued. Unlike mainstream development theories, it would be almost impossible to pursue a single line of argument about alternative development. While the concept of solidarity economy has been debated in scientific literature and practitioners¹²⁸, the study does not aim to define it or argue whether it is alternative development or not. Rather, I suggest the central significance of changing contexts and trends within alternative development in order to advance a more sophisticated treatment of development change, which has been clearly observed in the Brazilian context from the resident association to solidarity economy movement. While the new processes of development appear to have gone further on the ground, some concepts and frameworks of alternative development tradition are not easily explained. Findings reveal a requirement of critical sensibilities as elements of alternative development, although they are not yet carefully considered by alternative development tradition.

First, whereas alternative school tradition emphasizes a grassroots-oriented approach to development, more attention must be paid to the reframing of three arenas of development – i.e. state, market, and civil society – rather than civil society *per se*. Second, sensibility must be concerned with heterogeneity of civil society actors and power relations among them. New alternative development is more critically sensitive to actors¹²⁹. For this sense, Long's actor-oriented approach is useful. While alternative development tradition tends to shift its emphasis into agency and institutions from macrostructures, there are significant differences of interests and motivation between

¹²⁸ cf. Mance 1999 ; Chanial et al. 1992 ; Singer 2002 ; Miller 2010

¹²⁹ cf. 'whose reality counts?' (Chambers 1997) 'whose development?' (Crew et al. 1998; NederveenPieterse 2010)

institutionalists and interactionists. It is necessary to shift attention from formulation or explanation of the rise of social movements in underdeveloped areas as alternative development – i.e. solidarity economy movement – to investigation into unevenness and dynamics of social movements that foster or obstruct development.

The rise of grassroots movements in the neighborhood was concerned with self-help initiatives. Some residents claim; however, that self-help initiatives have now almost disappeared. It is difficult to organize *mutirão*. Instead, what has been observed is the rise of an institutionalized social movement like solidarity economy, whose main actors are not the poor or the marginalized but the socially-privileged (or parvenu) grassroots actors such as activists and non-governmental organizations. In other words, NGO-ization has emerged. It is often observed; however, that in contrast to NGO-ization, the poor or the marginalized remain passive beneficiaries of what activists and NGOs bring. Neighbourhood association movements in the 1980s and recent movement such as the Argentine barter network and Brazilian solidarity economy movement have quite different characteristics. Different actors and multiple interests are involved in the movements. The recent problem is that such social movements often encounter limits in capitalism in the era of globalisation.

In relation to the tension between community ownership and NGO managerialism, as well as between leadership and empowerment, Watts discusses trajectories of the empowered and self-governing community as follows (2006:44):

‘Empowerment represents one major way in which the community has entered, or perhaps re-entered, development discourse but along two rather different trajectories.

One emerges from anti-systemic movements. Much of what now passes for grassroots anti-development initiatives, or the new sorts of anti-system or anti-globalization movements, starts from the notion of a radical empowerment from below. Another iteration of community as empowerment appears within more conventional development circles Its source is neo-liberal theory itself. Pre-existing communities must be enabled and enhanced in their institutional capacities in order that they can assume the responsibility for their own self-improvement by tapping market power, conducting themselves in a competitive arena, and acting in a calculated manner. Both the community, and the civil society of which it is part, must be subject to the rule of the development expert and rendered through technical knowledge. The vast explosion of NGOs and the civil society boom of the post-1989 period, represents a vast new cultural terrain on which donors and governments now operate in the name of “enabling environments.’

Unlike the Argentine barter network, which emerged from anti-systemic movements during the collapse of official economy, community currency projects in Brazil emerges partly from anti-systemic movements but also within conventional development circles. Empowerment of the CDB by donors and governments as well as formalisation of the community currencies can be seen as absorption into the mainstream system rather than the creation of an anti-systemic model as is ideal. As the term financial inclusion implies, it characterizes a continuum of the reach of official intervention to support economic activities of the poor. It may; however, lead to policy disasters as the state reaches to provide structures where it was presumed that none existed before. The circulating social currency system in the case study is subject to the logic of CDB and the financial rules imposed from the official monetary institutions, without considering people’s own habit. Without funds, no community currency projects

can be executed. Local NGOs and their management are subject to the rules of donors and governments. Under such circumstances, it is difficult to create and strengthen an anti-systemic model.

The community currency systems are most likely to face a compulsory field investigation by official institutions including governments, the Central Bank, police, and military. It is easily misunderstood as counterfeit, an anti-government movement, or an independence movement. In the case of one Thai rural community, the use of the community currency was suspended by direction of the Central Bank. Unlike the Thai case, the anti-systemic movements have contributed to some extent to the emergence of the new political regime, and more specifically, to recognition of community currencies and reconstruction of the system by the official institutions like SENAES and the Central Bank in relation to the existing dominant structure. The practice of including the circulating social currency systems of CDB is based upon neo-liberal theory itself without proposing independent value of the community currencies, and hence it does not cause conflict with the mainstream order.

Given that solidarity economy is a framework and strategy for transforming the economy and the building of a new economy, it can be discussed as alternative development. The focus is not on new economy itself, as this is not rigidly conceptualised yet, but rather the process of building a new economy. Miller (2010) raises key questions about the solidarity economy, which are relevant to issues of the community currency.

- Who should be included in the solidarity economy?

- How should solidarity economy efforts relate with initiatives that share similar values but identify with different terms?
- What is the relationship of solidarity economy movements to markets?
- How do we maintain autonomy and critical distance from state?

With specific reference to the community currency, the first question is concerned with community currency payment in the supermarket and gas station. The second question is more related to ideas of community currency and whether it is complementary or alternative to capitalism. The third question is related to convertibility; allowing producers to exchange community currency for official currency. Another matter is the issue of discount if paying by the community currency. The fourth question is the issue of official intervention, even in a form of institutional support like SENAES and the Central Bank. Although we assume that the idea of community currency is based on solidarity economy principles, these questions remain debatable. Given the nature of the concept of solidarity economy it is necessary to carefully examine these questions. The process of discussing these questions, strengthening action of community currency, and building a movement is precisely solidarity economy. However, politicization of solidarity economy tends to appear dogmatic – what X and Y believe is always in accordance to solidarity economy principles and strategies. In addition, they are coercively practiced by X in the name of leadership. It is not leaders but the local community themselves who have to make their own decision to determine the rules in practice of the community currency projects towards solidarity economy. This is where empowerment may work best to allow communities to make their own

informed decision. Seen from the case study, participation becomes an elusive, confusing, and misleading concept. In practice, it has been diversely implemented.

Whereas the resident association was enabled and enhanced to a limited extent in their institutional capacities, X and Y, as well as the institute they created have increased community capacity in accordance with the rules of official development assistance and neo-liberalism. As X expressed, financial sustainability becomes more important than social impacts. The gap between community ownership and NGO managerialism is evident. Two distinctive cultures of grassroots actors can be found between the resident association and the institute. There is also a contrast in development practice between the drainage project and the community development bank project. While the governing body of the resident association is elected by the residents every four years, virtually every decision is made by X and Y in the institute and CDB. While the resident association comprises unpaid volunteers including the president, the institute and CDB employ staff. While the resident association is based on direct community benefit motivations, the institute and CDB are like social businesses or public service delivery organizations working for a social or community purpose. Given the passion of promoting alternative development through activists and NGOs, the distinction between community-based organization and NGO-ization has been often blurred. As with the case of community currency projects in the peri-urban neighborhood, community ownership has been ignored by NGO managerialism.

Presumably the resident association has limited capacity in terms of human and financial resources. It is necessary to spend more time on community ownership X's

interest; however, lies in the scale-up of the CDB. Hence, community ownership is ignored. X and Y employ staff members from the neighborhood who are convenient for their centralized management.

McKnight (1995) terms ‘mask of love’ to define the modern notion of care. Rahnema (1997) discusses the notion of the mask of love witnessed in development practice.

‘For half a century its ‘target populations’ suffered the intrusion in their lives of an army of development teachers and experts, including well-intentioned field workers and activists, who spoke big words – from conscientization to learning from and living with the people. Often they had studied Marx, Gramsci, Freire and the latest research about empowerment and participation. However, their lives (and often careers) seldom allowed them to enter the intimate world of their ‘target populations’. ... they were so busy achieving what *they* thought they had to do *for* the people, that they could not learn enough *from* them about how actually to ‘care’ for them, as they would for their closest relatives and friends whom they knew and loved.

My intention in bringing up this point is not to blame such activities or field workers – many of them may have been kind and loving persons. It is, rather, to make the point that ‘the mask of love’ to which they became addicted prevented them discovering the extraordinary redeeming power of human powerlessness, when it opens one’s soul to the world of true love and compassion.’ (Rahnema 1997:392-393; emphasis in original)

Those who search for alternative development and actively participate in the solidarity economy movement in Brazil have promoted NGO-professionalization and the mask of love. X and Y have given passionate lectures about solidarity economy, and have invested significant sums of money and effort into the neighbourhood. Although X and Y believe that the CDB is a part of solidarity networks in the neighborhood in terms of solidarity finance, the residents remain passive community currency users or passive recipients of intervention; not regarding CDB as a part of the solidarity networks. National policies and institutional arrangements can change people, without considering the extraordinary redeeming power of human powerlessness and solidarity endogenously emerging from them. It is therefore, my considered opinion that this is why the residents are reluctant to talk and why the voices of the residents remain unheard.

Chapter 9 CONCLUSIONS

COMMUNITY CURRENCY: FROM A BORROWED CONCEPT TO ACTOR-DEFINED ISSUES

As the chronological order of the critical events implies, X's development thinking was not initially translated into a community currency project, but into a community development bank or microcredit project. The idea was not endogenously generated by the residents' social practice or even X himself, but was borrowed from outside; i.e. the barter club from the activist of the Argentine barter network and the project from the Dutch NGO. Guided by Norman Long's analytical framework, the failures of the project involve issues of social discontinuities with the history of the urban development process in the neighborhood. The barter club did not overcome discontinuities of the objectives between meeting basic needs and implanting solidarity economy. Ultimately, the objectives of the community currency are shared with and are complementary to those of the community development banks; with promotion of local consumption narrowly intended for work and income generation.

Based on reflexive methodology, I made every effort to ensure that the data collection and research findings are not biased despite the thesis appears to be passionate and personal. Although my workplace was based within CDB and I was endowed with fewer range of informants than expected, I was reflexive to avoid the over-emphasis of X and Y and instead pay closer attention to the gap of remarks between them and the residents. As Long's methodological concerns suggest, I have adapted myself to real life contexts, incorporated the voices of all the relevant actors, cross-checked the qualitative and quantitative data, and reconsidered theoretical

perspectives. The role of researcher is significant in the study in this regard. The uniqueness of Long's approach successfully reveals multiple realities within different actors and stakeholders and issues of social discontinuities among them, which indicates institutional limitation of CC.

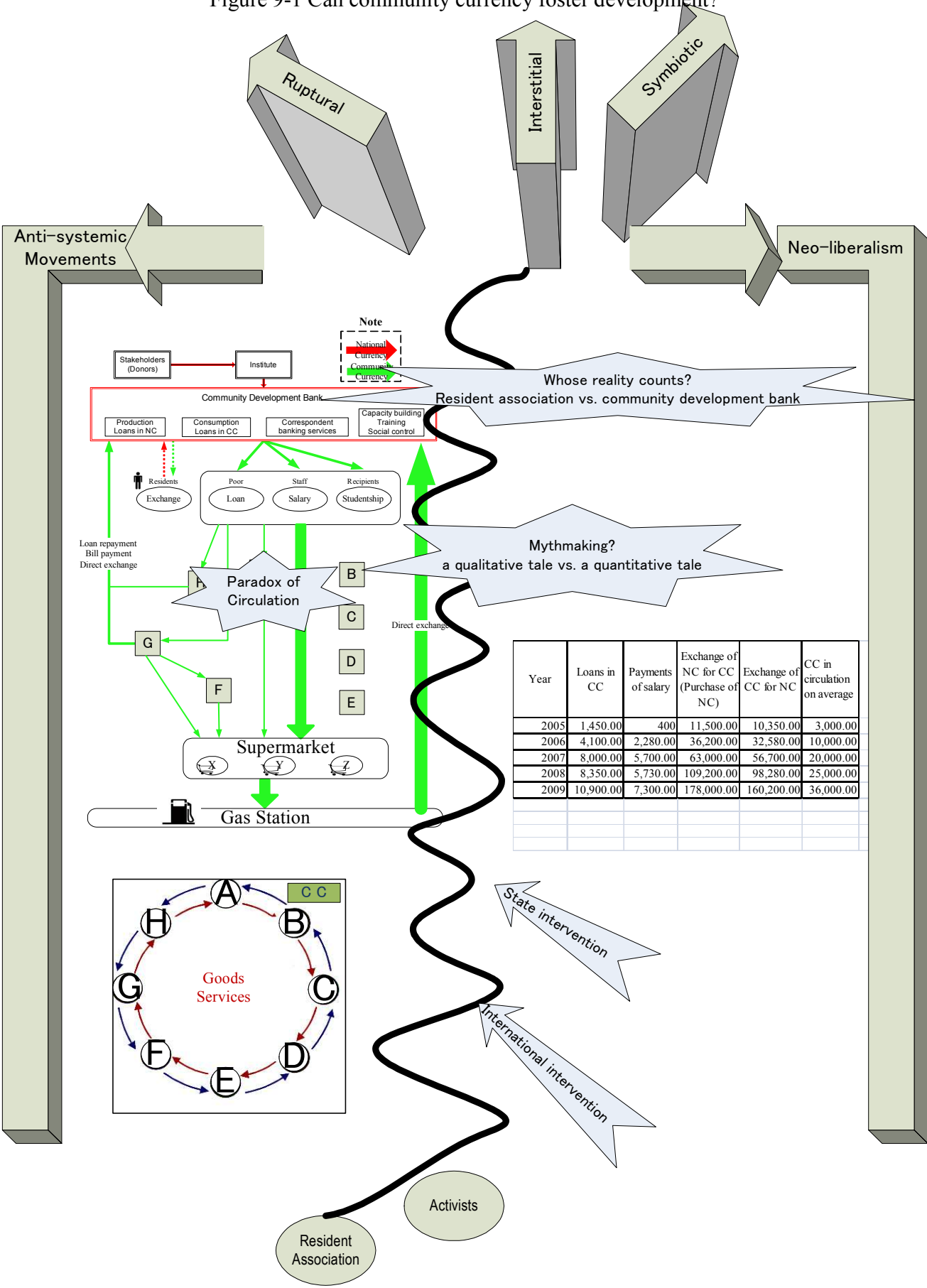
CAN COMMUNITY CURRENCY FOSTER DEVELOPMENT?

Based on the three levels of analysis through the data the researcher collected, only a tentative conclusion could be made concerning how much the community currency project has transformed the local community, which is illustrated in Figure 9-1.

The questions of whose development and whose reality counts still have to be answered. What remains quite clear is that personal leadership, particularly in terms of charisma, has been most essential in building confidence among local people in the community currency and having the project initiated, whereas participation and ownership by the community seemed to have been largely ignored in the process.

In this context, the community currency project has shown limited transformative power. In its first phase, the simple bartering of products and services among the poor did little to reduce poverty. As for the second stage, the Dutch NGO project only provided additional capital and injection and amenities in the community, such as the construction of a training school and the provision of microcredit loans. Any other significant structural transformation in the local community was not visibly felt by local residents. Some residents even claimed that although workers were able to meet their basic needs because they could receive some income (albeit in the form of community currency) from their labour, it was not a form of sustainable livelihood.

Figure 9-1 Can community currency foster development?



In the case of the Dutch NGO, although its expectation was high as indicated in Figure 6-3, the small producers did not seem to benefit much from the community currency because there were few circulation circuits. If community currency is intended to benefit small producers who were members in the barter club, the data collected has shown that they have been excluded by the project as they were not able to participate in the planning of the projects, nor gain any substantive benefit from it. For them, the project simply did not support poor people's livelihoods, businesses and entrepreneurship. Moreover, community relations in fact became even more focused on economic specialization and economic alliance rather than social cooperation.

In terms of the theoretical implications, this thesis has argued that as stated by Watts (2006:44) relationships to empowerment are relatively segmented. A review of Wright's theory of transformation could help to reveal the role and limitation of the community currency project. The Brazilian community currency project clearly has shown that at best, what it could bring to its community residents was interstitial transformation as it failed to challenge, let alone transform the capitalistic mainstream economic system. In fact, the circulation circuits created by the project did little to foster local entrepreneurship and neighbourhood economy. Instead all the currency or capital generated ultimately directed local consumption and profits to supermarket and gas station chains rather than providing more opportunities for small businesses to strengthen themselves. It also failed to lead local grassroots residents and small producers to become empowered and hence showed little signs of symbiotic transformation. Despite the high-sounding rhetoric delivered by X when the project was instituted, the transformative power it exhibited seemed almost anti-climatic, especially

when its outcomes are no more than having created more coupons for locals to shop in big chain stores that are siding with, rather than challenging, the mainstream capitalistic system and economy.

Whether CC contributes to solidarity economy needs to be explored. On the one hand, it emerges from radical grassroots movements. Emergence of diverse forms of CC in many countries ranging from Brazil to Canada, Japan, Kenya, and Argentina, presented in Chapter 2, can be interpreted as “Polanyian countermovement against the process of globalization” (Glover 1999:76). On the other hand, As Chapter 8 discusses, the Brazilian case has indicated limited contribution to solidarity economy in terms of solidarity collaboration driven by locally-specific social and cultural values, according to definition of solidarity economy quoted in Chapter 4.

Nonetheless solidarity collaboration can be found in the relationship between the grocery store and the egg farmer from the case study in the rural area. Indeed, personal leadership of activists and the movements of solidarity economy have motivated a number of local people to generate and practice solidarity economy and use CC. Such collaboration is not implanted by external actors and people’s values are transformed by CC. In this context, quantitative remuneration of CC does not reflect everything about the solidarity economy. Rather, it points out that if more efforts are invested in (re)building or strengthening further the solidarity economy through better organized CC projects, not only people’s local livelihoods will enhanced by solidarity collaboration, solidarity-based economic organization, production and consumption may further lead to stronger collective ownership and associativism. It does not mean that

practical problems will not occur but once people have successfully established a platform to organize CC projects, the more chances and better a solidarity economy can work in the future.

Appendix

Questions for in-depth interviews

(i) For business informants

- How much CC do you earn per week/month?
- How do you spend the CC you earned from your business? Do you exchange it for NC at CDB?
- How did you learn about CC and why do you accept CC?
- Does CC improve your business conditions? If so, how? If not, why?
- In your opinion, has community changed better by CC? If so, how? If not, why?
- What do you think about the current CC?
- Is there any suggestion to improve how CC works?

(ii) Community leaders

- How did you learn about the experiences of CC and/or CDB?
- Where did the idea to establish CC and/or CDB come from?
- According to your understanding, what are the concept and/or objective of CC?
- In your opinion, has community changed better by CC? If so, how? If not, why?
- What was the principal difficulty for establishing the CC and/or CDB? And how was the difficulty overcome?
- What ideas were used to mobilize and implant in creating the CC and/or CDB? Are the ideas associationist or interventionist? How did you use the idea to convince people to participate in the program?

(iii) CC-based microcredit clients

- What is your current employment situation?

- Why did you use microcredit?
- How did you get to know the microcredit program?
- What did you buy with CC?
- Where did you buy with CC?
- What do you think about (i) the microcredit system; (ii) in CC?
- Does CC improve your living conditions? If so, how? If not, why?
- In your opinion, has community changed better by CC? If so, how? If not, why?
- Did you encounter any problems using CC?

(iv) staff

- What do you think about having your salary paid by both NC and CC?
- Where did you spend your CC?
- What did you buy with CC?
- Are you saving CC?
- What do you think about the current CC?
- In your opinion, has community changed better by CC? If so, how? If not, why?
- Is there any suggestion to improve CC?

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