

Making Money From the Bottom-Up: The *Clubes del Trueque* and  
Local Development in Argentina

by

Robbin Shea McClanahan, B.A.

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## Introduction

In 1995, in a move to “replace scarcity with abundance,” a group of social visionaries created their own currency. Against a backdrop of high uncertainty, growing social unrest, and an economic crisis of unprecedented magnitude, the *clubes del trueque* in Argentina were an ingenious demonstration of complex civil society organization. Born from within the ranks of the “new poor,” the barter clubs present scholars with an intriguing case, both as a study in new forms of socialization and as an alternative economic experiment of historical proportions. This creative “social policy by the people” seemed to attack the very heart of the modern capitalist game: money. In fact, complementary currencies are not a new idea at all. Ithaca HOURS in New York, LETS in Canada, New Zealand, France, Germany, the UK, Japan, the S.E.L. in France, Time Dollars in Venezuela and the UK, and even the Depression era local scrip in the United States –these are just a few of a myriad of experiments around the globe with local and complementary currencies.

The *trueque* movement in Argentina was an attempt to establish a permanent alternative to social exclusion. For some, it could only be explained as “shameful regression” to economic backwardness, an unfortunate consequence of a failed economy and a broken society. For others, the *trueque* meant possibility, a promising means to transform the ills of the market into universal gains. But by June of 2002, the barter clubs were facing high inflation, speculation, and intense polemic among separate networks. The barter clubs of such enthusiastic potential had taken a fatal blow. Angry participants demanded answers; loyal followers pledged to “*defender la Red*” at any cost; still others took to the drawing board in search of alternatives and solutions. By October of the same year, some 80% of the clubs had closed. The following pages explore the elusive rise, and fall, of the *clubes del trueque* in Argentina.

# Chapter 1. Theoretical Framework and the State of the Art

## 1.1. Social Movements Theory: A Blended Approach

This thesis is based primarily in social movements theory but also incorporates broad economic evaluation in later chapters. I have chosen to pursue a blended framework for examining the *clubes del trueque* in Argentina as a social movement, relying primarily on two of the field's most recent approaches: new social movements theory and the resource mobilization theory. My justification for combining various elements of the two perspectives is threefold. First, the limitations of applying each approach separately have been amply analyzed and documented (Pichardo, 1997, Jenkins, 1983, della Porta, 1999, Buechler, 2000), suggesting that strict application of one perspective would certainly unduly restrict the analysis and hinder a more profound understanding of the overall movement dynamics. In the section that follows, I elaborate on the contributions of each theory to the overall study of social movements, as well as the limitations of applying either one in isolation. My second reason for using this joint approach is the growing academic precedent for doing so. This and other kinds of integrated perspectives are gaining support among leading social movements theorists and analysts, especially in terms of their application in contexts of development such as is the case with Latin America (Escobar and Alvarez, 1992, Roberts, 1997, Villalón, 2002). Finally, the specific characteristics of the barter clubs movement call for a more dynamic approach. My own research and observations suggest that the success or failure of a unified *trueque* movement, and likewise of any subsequent faction or subgroup, depends in equal part on strategy, organization, and rational action (hence, resource mobilization theory) AND on objectives and identity (hence, new social movements theory).

In addition to elements of social movements theory, this study draws from the field of economics, particularly social ("solidary," or "popular") economics (Coraggio, 1998, 2000, and 2002). Despite the purely social variables at work in the

movement's advancement and decline, there is no denying the fundamentally economic nature of the barter clubs by means of their operating currencies. Modifying the monetary characteristics of a currency can significantly alter people's responses to it, and in turn, the success or failure of a system. Omitting explanation of the crucial contributions of economic theory and human behavior in market systems would not only be irresponsible, it would close the door to any attempt at an integrated understanding of this elusive phenomenon.

In any case, it is difficult to explain the complexities of a movement like the *clubes del trueque*, even using a combined approach such as the one I propose to apply. The purpose of this thesis, however, is not to propose a unified framework for social movements theory, but rather, first and foremost, to offer up possible explanations for the successes, failures, and potential of the *trueque*. By doing so, I aim to contribute to the growing body of knowledge and perspectives regarding the barter club experience in Argentina specifically, and more generally, to the evolving interest around the globe in alternative and complementary currencies. Because these sorts of cases are atypical in the study of social movements, perhaps for their novelty, but more likely due to the rather obscure nature of the protest they tend to pursue, hopefully my examination of Argentina's experience will add a new dimension to the standard study of social movements. The following brief review of resource mobilization and new social movements theories, their general strengths and weaknesses, and the historical and academic contexts in which they gained force will further justify my use of both approaches in dealing with the *clubes del trueque*.

### **Resource Mobilization and New Social Movement Theories in Isolation**

The movements of the 1960s brought about a general questioning of the traditional collective behaviorist take on social movements (Jenkins, 1983: 528, Buechler, 2000). Out of this climate, resource mobilization theory emerged in the US and by the late 1970s had come to dominate the study of social movements. The new theory challenged the traditional collective behavior paradigm on several fronts, not

the least important of these was its establishment of social movements as an independent domain of social analysis whose characteristics warranted more specific evaluation (Buechler, 2000: 34). The central component of resource mobilization theory (RMT) is the idea that social movements exist in the realm of *normal political processes*, and can thus be analyzed “in terms of conflict of interest just like any other political struggle” (ibid). Therefore, organizations and networks associated with social movements are structured and patterned in the same ways as any institution. However, influence over powerful decision-makers comes at a higher cost for social movements than for those already established groups within the polity. A second major contribution of resource mobilization theory concerns its understanding of individuals as *rational actors*, a stance on which its distinct perspective on themes like participation, motivations, and recruitment are based. As rational actors, an individual’s participation in a social movement is based on a conscious measurement of the costs and benefits of movement association. In this regard, the resource mobilization paradigm endorses Olson’s (1965) identification of the “free-rider problem,” particularly when the movement’s benefits take the form of public goods (ibid: 35).

Based on Steven M. Buechler’s overview of contemporary social movements theory (2000: 36), RMT can be broken into two camps –the entrepreneurial (on which I will rely most heavily in the analysis of the *trueque*) and the political. Broadly speaking, what distinguishes the two currents is their relative emphasis on grievances as a sufficient condition for movements to emerge. The entrepreneurial model, headed up by McCarthy and Zald (1973, 1977), argues that grievances play a lesser role in originating movements; rather, it suggests four additional premises oriented around the control and access to resources. Specifically, these principles are summarized as follows: 1) the “aggregation of resources;” 2) a minimal level of organization; 3) an important role for outside groups in directing resources in favor of or against a movements’ objectives; and 4) the costs and rewards system determines participation of individuals and organizations (Buechler, 2000: 36). Furthermore, the

entrepreneurial model outlines three levels of movement organization. On the most basic plane, Social Movement Organizations (SMOs) are those organizations that identify with the general goals of the movement. Taken together, SMOs comprise the second level of all organizations with shared goals, Social Movement Industries (SMIs), or what is conventionally understood to be a particular social movement itself. In turn, the whole conglomeration of SMIs in a society makes up the Social Movement Sector (SMS). This framework is founded on economic and organizational theory that treats SMOs like “small businesses competing for resources and followers,” which depend upon the financial support of outsiders, creating a situation that renders movement leaders or “entrepreneurs” indispensable in their role as promoters or fundraisers (ibid). This distinction between movement entrepreneurs and individual participants is an important aspect of the *trueque* movement, as Chapter 3 will demonstrate.

Unlike the entrepreneurial model based on organizational theory,<sup>1</sup> the political version of resource mobilization theory, whose best representatives are Tilly (1978) and McAdam (1982), emphasizes the role of power struggles (Buechler, 2000: 36). Under this lens, inequalities in power relationships result in grievances, which are understood to be the fundamental source of collective action through social movements. In sum, Tilly (1978) articulated two models for collective action. In the first, the “polity model,” the nation-state forms the analytical context for a dichotomy between on the one hand, those groups and people with easy-access to powerful decision-elites (the “polity”) and on the other, those “challengers” whose access is limited and comes at a substantially higher cost. In his second model, the “mobilization model,” Tilly (ibid) identifies four elements of collective action,

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<sup>1</sup> While the entrepreneurial position looks mainly at SMOs it uses organizational theory to examine formal organizations and their mobilization processes, Tilly and McAdam, on the other hand, give equal attention to informal networks and their role in political processes. See McAdam, et al., 1996.

including 1) group interests, whereby those groups with similar interests weigh the costs and rewards of interacting with other groups, 2) organization, which presumably functions best when people of “similar status” work together, 3) mobilization, largely dependent on access to and timing of resources, and 4) opportunity, determined by varying levels of repression or facilitation, power, or threats to opportunities.

McAdam (1982), on the other hand, proposes a political process model in which political opportunities, indigenous organizational strength, and “cognitive liberation” (what occurs groups become conscious that change is possible, and that they can be instruments achieving it) are present in different degrees and are what give rise to movements. A social movement’s success, then, is determined by its relative organizational strength, as well as by the responses of societal authorities.

Resource mobilization theory drew criticisms in several key areas. According to critics, not only does it brush over the roles of grievances and ideational factors, but it overemphasizes the role of formal organizations (as opposed to informal networks), and by placing a premium on individual rational action, the collective aspects of movements are unduly downplayed. Equally limiting, though not as critically targeted, is resource mobilization’s almost exclusive focus on the “mesolevel of analysis,” to the general neglect of both the macro- and microlevels (Buechler, 2000: 37-38). By focusing on organization and the mobilization of resources, RMT ignored, on the one hand, important macro sociohistorical and structural changes as sources of conflict and grievances, and on the other, micro processes of personality change or individual motivation. While some progress has been made in linking the micro- and mesolevels of RMT analysis, Buechler (ibid: 39) claims that the macrolevel is essentially left untouched by this theory, especially with respect to issues of structural inequality and systemic power relations.

By far, the foremost among the critiques of resource mobilization theory was in the cultural domain. Although movements of “institutional change” conformed quite well to the theory, (i.e., those characterized by “rational actions oriented towards clearly defined, fixed goals with centralized control of resources and clearly

demarcated outcomes that can be evaluated in terms of tangible gains” (Jenkins, 1989: 29)), critics pointed to the inability of the theory to explain movements involving personal and cultural change (ibid). In other words, “the resource mobilization framework emphasizes instrumental action oriented to political and economic domains and ignores the cultural and symbolic life world that necessarily underpins such strategic action” (Buechler, 2000: 38). These criticisms would set the stage for the debut of the next challenging paradigm, new social movements.<sup>2</sup>

In the European tradition of social theory and political philosophy, the new social movements theorists addressed precisely the weaknesses observed in the US-centered RMT framework. In contrast to resource mobilization theory, the new social movements (NSM) paradigm “stresses both the macrohistorical and microhistorical elements of social movements,” (Pichardo, 1997: 411). With attention once again shifting toward culture and identity, and the role of the larger economic structure in determining social movement characteristics, new social movements theory<sup>3</sup> gained significant ground by the late 1980s. In addition, NSM was a critique of traditional Marxist interpretations of social conflict, which relied almost entirely on the restrictive capital-labor dichotomy to explain sources of discontent (della Porta, et al., 1999: 11). The social movements of the 1960s suggested the existence of new cleavages of social classes and structures that could no longer be explained by such deterministic macrohistorical theories. In essence, new social movements are said to be “qualitative different” from the working class movements of the industrial era (Pichardo, 1983: 412). Steven Buechler’s (2000) delineation of eight prevalent themes present in the NSM paradigm serves as a helpful theoretical summary.

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<sup>2</sup> In the US, social constructionism and the framing perspective emerged in response to resource mobilization theory’s deficiencies and remains as a solid alternative to RMT (Buechler, 2000: 54).

<sup>3</sup> It is perhaps more appropriate to refer to it as “new social movement theories,” given the variability among approaches (Buechler, 2000: 46).

First, the macrolevel of analysis of new social movements theory assumes some “societal totality,” a “historically specific social formation as the structural backdrop for contemporary forms of collective action” (ibid: 46). Secondly, NSM posits a causal relationship between this societal totality (characterized as capitalist, bureaucratic, and “scientized,” most often described as “post-industrial,” “post-modern,” “post-fordist,” or “programmed” (della Porta, et al, 1999: 12)) and new social movements. Generally, this link is expressed in terms of responses to large, anonymous institutions’, such as the state or the market, becoming increasingly intrusive into people’s lives and social structures, what Habermas termed “colonizing efforts” (1987, 1984). The third theme is the observed “diffuse social base” of new social movements, in which identities originate, not from class, but from “new,” decidedly more complex sources like race, ethnicity, gender, or citizenship. Another camp sustains that the driving force behind new social movements is actually the emergence of a “new middle class,” employed in the nonproductive sectors (Eder, 1993, Kriesi, 1989, Offe, 1985). Though the issue of social base is highly debated among NSM adherents, it is recognized to be more intricate than once thought (Buechler, 2000: 46). Related to this idea is the centrality of collective identity in social protest, the fourth theme of NSMs offered up by Buechler. Because the “old” class-based structure is no longer the basis for social action but has been replaced by a new variability and flexibility in identities, collective action in many ways depends on the ability of a group to *define* their own identity to start (Melucci, 1996, 1989). Fifth, a “politicization of everyday life” is said to occur as the individual and collective aspects of life increasingly overlap. Modernity continues to produce invasive technologies, provoking responses that foster identity politics, such that an individual’s life “becomes a major arena for political action” (Buechler, 2000: 47).

A sixth theme that characterizes new social movements theory is their emphasis on ideology (Pichardo, 1997). Some authors sustain that what really distinguishes new social movements is not one particular set of values, but rather a pluralism of ideas and beliefs (Johnston, et al., 1994). Still others, (such as

Habermas, 1987, 1984, Inglehart, 1990, Dalton, et al., 1990) argue that rather than seeking material redistribution, economic gain, or power and control in the conventional political sphere, new social movements center around “postmaterialist” values, such as democratization and autonomy –a “quality of life” perspective, as opposed to quantity. As such, new social movements are thought to be less susceptible to control or cooptation than are more traditional classes of movements. Related to the issue of values are the cultural and symbolic forms of resistance pursued in new social movements, the basis for the seventh theme. Often founded on a rejection of advanced capitalist society’s emphasis on practical tactics and strategies in pursuit of “rational” goals, many new social movements instead encourage “the exploration of identities, meanings, signs, and symbols” (Buechler, 2000: 47). In response to criticisms aimed at the “apolitical nature” (and presumed ineffectiveness) of such forms of contestation, authors like Whittier (1995) and Melucci (1996, 1989) have called attention to the importance of “culturally oriented, antihegemonic politics” and practices as valid, even powerful forms of resistance (Buechler, 2000: 48). Finally, in the way of organization, Buechler (ibid) argues that most new social movements choose to organize in a “decentralized, egalitarian, participatory, prefigurative, and ad hoc” manner, and that they do so in an effort to “replicate in their own structures the type of representative government they desire” (Pichardo, 1997: 416). This orientation reflects the “anti-institutional posture of NSMs” (ibid), and it follows then that organization, for these groups, is “less a strategic tool than a symbolic expression of movement values and member identities” (Buechler, 2000: 48).

While the new social movements paradigm did well to address many of the gaps in resource mobilization theory, its strong statements made it the target of a good deal of criticism. For example, the absolutist claims about the unquestionable relationship between the “societal totality” (of postindustrialism or advanced capitalism) and social movements, which were particularly inflexible in the more political, neo-Marxist version of the theory (Buechler, 2000: 48, della Porta, et al.,

1999: 13), left little room for interpretive maneuvering. Likewise, the blanket assertion that these movements were “new” and therefore qualitatively different from the movements of the industrial period only warranted more criticism as exception after exception to this presumed rule of NSMs was cited (Buechler, 2000: 49-50, Pichardo, 1997). Tarrow and Meyer (1998: 18) recognized that there was little that was new about “new” social movements, but stressed the need to take account of the genuinely new elements in the contemporary situation: greater discretionary resources, the media and internet, easier geographic mobility. Likewise, Alberto Melucci (1996, 1989), one of NSM’s earliest advocates, consistently responded to critics of the NSM paradigm by encouraging them to focus on possible new meanings of contemporary social protest rather than on futile debates over empirical inconsistencies, which, in his view, do nothing more than confine the theory to absolute limits that were never intended as such in the first place. It is likely that many of these criticisms stemmed from the existence of a multiplicity of theories and claims with significant disagreement concerning the mechanisms by which contemporary movements are indeed products of postindustrial society. A lack of empirical evidence to support the general statements of NSM theory left the door wide open to critiques, leading some to believe that it had been “relegated to the sidelines of the contest” by the mid-1990s (Buechler, 2000: 54).

Despite these hard punches, even the toughest of the critics of the new social movements paradigm have recognized its important contributions to the study of social movements. Nelson Pichardo concedes that “the principal contributions of the NSM perspective are its emphases on identity, culture, and the role of the civic sphere – aspects of social movements that had been largely overlooked” (1997: 425). The instrumentalist orientation of resource mobilization theory had almost completely ignored the cultural dimension of social movements, and new social movements theory helps to redirect attention to this fundamental area. Steven Buechler has another take on NSM’s value:

...the most distinctive feature of new social movements is their attempt to identify the links between (new) social structures or societal totalities and (new) forms of collective action. Hence the newness that is the focus of the theories is not so much a quality of movements in isolation as it is a quality of the social structures to which movements respond, and which they inevitably reflect (2000: 50).

This emphasis on the macrolevel --the socio-historical and macroeconomic underpinnings of social movements—is crucial to understanding the complex dimensions exhibited in movements, whether or not “new,” including issues of collective identity, motivations, objectives, and even strategies and organization. In the same vein, della Porta, et al. (1999) highlight the advantages of new social movements’ structural approach to social conflict, pointing specifically to two areas. Compared with Marxism, NSM theories “place importance one again on the actor; and they have the ability to capture the innovative nature characteristics of movements which no longer define themselves in relation to the system of production” (1999: 13). New social movements theory effectively brought the structural and the cultural back to the analysis of social movements, two crucial aspects to take into account when looking at the *clubes del trueque* in Argentina.

There is no question that contemporary social movements theory is notorious for the lack of theoretical synthesis across its various approaches; consequently, the search for a unified theory pervades the current literature on social movements (See Pichardo, 1997, della Porta, et al., 1999, Buechler, 2000, McAdam, et al., 1996). Both resource mobilization and the new social movements perspectives were important steps forward in the area of social movements analysis. How to reconcile these two very different vantage points is still the subject of much debate, and while for much of the 1990s, the catchphrase was that resource mobilization theory explained the “how” of movement mobilization and new social movements theory the “why,” in reality, merging these two approaches is at best a work in progress. Nevertheless, attempts to combine useful elements from each paradigm can help to

advance the field toward the eventual development of a more holistic lens through which to view contemporary social movements.

While such a task is formidable to say the least, progress is being made in this direction as students of social movements are continually frustrated and challenged by the widely acknowledged limitations of the different schools. Particular problems arise when attempting to apply the American- or European-inspired theories to situations of development, such as those encountered in Latin America. As a result, scholars of Latin America have attempted to integrate elements of both new social movements and resource mobilization theories into their studies of social movements (Escobar and Alvarez, 1992). In fact, the major precedent for my choosing to use this particular combination of approaches is the work Escobar and Alvarez (1992) along with several contributors (Leite Cardoso, Canel) in *The Making of Social Movements in Latin America: Identity, Strategy and Democracy*. Following the new social movements approach, these authors explicitly recognized the need to acknowledge the systemic changes since the 1960s that altered social organization and thus the context for social action, but complemented their analyses of specific movements with concepts from resource mobilization theory –organization, networking strategies, political opportunities, etc. In essence, new social movements theory provides a critical (macro) structural lens for viewing changes in the social landscape as well as the microlevel issues of identity and personal or cultural change, while resource mobilization maintains its undisputed explanatory power at the mesolevel of group organization and interaction. Precisely for these reasons, the NSM and RMT frameworks are particularly useful for the study of the *trueque* in Argentina.

## **1.2. State of the Art: Literature Review on the *Clubes del Trueque***

Despite its relatively short history, the innovative nature of the barter clubs as an alternative to the traditional market structure has sparked substantial academic interest, particularly since their explosive growth in 2002. In large part, attention has been paid to two directions: either to those purely economic aspects of the *trueque*,

examining the novelty, feasibility and potential that alternative (or complementary) currencies have for development; or to purely social characteristics, focusing on the personal and relational impact that an individual's participation in the clubs imply. To date, with the notable exception of general references made in newspaper accounts, few studies exist that attempt to account for the phenomenon as a social movement<sup>4</sup> –motivations, tactics, organization, political ties, etc. -- that enabled it to reach colossal proportions among crisis-stricken Argentine population by the middle of 2002. Studies of this nature are especially salient in light of the recent sharp decline experienced by the barter clubs, and followers of the movement should duly expect a new wave of writings to this respect. The studies that do exist are nevertheless groundbreaking and provide essential insight into important components of the movement. The following paragraphs will examine the work done on the *trueque* that I consider to be most relevant to this study. Of the literature that looks at the barter clubs from the national optic, three are pertinent to understanding them as a social movement (De Sanzo, et al., 1998, Coraggio, 1998, González Bombal, 2002). I then briefly refer to three relevant studies from the province of Mendoza (Lescaro, Altshuler, and Sánchez, 2001, Lescaro and Altshuler, 2002, Lacoste, 2002).

### **At the national level**

Any examination of the *clubes del trueque* in Argentina cannot avoid mention of the highly influential testimonial work: *Reinventando el Mercado: La experiencia de la Red Global del Trueque en Argentina* (1998).<sup>5</sup> Though it is not an academic work *per se*, this book, written by the movement's own protagonists, provides helpful insights into the original motivations behind the establishment of the first clubs. The

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<sup>4</sup> A possible exception is an unpublished paper presented by Nicolás Strangis (2002) in the *Facultad de Ciencias Sociales* of the *Universidad de Buenos Aires*, though presenting the *trueque* as a social movement was not explicitly his aim.

<sup>5</sup> “*Reinventing the Market: The Experience of the Red Global del Trueque in Argentina*” (De Sanzo, et al., 1998).

last chapters also reveal some discerning self-reflections on the part of the authors about the vulnerabilities of the system. This book is not only important for its content, but for what its existence meant for the diffusion of the movement itself among enthusiastic social activists and intrigued academicians. In it, Heloisa Primavera, Horacio Covas, and Carlos De Sanzo give an account of the history, challenges, and possibilities associated with the *trueque*, which, at the time of the book's publication, consisted of but one single network, the "*Red Global del Trueque*." This last point is particularly significant since, only a year after completing the book, one of its authors, Heloisa Primavera, broke away from the main line network to form the "*Red (Federal) del Trueque Solidario*," along with several other key players in the movement who disagreed with the direction in which the RGT seemed to be heading.<sup>6</sup> *Reinventando el Mercado* captures a very specific and key moment in the barter clubs's history, one that would later represent the end of any semblance of a unified *trueque* movement. Primavera would emerge to become one of the leading promoters of the *trueque* in the years that followed, but the sharp ideological and practical divisions between the two "schools" of *trueque* would have serious implications for both sides. Her later work (1999, 2000a, 2000b, 2001a, 2001b, and 2001c) has been equally if not more influential than the original collective piece in terms of diffusing knowledge about the barter clubs, and it will be duly cited throughout this thesis, keeping in mind the admitted partiality of the author.

One of Argentina's most renowned critical social scientists, José Luis Coraggio,<sup>7</sup> has also taken substantial interest in the *clubes del trueque*. An economist

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<sup>6</sup> It is worth noting as well that Primavera was not part of the original group of founders (among these, Covas, De Sanzo, and Rubén Raveras), but rather, a sociologist/social activist who joined the experience in 1997. See Chapter 7 of *Reinventando el Mercado* for Primavera's personal account of how and why she began to participate. Chapters 4 of this thesis will examine this division in greater detail.

<sup>7</sup> Coraggio has been internationally recognized since the 1970s for his work on development issues, including urban and regional development and popular participation.

and pioneer in the study of “social (or solidary) economics,” Coraggio addresses the economic aspects of the *clubes del trueque* in a chapter of a book on popular urban economics entitled “*Las redes del trueque como institución de la economía popular*” (1998). Coraggio is unique among earlier writers on the *trueque* in his objectivity, despite his being a principal promoter of solidary economics. Because he is not directly linked to the clubs’ development, he assumes the role of constructive critic.<sup>8</sup> While Coraggio’s evaluation of the *trueque* at times approaches a social movements interpretation, his critique is based first and foremost in economic theory.<sup>9</sup> His work and that of other economists<sup>10</sup> is indispensable considering the crucial role that sound economic or monetary planning and administration play in determining the viability of the *trueque* as a true alternative to the market.<sup>11</sup> From an historical perspective, Coraggio delineates two scenarios in which communities choose to “return” to barter systems as a “generalized proposal” to fulfill their needs (as opposed to the occasional barter exchange, which has never ceased to exist). The first scenario, which can exist even in the most advanced capitalist societies, occurs when “money ceases to function (to be accepted) as a general equivalent and the only manner in which to be certain that the exchange will allow access to desired goods is through the direct exchange of products” (Coraggio, 1998: 3). He mentions hyperinflation as

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<sup>8</sup> De Sanzo, Covas, and Primavera recognize Coraggio’s contributions in the prologue to *Reinventing the Market*. Later in the work, they make mention of the *Jornada de Economía del No Dinero* that took place in March of 1998, during which Coraggio delivered a critical analysis of the *trueque*.

<sup>9</sup> Specifically, Coraggio has pioneered the development of a theoretical framework for studying popular urban economics (2000 and 2002).

<sup>10</sup> For specific reference to economic viability of the *clubes del trueque* in Argentina, see also Singer 1999, Razeto, 2002, de Melo Lisboa, García, Lopezllera Mendez. For a more general look at alternative or complementary currencies, see Blanc, 2000, Lietaer, 2001.

<sup>11</sup> Chapter 4 will return to the issue of inherent contradictions between the economic structure of the barter clubs and their presumed social objectives.

an example. The second scenario occurs when large sectors of the population are excluded from the capitalist market because they “do not have monetary income, even though at the same time they possess productive resources (work, means of production), with which they can produce goods and services capable of satisfying their needs, but which are not competitive in the capitalist market” (ibid: 3). If these or similar conditions are present, the occasional barter becomes systematic barter, where communities organize to create local markets. While Coraggio does not explicitly attribute the emergence of the barter clubs in Argentina to the existence of widespread exclusion from the capitalist market, we can fairly deduce that his intent was to imply such a relationship. First of all, the only alternative condition he offers (i.e., monetary meltdown) still did not characterize Argentina’s economy in 1998 when the article was written, although it becomes useful for post-devaluation analyses of the phenomenon. Furthermore, he explains that the formation of communities like these is often (misleadingly) attributed to a lack of money (thus, the myth of “*no dinero*”<sup>12</sup>), Coraggio clarifies that what is “lacking” is not money, but *demand for work*, the “social recognition... of the productive capacity of the people and communities who are... excluded” (ibid: 4). The capabilities and needs are present, but the capitalist market has disallowed their effective union. The community market attempts to create new spaces for these “unions” (in the form of transactions) to occur.

Another notable contribution of Coraggio’s (1998) analysis is his identification of “the active role of intellectual agents” in the promotion of ethical values and strategies in the networks. However, with almost eerie foreshadowing, he warns against attempts to control individual behavior within the collective based on

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<sup>12</sup> In the early years of the *trueque*, it was often referred to as the “*economía del no dinero*” (“economy of the non-money”) in reference to the presumed qualitative distinction between social money and “real money.” Coraggio corrects this fallacy from an economic perspective (1998: 4).

the presumed existence of a “superior ethic” among group leaders.<sup>13</sup> In accordance with his field of interest, Coraggio tests the viability of the then present model of the barter clubs as a sustainable form of “popular economics,” bringing into question its potential as well as its inherent limitations for expansion and consolidation. Specifically, Coraggio calls attention to the conflicts that inevitably exist when attempting to create a market community like the *trueque*, which presumably values the collective good over individual gain, within the interstices of a capitalist system that encourages competition among individuals, often at the expense of the community. Not only does the *trueque* market depend on the wider market for production inputs, but the practices learned in the “outside market” are inevitably transferred into the clubs, and “given the predominant pragmatism it is probable that the individual’s economic reasons for participating in the *trueque* network are not to constitute or reconstruct a community, but to resolve his or her own needs by means of exchanging...” (1998: 7). In this sense, even the *trueque* market is exclusionary since poorer sectors that lack the basic resources to participate, rendering it a “temporary refuge” for crisis-stricken middle sectors looking for a way to reinsert themselves into the formal market.

Furthermore, situations of unequal exchange, speculation, illicit enrichment, exploitation based on age, class, or gender, and the proliferation of “negative values” (such as prostitution, drugs, etc.), can exist in the *trueque* just as in any capitalist market. For Coraggio (ibid: 7), these ethical contradictions form the basis for what impedes the *trueque* market from expanding to become more than simply a complement to the formal market, but rather a true *alternative*. In essence, if ethical standards are to be upheld, at the heart of this regulation is the control against speculation and accumulation. Since the dependence of the *trueque* economy on the larger one is inevitable and permanent, the inflexible moral bent of these networks

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<sup>13</sup> This point, specifically, the role of “movement entrepreneurs” in promoting ideology, is revisited in Chapters 3 and 4 of this thesis.

also inhibits the introduction of more complex organization, a necessary condition if the *trueque* is to be more than a temporary refuge for displaced middle sectors.

One of the first explorations of the social nature of the barter clubs was by Argentine sociologist Inés González Bombal, in “*Sociabilidad en clases medias en descenso: experiencias en las redes del trueque*” (2002). González Bombal frames the *trueque* within the context of the new forms of sociability of the “middle class in descent,” identified as such a decade earlier (Katzman, 1989, Minujin, 1990, Minujin and Kessler, 1995) in studies that brought to light the stark societal effects of neo-liberal economic policies implemented during the last few decades in Argentina, namely increasing poverty and income inequality, rising unemployment and the growth of precarious occupations (González Bombal, 2002: 98). An important contribution of this initial investigation to understanding the *trueque* as a social movement comes in the area of collective identity. González Bombal brings to our attention a fundamental change that occurred in the perceptions of the individual versus structural causes of the social and economic dislocation of this new class of poor. Whereas the “first wave” of new poor attributed their newfound poverty to personal failures, the members of the barter clubs reflected a very different understanding of their economic situation. Rather than viewing it as the result of any fault of their own, these individuals clearly associate their problems with structural consequences of the neoliberal economic model of the last decade, that “*capitalismo salvaje*” over which they have absolutely no control. There is an apparent sense of collective loss, which consequently hints at a premature formation of collective identity among the participants as “the excluded.” While it is not an identity exclusively applicable to the *trueque* movement, it is a significant finding that facilitates further examination of the formation of collective consciousness.<sup>14</sup>

A second relevant contribution of González Bombal’s study relates to the first in that it is based on the barter club members’ own perceptions, but this time with

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<sup>14</sup> I will return to this issue in Chapter 4.

respect to their own motivations for participating. She identifies four categories of motivations or attitudes toward the activity that pervaded among those interviewed. The first category consists of those individuals with an ideological bent, who saw the *trueque* as an “alternative project” through which to combat social or economic exclusion. These participants, like movement leaders, saw the *trueque* as a vehicle for social and/or cultural change based on the promotion of ethical and solidary practices. The second group is made up of those that favor “making virtue from necessity.” In other words, these individuals choose to confront the crisis and meeting economic needs through positive, constructive actions. The third category, which González Bombal calls the “pragmatic view, version one,” understands the *trueque* in terms of a “business.” Seen from this perspective, participation in the barter clubs is a way to achieve or maintain a higher standard of living through micro-enterprise development and facilitated access to a low-risk market. Finally, members of the fourth group, the “pragmatic view, version two,” interpret participation in the *trueque* as a complementary extension of their “normal” occupation (in the formal economy). For González Bombal, these categories represent forms of “sociability” that the new poor have found in the *trueque*, but what is important about these categorical distinctions from a social movements perspective is that they draw attention to the high degree of variability in individual rationales for participating in the *trueque*. Her observation with respect to the relationship between an individual’s level of need and the category to which he or she belongs is striking:

*Pareciera que toda vez aumenta la necesidad, el trueque va perdiendo su dimensión programática de estilo de vida alternativo, y se acerca a una más pragmática, a un símil con el trabajo, lo asocia como un mecanismo de subsistencia” (2002: 17).*

Later, this thesis will explore in more detail the dimensions of these and other motivations and the relationship between their extreme diversity and the growth dynamics of the *trueque*.

### **Studies from Mendoza**

Due to the specificity of the fieldwork that forms the basis for this study, I also include in this review some relevant research on the *clubes del trueque* from the province of Mendoza. Lescaro, Altshuler, and Sánchez's (2001) survey of the Nodo "Capital" in downtown Mendoza was the first of its kind to be produced in the entire country.<sup>15</sup> Based on a sampling that represented 40% of the club's members, the study sheds light on the profile of the average *prosumidor*, the types of goods and services traded, the skills and abilities of the participants, methods of recruitment, forms of participation and types of relationships formed, as well as the impact of participation on the quality of life of members. Without going into detail in this section, the study was important for two reasons: on the one hand, it was useful for clarifying or justifying the qualitative claims that had typified the comments made about the *trueque* prior to this study; on the other hand, it found that the economic impact on the lives of participants was relatively low in comparison with the socio-relational and emotional impact gained from participation, a finding which was contrary to conventional interpretations. Though the study was indeed timely, it is limited in its scope and future application since, not only do clubs tend to vary significantly in rural versus urban settings and among neighborhoods, but substantial changes occurred over time (especially in 2002 at the height of the economic crisis) both in the profile of the typical *prosumidor*, as well as in the types of goods and services available in the clubs (Luzzi, forthcoming).

Nevertheless, this survey formed the basis for a second investigation carried out by Lescaro and Altshuler in 2002, in which they analyzed the articulation of

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<sup>15</sup> Lescaro, et al.'s work was recognized as the first of its kind (to date) at the *Jornada Trueque y Economía Solidaria* in September of 2002.

economic and social policies in terms of local development. Specifically, they looked at the *clubes del trueque* in Mendoza as a case study in “local development from below,” examining the role of social policies in encouraging or discouraging such practices. In addition, they compared the *trueque* to the case of the Union of Unemployed Workers<sup>16</sup> in Mosconi, Salta, and their findings are useful in differentiating between the nature and the motivations of the two movements.<sup>17</sup> Specifically, according to Lescaro and Altshuler’s analysis, both initiatives emerged as recent, “spontaneous” responses to the widespread unemployment engendered by the “neoliberal model,” both are characterized by their autonomy, growth and dynamism, and both aimed first and foremost to cover the basic needs of adherents, although “with a much larger vision of sustainability and local development” (2002: 14). However, while the “*piqueteros*” come mainly from the working and “lower” sectors, the *trueque* has its social base in the “impoverished middle classes.” In addition, their study finds that given their differing objectives (the *trueque* proposes an alternative market for production and consumption, and the *piqueteros* demand jobs, social integration, and community development), the forms of action employed by each group also differ. The *piqueteros* choose much more confrontational tactics, such as “*cortes de ruta*” or directly pressuring politicians for material compensation and jobs. The *trueque*, according to these findings, focuses on production and consumption, trade, and resale of basic products and artisanry. In sum, the *trueque* represents for these authors, a new space for creating new social linkages and covering basic needs, while the UTD movement represents a new form of “political, economic, and social struggle” (2002: 15-16).

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<sup>16</sup> “*Unión de Trabajadores Desocupados*” (UTD).

<sup>17</sup> Often, the *trueque* is included among other movements (such as the *piqueteros*, the *cacerolazos*, or the *asambleas barriales*), which, in my view, are fundamentally based on protest (See Villalón 2002). While I recognize that the underlying causes of participants’ economic situations may

While Lescaro and Altshuler highlight important broad distinctions between the two initiatives, due to the specificity of the case studies and the brevity of the analysis, their conclusions to this respect are limited. Nevertheless, their glance into the nature of two of Argentina's many recent social movements is a significant step in the direction of more comprehensive and comparative evaluation of these areas of social conflict and action. An additional value of their work, in my opinion, concerns the theme of local development, as they raise key questions about the role of the state in promoting or impeding civil society initiatives.

Finally, Pablo Lacoste published an article called "*La crisis socioeconómica argentina y las respuestas sociales: las redes de clubes del trueque*" in August of 2002 for the *Revista de Sociología* of the Universidad Nacional de Cuyo in Mendoza. Lacoste traces the development of the *clubes del trueque* in the context of the national crisis, giving special attention to their development in the province of Mendoza. He concludes that the *trueque* represented a "peaceful, constructive, and dignified way out" of the crisis and "the most efficient response to the problems put forth by the explosion of hyper-unemployment" (2002: 25). However, he also recognizes the serious crisis facing the system concerning the management of the *créditos* and hyperinflation within the *nodos*. Despite this acknowledgement, Lacoste predicts that due to the extremely high rates of unemployment (and their presumed persistence in the near future) as well as the incompetence and incapacity of the State to provide solutions in the form of social policies, "the (*trueque*) can continue its forceful advance in Argentine society" (2002: 25). Almost one year after Lacoste's article was published, we can say with confidence that not only did the system not continue growing at the rate Lacoste predicted, but also in fact, it shrank to proportions only seen in the earliest years of its existence. Not only did he underestimate the

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be essentially the same, there are important differences in the nature of the *trueque* as a movement, particularly concerning the element of protest involved. This issue is taken up in Chapter 3.

implications of the severe currency crisis, but he apparently overestimated the potential of movement leaders to salvage what remained of the system.

### **1.3. Hypotheses and Methodology**

It is this overall decline, the seemingly irreparable damage rendered to the very idea of the *trueque* regardless of by whom, how or where it is attempted, which motivates this study. How and why did such a seemingly promising social phenomenon reach this point of sheer deterioration? This thesis traces the evolution of the *trueque* movement from its structural origins, through the many dimensions of its ambitious economic and cultural project, to its eventual explosion and demise. To this general end, I propose that there were significant changes to Argentina's "societal totality" during the 1990s that set the stage for generalized economic and social crisis by the end of the decade. The *trueque*'s development was extremely sensitive to changes in this backdrop. The following chapter demarcates this context, where, in line with new social movement theory's emphasis on the macro-historical level, I point to the neoliberal model and the changes it effected in Argentine society as the primary basis that set the conditions for the creation of a new class of excluded: the new poor. From this sector, endowed with relatively high levels of human capital but lacking in economic resources, the *trueque* emerged, in one sense as a practical response to economic necessity, but in a complementary dimension, it carried with it important cultural elements of protest against the "dog-eat-dog" rules of the capitalist market.

With time, the *trueque* began to take on new meanings for different groups and individuals, whose objectives were anything but unified. While widespread economic need was undoubtedly one reason for the *trueque*'s growth, the multiplicity of meanings and possibilities associated with participation in a "different kind of market" made it attractive to a diverse set of social actors, for some as a "way to contribute," for others "a way out," and still others "a way to peaceful revolution." At the mesolevel, ostensibly decentralized structures, as well as relative ease of

replication and implementation made initiating a club a viable local solution to immediate problems. “Movement entrepreneurs” were vital promoters of the idea to interested “outsiders.” Word spread fast among neighborhood networks and social activists about the quick, visible results of “*poniendo un nodo*,” not just in the material arena, but also (and perhaps more importantly) in the social and relational aspects; in other words, individuals perceived concrete benefits of participating at the microlevel.

Many of the same critical variables that enabled the barter clubs to reach such massive proportions, in turn contributed to their eventual decline. Crisis at the macrolevel was gaining momentum and culminated in the collapse of Argentina’s economic institutions in December of 2001, resulting in currency devaluation, severe economic hardship for the average citizen, and widespread fear and distrust, not just of government institutions, but of everything and everyone. The crisis led to a massive influx into the barter clubs of those immediately affected by the economic meltdown, a process that was facilitated by the low barriers to entry into the clubs. Simultaneously, at the mesolevel, conflicting ideologies in the *trueque* were giving rise to new organizations and methods which, at times, resulted in fierce competition and tension among groups. In essence, the same multiplicity of interpretations and objectives that had facilitated the rise of the *trueque* with its broad base of appeal led to damaging accusations, irreparable ideological fragmentation and polarization among groups, as well as an increasing disconnect between the motivations of so-called “movement entrepreneurs” and participants. Competition for members, organizational deficiencies, and questionable administrative strategies, particularly in the largest *trueque* network, caused an enormous over-issuance of currency, producing hyperinflation in the clubs and inevitable systemic economic crisis. To further complicate matters, due to a general lack of access to legal currency in the economy, many participants could not afford the basic inputs to produce the goods and services on which the *trueque* economy so ironically depended.

In essence, the inherent shortcomings in the system were exacerbated by changes at the macrolevel, namely economic and political crisis and its social effects. These changes increased ideological and tactical division among organizations of the *trueque* at the mesolevel, and the final result was the virtual elimination of the concrete benefits of participation at the microlevel –material and relational-- on which the entire movement critically depended. It should follow, then, that stabilization in Argentina’s economic and social arenas should in the absence of a viable, well-administered *trueque* economy with clear objectives for change and concrete benefits for individuals, bring an end –at least for now—to this innovative form of combating the effects of poverty.

### **Methodology**

The empirical basis for this study derives from fieldwork carried out during the months of June through December of 2002, focused primarily in the province of Mendoza. Mendoza was one of the first provinces in the Interior to which the *trueque* spread, and due to the personal relationship between national movement leaders and key provincial figures, the province later became a “hot spot” from which to observe movement dynamics. Not only did the primary national network have an important presence in Mendoza, but the country’s largest club, the “Feriagro,”<sup>18</sup> was located in Luján de Cuyo, just minutes outside the provincial capital. In addition, many smaller networks, most of which broke away from the original movement for ideological reasons, were exceptionally active and vocal in Mendoza, some of whose ideas had significant influence even at the national level. The often tense relationships among networks and between networks and government officials, and at times even academia, made for especially interesting subject matter, as the province tended to be a microcosm of what was occurring at the national level. Quite opportunely for the purposes of this study, the period covered in the investigation coincided with the last

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<sup>18</sup> The Red Global del Trueque estimates that between 15,000 and 30,000 *prosumidores* attended the Feriagro’s weekly fairs.

months of the *trueque*'s growth (June and July), the systemic crisis or "explosion" (August, September), and its decline (October on). During this time, I was able to carry out in-depth interviews with network leaders, club coordinators, and participants from each major network in the province, and in addition, I was in contact with several national movement leaders, prominent scholars on the subject, and researchers working in other provinces. In accordance with my theoretical objectives, the major themes of focus in these interviews dealt with individuals' motivations for participation, their ideological orientation with respect to the *trueque*, its origins, purposes, and potential, and in many cases during the latter months, their reasons for ceasing to participate. My research has also been (inevitably and richly) informed by constant conversations with "outsiders" --those Argentines not directly involved in the *trueque*-- concerning their interpretations of why and how it grew to the proportions that it did. What motivations were behind the movement, and how did they differ at various levels or organization? Were they "re-inventing the market" or just "re-inventing capitalism"? Was it temporary subsistence or something more? Were the causes for its rise the same as those that provoked its fall? Were the objectives (of leaders or participants) ever met, and what impact did the *trueque*'s existence have on the "afterlives" of affected individuals? What do the strategies of the surviving groups, if indeed they exist, reveal about the *trueque*'s potential? The *trueque*, at every stage, inspires questions about the fruits of economic need merged with creativity and solidarity, the destructive potential of desperation, greed, and power struggles, as well as the very nature of money. While several of the abovementioned authors touch on some of these questions, there has yet to be a comprehensive social movements account of Argentina's explosive affair with the *trueque*.

Despite my sincere efforts to the contrary in applying the sort of merged framework I propose, I am likely guilty of what Steven Buechler has termed "conceptual poaching" (2000: 53) --picking and choosing issues and ideas from one paradigm and incorporating them into another where convenient. However, I must

once again clarify that it is far from my purpose to propose a unified social movements theory based on elements of each of these two approaches. Rather, I view them as tools with which to dissect, in the most honest and cautious manner possible, a specific social movement within a specific socio-historical context: the *clubes del trueque* in Argentina. Using elements from new social movements theory and resource mobilization theory, the analysis that follows will try to make sense of only this one of Argentina's many recent manifestations of discontent, as its experience holds important lessons for social activists, for policymakers, and most importantly, for the next unfortunate victims of economic disaster.

## Chapter 2. The 1990s: Prelude to the *Clubes del Trueque*

*...un grupo de ecologistas preocupados al mismo tiempo por la calidad de vida que por el crecimiento acelerado del desempleo, decide actuar sobre esos dos campos, en cierta medida para que el enfoque ecológico se acercara al interés inmediato de los vecinos. En otras palabras, se trata de una iniciativa del naciente sector de los 'nuevos pobres', para retardar su alejamiento del tablero del juego del mercado formal y el proceso consecuente de exclusión social que le sigue, indefectiblemente... esperanzados de ensayar un modo de construir el bienestar negado por la gestión estatal de lo público, al mismo tiempo que por el mercado del trabajo. Es decir, por el Estado y el Mercado librados a la lógica que le es propia al capitalismo...* (Primavera, 2000a: 5-6, emphasis in original).

Without a doubt, the movement of the *clubes del trueque* in Argentina shares many characteristics with the new social movements described by the theory of the same name. However, it also possesses many traits that depart from the proposed mold for these movements. For instance, the *trueque*'s general orientation toward economic or material gain calls into question the importance of the so-called post-materialist values of NSMs, as well as the nature of the assumed "societal totality" against which new movements form. Regardless of whether or not the societal totality in question here is that of post-industrialism or could better be described simply as *neoliberalism*, the structural foundations of the social reorganization that occurred in the 1990s in Argentina are irrefutable. It is this structural transformation that forms the basis for this chapter, which I divide into two parts.

In the first part, departing from Buechler's suggestion that what is best rescued from the NSM paradigm is its return emphasis on the macro, sociohistorical level of analysis, I define the specific societal backdrop that sets the stage for the emergence of *trueque* movement in the mid-1990s. This section traces the evolution of the Argentine welfare state through this period, highlighting the principal failures of both the old model and the neoliberal model to effectively cope with a rapidly

changing labor market and growing numbers of excluded sectors. Particular attention is given to the shortcomings of various policies of social protection for the unemployed implemented in the early 1990s that could not impede the growth of a class of “new poor.” This analysis argues that in a context in which the welfare state historically rested on the foundation of full employment and supply-side labor policies, simultaneously dismantling key employment sectors while institutionalizing restrictive social protection, only for the officially unemployed, was bound to aggravate the numbers of vulnerable and excluded populations.

In the tradition of the NSM perspective, the second part is an introduction to the barter networks that places their emergence within the macroeconomic context of high unemployment and extreme state retrenchment, and also within the social framework of a disenfranchised middle class possessing unusually high levels of human capital. Both the nature of the *trueque* experiment and the profile of the typical participant point to specific but important failures in Argentina’s social protection fabric, policies that did not, and could not, account for this new class of individuals. Social policy “by the people,” as it was (and is) manifest in the *trueque*, was a response to the societal displacement and social fragmentation that unemployment –unanswered by the state-- generated among these groups. It became a unique yet elusive expression of *reclamo*, primarily from the “middle class in descent,” for the basic rights to produce and consume. I conclude with a brief history of the early years of the *trueque* followed by a primer on how the system functions, with particular emphasis on the idea of “social money.”

## **2.1. Welfare State: From Full Employment to Unemployment**

Historically, the social contract of the Argentine welfare state centered on work. An individual’s employment situation almost exclusively determined his or her social rights – a distributive agreement in which social rights were derived from labor rights, and were conceived of together in the legal and social arenas (Hidalgo, 1999). The welfare state, and consequently society, were constructed upon ensuring this idea

of “full employment” along with the institutional ties that were based on the consensus that workers deserved to be protected from “social risks” such as old age, illness, on-the-job accidents, etc. (CECE, 1997).<sup>19</sup> In this framework, “*inclusión social se veía como un resultado de acceso a puestos de trabajo estables*” (Hidalgo, 1999: 72), and therefore, insufficient income was understood to be the direct result of a lack of work, which in turn implied social exclusion.

Not surprisingly, the major social policies in Argentina through the 1980s reflected these same principles: 1) job market security meant that the public sector absorbed under-productive or unemployed workers; 2) income security guaranteed a minimum wage and “equal pay for equal work” as well as pension provisions; 3) strict regulations governed hiring and firing, lengths of contracts, and work conditions; and 4) unions played a central role in representing workers’ collective interests (Hidalgo, 1999). The high subsidies needed to maintain such a system created an unmanageable fiscal deficit, and the military dictatorship of the 1970s only aggravated an economic crisis that stagnated growth for the next decade. The 1980s were a period of disarticulation between, on the one hand, a rapidly changing global economy, in which international divisions of labor came to determine the direction of national economic and social policy, and on the other, an internal economy that was virtually unchanging. In Argentina, hyperinflation at the end of the 1980s only served to worsen the fiscal deficit (ibid). In this context, the old model of supply-side employment policies was unsustainable, and the door was opened for neoliberal reforms.

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<sup>19</sup> I in no way intend to insinuate that the previous social welfare state in Argentina was without defects, or even that it was fully “developed.” It is widely recognized that Latin American welfare states were underdeveloped and traditionally based on clientelism (Roberts, 2001); however, relative to the region, Argentina’s social security system was one of the widest reaching (See Mesa-Lago, 1978 and 1989). Rather, my purpose is to highlight the emphasis on employment in the structure of Argentine society, and the central role the state played in preserving and promoting such constructs.

## **Enter Menem and Convertibility: Recipe for Unemployment**

The Menemist decade in Argentina had vast implications for the country's economic and social matrix. Neoliberal economic reforms, or the "Cavallo plan" included "radical privatization, a dramatic reduction of public employment and government spending, the opening of substantial sectors of the economy to foreign competition, and the parity of the peso to the dollar" (Munck, 1997: 6). Most of these conditions were legally consolidated through the *Ley de Convertibilidad* of 1991, setting the stage for one of the most sweeping series of privatizations in history. High economic growth (an astounding 30% from 1990 and 1994), a fiscal surplus, and record low inflation rates made Argentina among the most popular destinations for foreign investment in the hemisphere (Munck, 1997: 6). Menem's Argentina was a neoliberal poster child, a bright sun among developing countries, proof of the virtues of state retrenchment and privatization. This success, however, would be both superficial and short-lived.

Rapidly rising unemployment, growing income disparity, and consequent social unrest were looming clouds that threatened to do away with the sunny days of the early 1990s. Open unemployment jumped from a mere 3.6% in 1991 to an historically high rate of 18.4% in May of 1995, while in the same year, the underemployment rates represented another 11.3% of the economically active population (INDEC, 1998), bringing the total "employment problem" to almost 30%. At the same time, incomes for all but the top quintile went down during this period, shedding light on the oft-quoted 2% average growth in real income. The mean income in the lowest quintile actually declined by almost 31% from 1991-1995 (CECE, 1997: 13).

Two main trends, themselves related, were behind this mounting employment crisis: on the one hand, privatizations of state-owned companies and government downsizing; on the other, increased concentration of the economy resulting from corporate investment and technological innovations. While large private (and mostly

foreign) enterprises benefited immensely from the terms of Convertibility, the creation of MERCOSUR, and the sale of state assets,<sup>20</sup> other sectors were not so fortunate. Small businesses, mainly retailers, were forced out when faced with such competition, and the international division of labor only exacerbated a process of increased productivity paired with a decrease in industrial sector employment. In fact, according to the Consejo Empresarial Argentino (1997), one half of the unemployment growth in the 1990s is due to the growth of the modern sector, the “concentration” of high productivity jobs, and the consequent displacement of low productivity, or “backward” sectors (ibid: 53-56). Related, but distinct, was the privatization of public sector enterprises. As modern sector jobs replaced non-competitive ones, the public sector was forced to choose between either absorbing low producing workers or letting them go, in most cases opting for the latter. Finally, the increased flexibility of labor laws allowed for more entrance and exit in the job market, an increase in part-time and precarious jobs, an increase in firings, and a decrease in severance pay, which had previously served as the primary source of income for the unemployed.

Government policy in the new era of neoliberalism was almost entirely founded on a diagnostic that pointed to the high cost of labor and excessive red tape associated with rigid labor laws as the principal causes for Argentina’s economic problems (CECE, 1997). Not surprisingly, the labor policies of the early nineties reflect this interpretation. A series of legislative measures in the first half of the decade sought to soften these restrictions. The *Ley del Empleo* of 1991 permitted short-term contracts, greatly reduced severance payments and employer contributions for workers and their families. Then, in 1993, the *Pacto Federal para el Empleo, la Producción, y el Crecimiento* further reduced employer contributions in key

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<sup>20</sup> See Richards, 1997 for a detailed look at the effects of MERCOSUR on capitalist sectors. In an exhaustive work on Argentina in the 20<sup>th</sup> century, Jorge Lanata (2003) offers a meticulous account of the privatizations of the 1990s.

industries, and in 1995, the *Ley de Promoción del Empleo* once again reduced contract requirements and employers' contributions. The informal sector grew concomitantly, with *trabajo en negro* estimated at 33.8% in 1997 (CECE, 1997).<sup>21</sup> The general result of these changes was that unemployment became more permanent and exclusionary.

In this context of severe labor market restructuring and growing numbers of excluded sectors, the social policies implemented in this period did little to buffer the transitions. Demand-based social policies associated with globalization, namely, targeting of the "poorest of the poor," were ineffective in protecting the un- and underemployed. The old model of social welfare –itself unsustainable-- was abandoned in favor of new policies that were incapable of coping with the growing numbers of a newly impoverished middle class.

### **The New Paradigm: Modernization, “Flexibilización,” and Safety Nets**

In the early days of adjustment, emphasis was on the long-term positive effects of growth for reducing poverty; the short-term costs were all but ignored. Furthermore, the debate around social policy in Latin America during the critical years of structural adjustment centered around its alleged impeditive nature with respect to economic growth. It was not until it was “too late” that the debate shifted in favor of social policies as a contributing factor in long-term growth. On the one hand, globalization and the neoliberal paradigm called for decentralized social programs that targeted specific populations, with particular support for social funds. Judith Tandler (1999) explains the international financial organizations' enthusiasm for social funds as having roots in the overly simplistic dichotomy between “demand-driven and decentralized as ‘good,’ versus supply-driven and centralized as ‘bad’” (Tandler, 1999: 105). On the other hand, it was assumed that those “untargeted” populations (but nonetheless affected by adjustment) would find refuge in one of two

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<sup>21</sup> See de Oliveira and Roberts (1994) for a discussion of the growth urban informal sector in Latin America.

venues: either in the existing universal protection schemes (public health, social security, etc.), or in the market.

In Argentina, globalization had the same general implications. In many cases, Menem was able to co-opt and silence opposition groups, often through executive decree and offering minor concessions (Madrid, 2002).<sup>22</sup> The severe economic crisis and the fiscal deficits threatening traditional social institutions at the start of his term made opponents less likely to resist the economic and social welfare reforms. A myriad of targeted social programs emerged at the national and subnational levels, but they had little impact in the area of unemployment. Whereas the old model of social protection had centered on full employment, the new paradigm was rooted in the idea of safety nets for the structurally and marginalized poor, but any integral policy aimed at mediating the social effects labor market transformation was neglected. Rather than on work, the new welfare state now centered on poverty (Hidalgo, 1999).

In an attempt to “pick up the slack” of the changing labor market and policies, the Menemist government instituted, by means of the *Ley Nacional de Empleo*, a system of unemployment insurance in 1991. Up to that time, such insurance had been unnecessary since employees simply relied on severance pay, although some minor subsidies had been introduced in the 1980s that served as precedents (CEA, 1997). A *Fondo Nacional de Empleo* redistributes a 1.5% payroll tax across unemployed workers, as long as they are not construction workers, domestic employees, agricultural workers (though they must contribute), or public employees. A further limitation requires beneficiaries to contribute for a period of at least 12 months in the three years prior to unemployment to receive benefits, and the duration of benefits depends on the amount of time contributed (CEA, 1997: 111). Though the idea of

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<sup>22</sup> Evelyn Huber (forthcoming) alludes to the cases of Argentina and Uruguay where organized interest groups gained concessions in important labor negotiations when confronted with radical privatization measures.

unemployment insurance may make sense in many developed countries, in a transition economy like Argentina's in the 1990s, with high rates of informality, short-term contracts, and part-time, precarious jobs without benefits, its legitimacy is doubtful. Indeed, take up rates for unemployment insurance only reached a minute 2.2% of the unemployed in Argentina in 1996 (CEA, 1997: 134). The unemployment insurance scheme and, likewise, the array of job training and placement programs that accompanied it (CEA, 1997) were anything but inclusive, and in effect, accomplished next to nothing in terms of reducing or alleviating the unemployment problem.

The new social policies associated with the labor market failed in large part because they were based on a diagnosis that was questionable at best. Lowering labor costs and increasing flexibility in the labor market did not achieve the hoped for results. The legislative changes to contract requirements only increased the number of workers in precarious or temporary positions (and therefore not eligible for unemployment benefits), and likewise, the reduction of labor costs did not increase the number of contracted workers (CECE, 1997).

### **Social Disarticulation and the “New Poor”**

The changes that occurred in the international and internal labor market in Argentina, as well as the resultant social policy changes implied major changes in the social and political order of society. For the individual, unemployment means not only a loss of income, but also a general disassociation from basic social institutions that were attached to an individual's job. A loss of traditional social rights and privileges associated with the old welfare state is accompanied by a process of general dislocation that includes a rupture in family ties and social networks, as well as political disaffiliation with the same unions that would otherwise represent the individual's interests (CECE, 1997). Unions themselves were affected, since a reduction in their membership meant less political clout, and because those who still had jobs expressed fear of losing them, decreasing the union's negotiating power (CECE, 1997).

As the “winners” of the new paradigm occupied new spaces, the “losers” moved on to the realm of excluded. Among the winners were those private-sector businessmen and professionals, mainly linked to emerging services; the losers consisted of ex-public sector employees who were formerly “protected” by the old state social welfare system, as well as autonomous workers and business-owners who were left behind, disconnected from advancements in communications and access to new financial and information structures. Increasingly, the gap between these two social groups widened throughout the 1990s (González Bombal, 2002). The switch from a social welfare system that had been predicated almost entirely on supply-side labor policies and ensured by the state, to a demand-based neoliberal model that focused on targeting of the “poorest of the poor” and restrictive unemployment insurance and pensions, left a gaping hole in Argentina’s social protection net. Through this “labor gap” fell the newly impoverished middle class, the majority of whom were not targeted by social programs or funds, but who were also no longer part of the formal contributory welfare scheme.

Studies on the new poor, this “middle class in descent” (González Bombal, 2002), began to appear in Argentina in the early 1990s, following the economic crisis of the 1980s, during which decade their numbers tripled in Greater Buenos Aires. This group has continued to multiply at unprecedented levels throughout the 1990s, particularly with the crisis at the end of the decade, as unemployment went back up to levels similar to those of the mid-1990s. Conversely, the percentage of “structurally” poor has remained virtually unchanged with globalization (Minujin, 1990).

What differentiates this category from the traditionally or structurally poor is essentially their “history” (Minujin, 1992: 27). Despite the difficulties in identifying and isolating this group from the more general classifications of the poor, Minujin characterizes the “new poor”<sup>23</sup> in Argentina as that subset of “*empobrecidos*” who are more similar to the non-poor in aspects of average age, size of household, and

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<sup>23</sup> Also “*pauperizados*” o “NUPO” (Feijóo, 1992).

educational level, many of whom find themselves facing “worse living conditions than ever before experienced by them or previous generations” (ibid: 27).<sup>24</sup> Although they share with the structurally poor such features as high levels of unemployment, low levels of health care coverage, and high vulnerability to economic crises, the specific demographics among the new poor imply a need for the design of specific social policies appropriate to their characteristics, a feat far from accomplished under the neoliberal model. The new poor are, in fact, “fallen” members of the middle class, who, according to Minujin have “acquired” poverty, “without knowing very well how or why,” and though perhaps they imagine they will “get by,” they will likely collectively remain in this newfound state and therefore “must structure different lives and relationships” (ibid). It is from within the ranks of these “losers” that the *clubes del trueque* were born.<sup>25</sup>

## **2.2. *Trueque* 101: A Primer**

In this context of high unemployment and simultaneous state retrenchment, it is easy to comprehend the mounting frustrations felt by excluded sectors with respect to the market economy and their role in it. While some exercised more direct, confrontational expressions of discontent, such as those who desperately held to the traditional union strategies, or the *piqueteros*, who searched for new ways to disrupt through corporatist protest (albeit via non-traditional channels),<sup>26</sup> the adherents to the *clubes del trueque* appeared to have chosen an alternative path. During the second

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<sup>24</sup> Translations by author.

<sup>25</sup> It is important to clarify that the *trueque*, like most social movements, is comprised of a diverse array of social actors, not only the new poor. Among the groups besides the “middle class in descent” we find “lower classes in ascent, *militantes desorientados* (those social and political activists in search of a cause), unclassifiables...” (De Sanzo, et.al., 1998). There is general consensus, however, that the *trueque*, particularly in its earlier days, was comprised predominantly of new poor (González Bombal, 2002, Luzzi, forthcoming). More attention is given to this issue in the section on collective identity in Chapter 3.

<sup>26</sup> See Villalón, 2002.

half of the 1990s, on the threshold of the worst economic depression in Argentina's history, members of civil society took monetary sovereignty into their own hands, paving the way for what would become one of the largest social experiments with complementary currencies the world has ever seen (Ovalles, 2002, Lietaer, 2001). They essentially created private markets –“clubs”—where people could produce and consume according to their needs and abilities, all facilitated (or complicated, as will become evident) by the use of private currencies. Rather than “*a los gritos*,” the barter clubs seemed to “silently” create spaces for social resistance and provide an atmosphere that awakened a growing awareness of the people's capacity to produce creative change through organized civil society, if not complete independence from the state and the market.

González Bombal was right to point out that the *trueque* represents a totally new form of socialization for the middle class in descent. It forms part of a “second chapter” of the story of the so-called “new poor,” making clear the realization of new social structures and relationships among groups who, though they possess relatively little capital *per se*, demonstrate exceptionally high levels of human capital due to the successes of “better times.” They are remnants of the “almost mythical” Argentine middle class (González Bombal, 2002: 98). Indeed, this finding is confirmed in González Bombal's study, which showed that while the majority (70%) had monthly incomes of less than \$500 pesos, they showed high levels of education --81% had at least completed high school, and 28% had some level (usually incomplete) of tertiary or university education (ibid:104-104).<sup>27</sup> What brought them to participate? “For all

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<sup>27</sup> Lescaro and Altshuler (2002) find that, of those interviewed in *Nodo Capital* in Mendoza, 30% had completed high school, 10% had started (but not finished) university, and 10% had university degrees. Since Lescaro and Altshuler's study of reference only covered one *nodo* in downtown Mendoza, and since it was not part of the *Red Global del Trueque*, but rather belonged to a regional network and had distinct characteristics, I refer to González Bombal's (2002) conclusions.

of them, unanimously, their great problem was a lack of work” (ibid).<sup>28</sup> The *trueque* appeared as a way to supplement, or alter completely, those situations of un- and underemployment. As Carlos De Sanzo, one of the founders, recalls, “It was only a matter of organizing the way to bring together the supplies and demands of the immense mass of unemployed...” (De Sanzo, et al., 1998: “*Todo Empezó con un Zapallo a Medianoche*”).

At their height, the *clubes del trueque* were considered by many to be a powerful tool for combating the forces of globalization, forces that, even during the country’s “golden years” of *convertibilidad*, threatened to do away with what little remained of local economies while systematically excluding and displacing entire sectors of society, as the anterior analysis illustrated. For many in these excluded sectors, the *trueque* (and the “social money” that circulated within its networks) was a “solution,” a means to invest in, and often discover, their own productive capabilities while simultaneously covering basic needs and cultivating new social ties (González Bombal, 2002). According to estimates by the Red Global del Trueque, by 1999 participation in the *trueque* was contributing between US\$100-600 in complementary income per family per month (Primavera, 2000a: 7). It was creating *work*. In the words of the founders:

*...ese laboratorio nos muestra que la Red Global del Trueque...contribuye a la satisfacción de distintos tipos de necesidades en forma inmediata; permite (re)construir el tejido social al interior de los distintos grupos de trabajo; recupera y desarrolla la autoestima de sus miembros; devuelve el potencial del productor/consumidor perdido en el proceso de exclusión social; permite el desarrollo de la creatividad en el mismo acto del intercambio de saberes; estimula una gradual y voluntaria “reconversión laboral” de los ‘prosumidores’; ...promueve gradualmente la generación de microemprendimientos*

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<sup>28</sup> Again, Lescaro and Altshuler found that 43% of those interviewed classified themselves as “unemployed.” It is noteworthy, however, that the vast majority (87.3%) still depended on the *trueque* to cover at least 20% of their family budget, perhaps indicating a hidden problem of underemployment.

*que tienen lo más importante de la secuencia empresaria: un mercado cautivo!; genera un mercado nuevo, complementario al formal y no disruptivo a éste* (De Sanzo, et al., 1998).

In the next section, I will tell the general “story” of the *trueque* in Argentina up through the year 2000, highlighting key events in order to set the stage for the next chapter’s more in-depth analysis of the movement’s growth. Due to their complexity, an introduction of how the systems function is also necessary in order to more fully understand the experience.

### **Brief History: Just the Facts**

As the story goes,<sup>29</sup> on May 1, 1995, the first Club del Trueque was inaugurated in a garage in Bernal, a middle- to lower-class neighborhood on the outskirts of the conurbation of Buenos Aires. A group of twenty *vecinos* gathered at the invitation of founders Horacio Covas, Carlos De Sanzo, and Rubén Raveras in order to present a “solidary alternative to the market and to the formal economy” (“Anexo Cronológico,” 2002). Soon, sixty participants were attending weekly fairs in Bernal, trading everything from pizzas and empanadas to clothing and artisanry. In these early months, the system of trade was quite simple, with credits and debits recorded on “exchange cards” as items were “bought” and “sold.”<sup>30</sup> Though it was

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<sup>29</sup> Much of the early history of the *trueque* included in this thesis is based on an extensive bibliographic database of newspaper articles, various publications of the networks, and papers submitted and collected for the *Jornada Nacional Trueque y Economía Solidaria* held at the Universidad Nacional General Sarmiento on September 6, 2002, which this author attended. This conference was part of a larger research project “*Los emprendimientos sociales de la Economía del Trabajo*” (Sept. 2002), carried out by the Instituto del Conurbano of the same university. Where appropriate, I refer to the primary sources from which the information was taken.

<sup>30</sup> Here, I use “bought” and “sold” figuratively, since the internal currency had yet to be introduced. Participants entered the fair and left their “production” during a first phase, recording its worth as credits in the exchange cards, then, in a second phase, they re-entered to “spend” these credits on other goods in the market (De Sanzo, et al., 1998). There is also an emphasis on the fact that since,

not as basic as “*trueque directo*” (literally, “direct barter”), it was not yet the complex quasi-monetary system that would characterize the clubs soon thereafter.

Not until the following year, when there were already an estimated seventeen clubs in existence, did the first *vales de intercambio* appear (“Anexo Cronológico,” 2002). These “*ticket trueque*,” were to serve as a medium of exchange intended, 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 (De Sanzo, et al., 1998: “*Todo Empezó con un Zapallo a Medianoche...*”). The vouchers began to circulate among the different clubs, giving rise to the first official network of the movement, the *Red Global de Trueque Solidario*<sup>31</sup> (“Anexo Cronológico,” 2002). In this same year, word had gotten around about the *vecinos* who were “creating their own money,” and the three founders were invited to appear on the popular national television program “*Hora Clave*.” This television interview proved to be a major turning point in the spread of the *clubes del trueque*, as public interest in the phenomenon began to grow significantly.

By 1997, the network included approximately forty different clubs, mainly in Buenos Aires, but also in other provinces (Ovalles, 2002). The *trueque*’s growth caught the attention of the Secretariat of Social Promotion in the city of Buenos Aires, and the “*Programa de Apoyo al Trueque Multirrecíproco*” was created, representing the first official government recognition of the *trueque* as a tool for social development (“Anexo Cronológico,” 2002). The original Club del Trueque from Bernal itself had grown to include some 600 people, and soon came to occupy an old textile factory known as “La Bernalesa” (Caruso, *Clarín*, 1997). This site would later be the quasi-headquarters for what was now known as the Red Global del

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conceptually, social money is not “real money” (i.e., the idea of “no dinero”), people are not buying and selling in the literal sense.

<sup>31</sup> “Global Solidary Barter Network”

Trueque, the original and largest network that became the center of a polemic debate regarding the principles, organization, and practices of the *trueque*.

The years between 1998 and 2000 mark a period of impressive expansion. The Red Global del Trueque (RGT) consistently multiplied according to the rising demand, incorporating directly or indirectly an estimated 320,000 members in some 400 clubs across the country (Pavón, *Clarín*, 2000). With growth, administration became more complex. By April of 1998, the RGT had grown so large that it created four regional zones surrounding Buenos Aires: Zona Capital, Zona Oeste, Zona Norte, and Zona Sur (“Anexo Cronológico,” 2002). The number of supportive municipalities was also growing gradually (joining the ranks of Buenos Aires were Quilmes, Papalá, and San Salvador, Jujuy (De Sanzo, et al., 1998)), but as could be predicted, so too was the number of criticisms. In the province of Río Negro, government officials in Industry and Commerce complained that the *trueque* was unfair competition for those local businessmen who “have their papers in order and religiously pay their taxes...” (*Río Negro*, 1999). Were the municipalities that encouraged the *trueque* simply condoning informality? After all, according to the RGT, by 2000 it was said to be moving a “symbolic” \$400 million pesos (or dollars) a year (Pavón, *Clarín*, 2000). There was also growing disagreement during this period as to the proper administration of the social money used in the clubs, almost exclusively controlled by the leaders of the RGT.

In general, though, the mood toward the *trueque* was positive, and in many circles outright euphoric. Periodic “*megaferias*” became a popular way to bring together large groups of people at a time, (up to 3,000) in order to diversify the products and services available in the markets. One could find “fruits, vegetables, pies, clothing, artisanry,” as well as “computer classes, medical and dental services, [and] tourism services...” (De Sanzo, et al., 1998). Time and again, the media and sympathetic academics and politicians praised the *trueque* as a creative and successful example of social management by the people. To justify this praise, the majority of participants seemed at least satisfied with the impact the *trueque* had in

their lives, both materially and relationally, according to interviews carried out in 2000. Many cited the social and sentimental benefits of participation –new friendships, contacts, self-confidence, etc.-- above the material. Nevertheless, the physical gains were undeniable (González Bombal, 2002, Lescaro and Altshuler, 2002).

### **Nuts and Bolts: Vocabulary and Basic Principles**

Before revealing the “rest of the story,” readers should become familiar with the basic functioning and language of the *trueque*. This exercise will also prove useful in comprehending sets of incentives and interests among participants and leaders, and later, shed light on some of the reasons for the movement’s decline. First, a brief introduction of the terminology used in the *clubes del trueque* is helpful for understanding the mechanics of the system.<sup>32</sup>

During the early years, members of barter clubs steadily developed a vocabulary all their own. With the expansion of the phenomenon, each “club” was now referred to as a “*nodo*” (node), in reference to its forming part of a network, or “*red*.” Weekly fairs attracted thousands of “*prosumidores*,” the name given to participants to emphasize their role as both producers (*productores*) and consumers (*consumidores*). Members (“*socios*”) now traded goods and services using *créditos*, paper bills issued by network leaders, backed by “production” and supposedly equal in value to the peso. Originally, “*crédito*” was the term applied to the unit of account for the original *trueque* vouchers, the *ticket trueque*. With time, the bills themselves acquired the same name. When new networks later emerged or other dissident groups separated, they often created their own versions of the *crédito* and gave them all sorts of names, such as “*ecovales*,” “*puntos*,” “*Huarpes*,” or “*valores*.” Even so, “*crédito*”

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<sup>32</sup> Due to certain variations in practices across groups, I refer in this section to the practices of the dominant system, the one created by the RGT and replicated by networks of its kind. Later, when I discuss the motives for discontent among dissidents of the RGT, I will introduce alternative methods and practices employed by these independent groups.

(or “*vale*” or “*bono*”) remained as a generic name for all derivatives of social money throughout the country. Later on, the *crédito* of the original and largest network acquired its own nickname, the “*arbolito*.” Even the word *trocar* had gained new derivatives in addition to just “*trueque*” –members were also “*troquistas*,” and at each fair, trading started only when the coordinator (*coordinador(a)*) of the *nodo* launched the “*trocada*.”

The clubs operate in the following manner. Interested citizens can set up a *nodo* based on the most minimal of requisites, including gathering at least 20 people and performing basic “knowledge sharing” exercises regarding products, services, and skills of members prior to trading each week.<sup>33</sup> Once interest is established for a *nodo*, the next step is to obtain *créditos* for the participants. Generally, coordinators are chosen (more often than not, these are the same people who drum up support for the *nodo* in the first place), who then communicate with a regional or zonal coordinator with respect to the amount of currency necessary to initiate the club. Each new member, or “*socio*,” pays an initial fee of anywhere between \$2-4 pesos, said to cover administrative costs, such as printing the currency and maintenance of the physical site.<sup>34</sup> In exchange, members receive a start-up loan<sup>35</sup> of 50 *créditos*, intended on the one hand to set currency in circulation,<sup>36</sup> and on the other, to help

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<sup>33</sup> See González Bombal, 2002 for the guide on to how to initiate a new *nodo*.

<sup>34</sup> It is not clear exactly how the legal tender collected in each *nodo* was administered. The issue of transparency takes center stage later in the movement’s evolution.

<sup>35</sup> Most refer to this initial amount as a loan (*préstamo*), since originally, “each member commit[ed] to return the same amount of *créditos* received ... if he leaves the Network” (De Sanzo, et al., 1998). However, due to excessive growth and insufficient control, in practice there is no repayment expectation or commitment, so either the implication is arbitrage, or a more appropriate term might be “grant.”

<sup>36</sup> *Créditos* were originally issued in denominations of 0.25, 0.50, 1, 5, 10, and 50 (De Sanzo, et al., 1998).

new participants have “buying power” to obtain the inputs (from the *red*) to begin producing on their own.

Once the club is functioning, or in the case that a new member joins an established club, a participant’s only measurable responsibility is to contribute to the supply of good and services in the *red* with his or her production. Economically speaking, the currency is “backed” by the goods and services made available by the participants in the system, rather than by legal tender or another element of value. By joining, a *prosumidor* implicitly commits to produce on average as much as he or she consumes from the system, not more or less. In order to avoid inflationary tendencies, the amount of currency in circulation must be maintained in relation to the amount of people participating, in this case, the relationship is 50 *créditos* to one member. Just like in any economic system, if this relationship is broken (for example, by the over-issuance of currency), inflation will occur.<sup>37</sup>

At each gathering, a coordinator presides, often over a microphone, indicating to the participants when trading can begin. Generally, participants place their goods (or ads for services) on plywood tables and are then given time to view what others have to offer before launching the *trocada*. “Multi-reciprocal” transactions within the club are governed by the simple rules of supply and demand, along with a heavy dose of solidarity, of course. After all, according to the founders, “*Si se trata de re-inventar el Mercado, como proponemos en el título, debemos animarnos a hacer las cosas de ‘otra’ manera*” (De Sanzo, et al., 1998). For example, accumulation is discouraged in theory, in order to avoid unequal power structures or exploitation among members. (For obvious reasons, this policy is difficult to implement, and in fact, prohibiting it has contradictory implications for the growth of the Network, as larger markets begin to demand larger capital investments for development.) Along the same line, attitudes and behaviors promoted in the clubs have their moral

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<sup>37</sup> The subject of currencies is quite complex, but critical nonetheless. For the purposes of brevity, I do not address it in great detail in this chapter, but leave it for further scrutiny in Chapter 4.

foundation in the concept of fair trade, such that “sterile competition, profit-seeking and speculation” are to be replaced by “reciprocity,” just as “ethical and ecological norms” rather than “the market, consumerism and short-term benefit should dictate individuals’ actions.” The basis for these “new practices” endorsed within the *clubes del trueque* is illustrated in the widely distributed “*Declaración de Principios de la Red Global del Trueque:*”

1. *Nuestra realización como seres humanos no necesita estar condicionada por el dinero.*
2. *No buscamos promover artículos o servicios, sino ayudarnos mutuamente a alcanzar un sentido de vida superior, mediante el trabajo, la comprensión y el intercambio justo.*
3. *Sostenemos que es posible remplazar la competencia estéril, el lucro y la especulación por la reciprocidad entre las personas.*
4. *Creemos que nuestros actos, productos y servicios pueden responder a normas éticas y ecológicas antes que a los dictados del mercado, el consumismo y la búsqueda de beneficio a corto plazo.*
5. *Los únicos requisitos para ser miembro de la Red Global de Trueque son: asistir a las reuniones grupales, capacitarse y ser productor y consumidor de bienes, servicios y saberes, en el marco de las recomendaciones de los círculos de calidad y autoayuda.*
6. *Sostenemos que cada miembro es el único responsable de sus actos, productos y servicios.*
7. *Consideramos que pertenecer a un grupo no implica ningún vínculo de dependencia, puesto que la participación individual es libre y extendida a todos los grupos de la Red.*
8. *Sostenemos que no es necesario que los grupos se organicen formalmente, de modo estable, puesto que el carácter de Red implica la rotación permanente de roles y funciones.*
9. *Creemos que es posible combinar la autonomía de los grupos en la gestión de sus asuntos internos con la vigencia de los principios fundamentales que dan pertenencia a la Red.*
10. *Consideramos recomendable que los integrantes no respaldemos, patrocinemos o apoyemos financieramente - como miembros de la Red - a una causa ajena a ella, para no desviarnos de los objetivos fundamentales que nos unen.*
11. *Sostenemos que el mejor ejemplo es nuestra conducta en el ámbito de la Red y en nuestra vida fuera de ella. Guardamos confidencialidad sobre los asuntos privados y prudencia en el*

*tratamiento público de los temas de la Red que afecten a su crecimiento.*

12. *Creemos profundamente en una idea de progreso como consecuencia del bienestar sustentable del mayor número de personas del conjunto de las sociedades* (De Sanzo, et al., 1998).

Thus was the utopia articulated and set in motion.

The *trueque* was accomplishing what so few, if any, social policies of the past decade had been able to do: it was reaching the unemployed and the newly impoverished middle class. Both the nature of the *trueque* experiment and the profile of the typical participant point to specific but important failures in Argentina's social protection fabric, policies that did not, and could not, account for this new class of individuals. By offsetting the power of traditional issuers of legal tender through the creation of a new medium of exchange, the *trueque* was carving out spaces in which those sectors, excluded from the formal economy, could meet certain material and while simultaneously *generating work*. The next chapter will show how this experiment grew into a movement that spanned the entire country.

### Chapter 3. Perspectives on the Expansion of the *Trueque*

Any analysis that attempts to understand the *clubes del trueque* in Argentina must distinguish between the *trueque*'s original characteristics and the features that typify its most recent development, particularly since 2001. Inés González Bombal described the uncontrolled growth that the movement experienced concurrently with the economic crisis as having moved from "expansion to explosion."<sup>38</sup> This chapter is dedicated to outlining the features of the expansive phase of the *trueque* prior to its explosion in 2001. The nature of the movement in terms of the social base, the dominant motivations for participation, objectives of "movement entrepreneurs," as well as their organizational strategies, was altered so dramatically during the last two years (2001-2002) that the two phases, expansion and then explosion and decline, merit separate evaluations. While all kinds of activities, rationales, and philosophies were present in each phase, important generalizations about major trends can be made that help explain changes in the movement's dynamics. Thus, the illustrations offered in the next two chapters are intended to highlight contrasts between the two phases.

Using the last chapter's structural foundation as a springboard, I continue to draw upon elements of the new social movements perspective to explore the question of collective identity among participants, and to a certain degree, the various motivations behind their participation as well as the movement's general objectives. In this evaluation, I also borrow from resource mobilization theory's entrepreneurial model to explain the microlevel incentives for membership. Indeed, the bulk of this chapter is dedicated to the analysis of motives and objectives. The chapter concludes

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<sup>38</sup> Susana Hintze quoting González Bombal at the *Jornada Nacional Trueque y Economía Solidaria*, Instituto del Conurbano, Universidad Nacional de General Sarmiento, Buenos Aires, Argentina, September 6, 2002.

with a return to the macro-structural level in order to introduce changes in the social and economic landscape that set the stage for the *trueque*'s explosion and decline.<sup>39</sup>

### **3.1. Participants and Identity: “*Somos los excluidos*”**

Because of its general stance with respect to the “diffuse social base” of new social movements, NSM theory permits a rather liberal examination of the collective identities behind social action. If it is true that collective action is made easier when groups are, on the one hand, “easily identifiable and differentiated in relation to other social groups,” and on the other “endowed ... with a high level of internal cohesion and with a specific identity” (della Porta, et al., 1999: 29), then isolating where this identity originates, as well as who defines it, becomes critical. To paraphrase Melucci (1996, 1989), because the basis for activism is no longer the old class structure, but instead a multiplicity of identities, there is a premium on the *definition of identities* on the part of groups themselves. In this regard, the *clubes del trueque* constitute no exception. As the last chapter demonstrated, the structural roots of the *trueque* movement are inseparable from the construction of a collective identity among its participants. The neoliberal economic and social policies of the 1990s had profoundly changed the social landscape, worsening already serious trends of growing poverty and introducing levels of un- and underemployment never before seen in Argentina. By the latter half of the decade these transformations had culminated in new social cleavages of “winners and losers,” among the latter a relatively new category of individuals --the new poor.

What apparently occurred as a result of changes in the “societal totality” in Argentina, then, was not the formation of a “new middle class” that many NSM theoreticians proposed, at least not entirely. Instead, a bifurcation of the “old middle

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<sup>39</sup> Since Chapter 2 briefly introduced the basic organization of the Red Global del Trueque in the early years, I leave the analysis of recruitment, mobilization and organizational strategies for the next chapter, in which I use it to introduce the fragmentation that occurred in 2001.

class” gave rise on the one hand to groups that did, indeed, resemble the “recently emerged social stratum employed in the nonproductive sectors of the economy” that was free to pursue the “postmaterial” concerns perhaps characteristic of NSMs in the developed world (Pichardo, 1997: 414-416). But on the other hand, groups emerged that were forced to worry about the material above all else, many for the first time. In the *trueque*’s earlier years, the predominant “social base” of the movement was precisely and undeniably this one, those members of what could be called the “*new middle class in descent*” who, through this unique way of trading, producing, and consuming, were discovering new forms of socialization (González Bombal, 2002: 111-120). Insofar as external observers are able to pinpoint a group’s identity, there is little question that the participants in the *trueque* came largely from this structurally dislocated class of individuals.

Whether or not these participants at the microlevel articulated their status quite this specifically is a separate question. On the surface, the shared activity of “*yendo al trueque*” created a variety of descriptors like “*prosumidor*” or “*troquista*,” by which both outsiders and participants referred to “*la gente del trueque*.” Getting beyond these labels to a deeper meaning requires looking into how participants themselves understand what unites them. Two points are noteworthy in this respect. In the first place, if indeed, as the founders claim, there existed a multiplicity of categories of participants within the *trueque* (i.e., a “diffuse social base”) –“*clases medias en descenso, clases bajas en ascenso, militantes desorientados, inclasificables*”-- one point is not debatable: there was a keen awareness on the part of barter club participants of the structural origins of their current economic woes. González Bombal (2002) uncovers this relatively new dimension<sup>40</sup> of self-perception:

*Ahora la situación personal se vincula totalmente con alguna medida de política económica tomada por otros que decidieron por ellos. Se*

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<sup>40</sup> “New” because it is a clear break with this same group’s past perceptions, in which economic difficulties were attributed primarily to personal failures (González Bombal, 2002: 106-107).

*ven a sí mismos como las víctimas de un capitalismo salvaje frente a que nada pudieron hacer... El sujeto autónomo de la racionalidad micro-económica desaparece y en su lugar emerge la pura víctima de la macro-economía... las causas de la crisis que padecen son globales, generalizables, casi inevitables... la apertura de la economía, el entierro del mercado interno, el desempleo generalizado, es decir la globalización con todas las connotaciones de una des-nacionalización que se traduce en desprotección para sus habitantes (2002).*

This connection is particularly noteworthy because it calls attention to the sense of helplessness experienced by many who were pulled under by the tow of economic restructuring. It is identification by the protagonists of the very experience of a direct causal relationship between globalization (and neoliberalism) and the devastating processes of unemployment and social exclusion, which in Tilly's (1978) interpretation, could be said to be the most important step in the mobilization process. The second point is intricately linked to this structural dimension of identity. Individuals understood themselves as forming part of the growing sectors of "the excluded":

*Somos los excluidos nosotros. Nos hemos quedado afuera de todo –el mercado, la economía,... de todo. Si no tenés trabajo, no sos nadie. No participás de nada. Eso somos todos los del trueque: los excluidos. Supongo que es por eso que venimos,... nos han dejado atrás, casi... que no existimos. Es así de sencillo.<sup>41</sup>*

Leaders and club members pointed time and again to "la exclusión social," not only as a primary reason behind their activity in the *trueque*, but also as a unifying factor among members (Primavera, 2000a, De Sanzo, et al., 1998). In effect, whether small business owners, former public employees, fruit and vegetable vendors, barbers, physicians, dentists (or in many cases, the spouses of any of these), what virtually all shared was a sense of having been cut off from a society dictated by the unfettered

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<sup>41</sup> Carlos, last name not given, Nodo "Feriagro", Luján de Cuyo, Mendoza, July 2002.

rules of the market. In the *trueque*, they were able to buffer the effects of that exclusion by increasing or maintaining their former standard of living. In sum, the collective identity among “*prosumidores*” originated in the structural realm, but it was consolidated in the individual’s decision to participate in the *trueque*, a decision that represented a simultaneous affirmation and denial of exclusion. The multidimensional nature of the *trueque*, however, meant that while combating exclusion with subsistence may have been a tie that bound the majority of participants, many had more ambitious and divergent plans. The spectrum of reasons for choosing the *trueque* is the subject of the following section.

### **3.2. Objectives and Motivations: Ideology or Necessity?**

The *trueque*, but to what end? What can and do the barter clubs achieve? Are they here to stay? The following interpretations of the *trueque*, in no way mutually exclusive, are only some of the proposed answers to these questions and provide a starting point for examining objectives and motivations for participation, among individuals and leaders. The *trueque* has been characterized<sup>42</sup> as:

- 1) a *temporary means of survival and subsistence* for excluded sectors that will as such disappear when the economic crisis subsides,
- 2) a new space in which to *create and nurture social relationships* (i.e., the famous creation of social capital),
- 3) a way to *stimulate local production* by creating alternative markets, local currencies, and linkages with local businesses and producers
- 4) an environment for the training and *preparation for insertion into the formal market* (here lies the potential for promoting microenterprise development),
- 5) a way to *assist those in need* through community development and solidarity and reciprocity

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<sup>42</sup> These categories represent my own synthesis of the variety of viewpoints toward the *trueque* encountered during my fieldwork in 2002.

- 6) a means to arriving at a *fundamental change in the dominant economic paradigm* from an economy based on scarcity to one based on solidarity and sustainable abundance.<sup>43</sup>

One of the most troublesome stumbling blocks when analyzing the *clubes del trueque* comes in trying to make sense of the diverse range of objectives motivating different actors' participation. Based on the previous section's analysis, a crude generalization points to basic economic need as a point of departure, but from there, where? The idea of attempting to "reinvent the market" clearly signals some sort of ideological foundation as well. Deciphering this quandary gets to the very core of the movement's many and varied meanings. Very simply, besides that of improving the general welfare of its participants, the *trueque* lacked a unified and specific movement objective. Instead, its conceptual flexibility ensured a broad base of appeal and was one of the foremost reasons for the enthusiastic growth that characterized the first phase. If social movements can be defined as "opinions or beliefs that represent preferences for change in society" (Buechler, 2000: 36), then it follows that the ultimate goal of a social movement is to either directly effect this change or to advance its progress in some form or fashion. What exactly constitutes change, and whether or not such change is best achieved by targeting the *cultural* or the *structural* aspects of social actions is the subject of much debate in social sciences.

Spanning all groups of actors, three distinct but interrelated categories of objectives and motivations represent both the structural and cultural variables at work and together give meaning to the *trueque*. The first set of objectives consists of those motivations that are primarily *economic in nature*, based on the perceived material necessity or benefit that participation in the *trueque* can bring. The second category

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<sup>43</sup> Heloisa Primavera refers to a "theory of abundance," *Jornada Nacional Trueque y Economía Solidaria*, UNGS, Sept. 6, 2002. Bernard Lietaer, in *The Future of Money* (2001) explains a similar vision of "sustainable abundance" based on a system of complementary currencies.

is rooted in the possibilities for *personal and cultural change* that “reinventing the market” through the *trueque* implies. Finally, the third classification is intricately related to the first two, and in fact, largely depends on their successful realization. It includes those goals that are oriented toward *social or political development*, essentially in terms of social policy, establishing the *trueque* as a mechanism for local development, strengthening civil society, or the creation of autonomous spaces.

Before elaborating on these sets of motivations, it is helpful to first differentiate between the two major classifications of actors that exist within the *trueque*. These distinctions, though they do not fall exactly along the lines of the motivational categories, are helpful in order to better understand associations between actors and incentives behind differing visions of the *trueque*'s purpose. The first group forms the “social base” of the *trueque* and was essentially defined in the previous section –those excluded, mainly unemployed, members of a disappearing middle class, and to a lesser degree, popular sectors as well.<sup>44</sup> The second group, to whom I have loosely referred up to this point as “leaders,” consists primarily of those local level organizers (club coordinators or zonal/regional coordinators), and national figures (such as network founders). Departing from McCarthy and Zald's (1973, 1977) entrepreneurial model within resource mobilization theory, this second category essentially refers to those “movement entrepreneurs” who, in this case, identify a structural grievance (as opposed to “manufacturing” it) and mobilize resources around it. According to Jenkins (1983), “the entrepreneurial model appears most relevant for movements among deprived groups and broad disorganized collectivities,” both of which are characteristics of the social base of the *trueque*

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<sup>44</sup> González Bombal (2002) found that though the *trueque* originated among the middle class and newly impoverished sectors, it had expanded to the “lower sectors” in traditionally or “structurally” poor neighborhoods, where it took on slightly different characteristics. Mariana Luzzi (forthcoming), who participated in González Bombal's initial study, is expected to explore the

movement. Based on this interpretation, movement entrepreneurs “are most successful by seizing on major interest cleavages and redefining long-standing grievances in new terms” (ibid: 531).

In the *trueque*, movement entrepreneurs have diverse roles. Local organizers perceive, and at times share, various levels of economic need experienced by significant numbers of individuals in their neighborhood, city, or province, and they take the necessary steps to initiate a club or network for the specific benefit of their population of interest. This often means mobilizing people who would not otherwise have openly admitted financial hardship. In the initial stages, local figures take on the task of explaining and convincing --joining need with opportunity-- in essence, “redefining” an existing grievance in terms of addressing it through the “solidary virtues” of the *trueque*. Because of their active role as local leaders and their contact with movement or network founders, these individuals tend to display a more ideological vision of the movement than exists at the base level. Network founders, who generally act at the national level but often have a significant presence locally, usually serve as “ideologues,” those individuals who guide the movement’s philosophical direction, cultivate relationships with “outsiders”, administer any external resources that may be available, and often oversee the quality and issuance of the network’s currency. Having outlined these categories of individuals, we can better appreciate the sources of the motivations and objectives covered in the next section.

### **Economic Necessity or Benefit**

In a sense, the first category of motivations grows directly out of structural grievances, and as such, primarily operates at the microlevel.<sup>45</sup> Because of the direct

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increased extension of the *trueque* among poorer sectors after the economic crisis of 2001-2002, as there was a noticeable change in the profile of the “typical” *prosumidor* during this period.

<sup>45</sup> However, as Chapter 4 will show, later in the movement, motives based on economic benefit were also present at “higher levels” among movement entrepreneurs.

relationship between the worsening economic conditions and the growth of the *trueque*, those economically based motivations are central to understanding the *trueque*'s expansion. These material objectives represent a continuum that has, at one end, pure economic subsistence, and at the opposite, due to the nature of the experiment, pure economic benefit (where there is assumed to be minimal need if any at all).<sup>46</sup> By classifying the degrees of economic motives, I do not intend to imply that they are isolated from the personal, cultural or social reasons individuals participate in the *trueque*. In most cases, participants' rationales for choosing the *trueque* represent a whole range of motives, but almost always, some form of economic need or benefit is one of these.

For some, economic subsistence is the basis for joining the clubs. Silvia, a divorced mother of four and an unemployed primary school teacher, explains that she participates, "*porque no me queda otra, ... si yo no voy al nodo los sábados, los chicos no comen del domingo hasta el martes, y si no voy al otro (nodo) de acá, el miércoles, bueno, es lo mismo hasta que vaya a otro, y sigue así*".<sup>47</sup> For these individuals, attending the fairs is a necessary recourse with which to confront grave economic difficulties, a means "to get by." In order to make ends meet, they generally attend various clubs on different days of the week, and often view the *trueque* as a job (González Bombal, 2002: 118-120).<sup>48</sup> Even though many from this group also acknowledge the emotional impact, or "*contención social*" that is so

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<sup>46</sup> Where they are accepted, access to alternative or complementary currencies ("social money") increases an individual's buying power. This is one of their primary functions (Turesso and Tairiol, 2002). As such, they appeal to and benefit even those who are not in greatest need of their complementary or multiplicative power.

<sup>47</sup> Silvia Giménez, Mendoza Capital, July 2002.

<sup>48</sup> González Bombal points out that many in this category come from the so-called "popular sectors," and observes that "*cuanto más nos acercamos al trueque como un puro trabajo, más descendemos en la estructura social, hasta alejarnos ya de las clases medias empobrecidas y nos acercamos al confuso mundo de los trabajadores informales*" (2002: 119).

commonly cited in association with the *trueque*, without a doubt, their fundamental motivation is economic necessity.

At the other extreme are those for whom the *trueque* is a way, figuratively speaking, “to get rich.” Or, to use González Bombal’s description, these individuals, who tend to represent a minority among those interviewed, have found in the barter networks and their currencies, “*un negocio*” (2002: 117-118). For them, “doing business” in the *trueque* is almost the same as it is in the formal market, except that the costs and risks are lower. Gustavo, in reference to his clothing store, describes his reasons for joining:

*Yo participo porque no me cuesta casi nada, y gano mucho. Yo acá puse mi negocio, el mismo que tengo allá en la calle Saenz Peña, y lo que no vendo allá me lo traigo para el nodo, y en general se vende todo. Como la gente tiene créditos para gastar, yo termino consiguiendo un montón de cosas –muchas veces comida, me arreglaron los zapatos, una vez conseguí un vino espectacular de una gente que tenía una bodega en Maipú que fundió—qué sé yo,... me viene bárbaro. Además, acá hay mucha gente que no entiende cómo manejar un negocio... Por ahí ponen precios que no tienen nada que ver, o son muy altos o demasiado bajos. Lo bueno es que si están muy altos los precios, la coordinadora se lo dice y los tienen que bajar, ¿pero si están bajos? Se ve que es su problema... nadie les dice nada, y bueno, yo me llevo un par de cosas más...<sup>49</sup>*

In these cases, there is a plain element of “Economic Darwinism” inspiring and justifying competition within the clubs. Regardless of economic need, individuals like Gustavo possess the “skills” and resources to take advantage of some of the *trueque*’s tangible economic benefits, even if it comes at the cost of others. As the story of the barter clubs continues and their numbers grow, figures like this --“los

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<sup>49</sup> Gustavo Moreno, Feriagro, Luján de Cuyo, Mendoza, July, 2002.

*vivos*<sup>50</sup>-- become more and more commonplace, and controlling against such “speculation” takes center stage.

Somewhere between these two extremes lie those *prosumidores* who participate in the clubs “to get along.” A significant degree of economic need motivates them, to be sure, but the decision to join the *trueque* also has to do with economic benefit. According to Cristina, whose husband lost his job as a civil engineer, “*es cuestión de necesidad por un lado, porque no nos alcanzaba la plata, pero por otro lado, nos convenía porque al invertir \$30 pesos en insumos, después con el trabajo que invertíamos, rendía,... había algo de ganancia.*”<sup>51</sup> These individuals, typically the “new poor,” represent the bulk of *trueque* participants during the earlier years of the movement. Most, like Cristina, are affected by unemployment and view the *trueque* as a way to maintain or approximate their former standard of living. Again, readers should remember that along this microlevel continuum of individuals’ economic objectives with respect to the barter clubs, their perceptions of the *trueque*’s potential to effect profound personal, cultural, or social change also vary significantly.

### **Personal and Cultural Change**

Moving now to the second class of motivations, if we recall the “Declaration of Principles of the Red Global del Trueque,” it is clear that at some level, the *trueque* is fundamentally about *personal and cultural change*. Grouped within this category are those who believe in the *trueque*’s potential to bring out profound changes not only in peoples attitudes and relationships, but also in the distributive rules of the market. From new social movements perspective, cultural and symbolic forms of resistance dominated the *trueque* movement in place of conventional political forms

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<sup>50</sup> “*Los vivos*” are those individuals who are shrewd or astute in business and personal matters, calculating how to best achieve personal benefit, even if at the expense of others. The expression is “*viveza criolla.*”

<sup>51</sup> Cristina Gutiérrez, Nodo Pio XII, Mendoza Capital, October 27, 2002.

of contestation (Cohen, 1985). While to some degree the belief in the *trueque*'s capacity to induce personal or cultural change is concentrated among movement entrepreneurs, there is a keen awareness among many individual participants that these processes were occurring, particularly during these early years.

Despite its seemingly contradictory implications, the pronouncement that “our development as human beings does not need to be conditioned by money” is a statement of protest against economic dependence and material incentives, what has in many ways become the very motor of human institutions.<sup>52</sup> Combating these forces means developing a value system capable of transforming deeply implanted cultural and social mores, first with respect to the satisfaction of material needs, and on a grander scale, concerning basic attitudes toward money (Lietaer, 2001). It is to attempt exactly what the title of the founders’ testimonial proclaims: to reinvent the market. Ideally, in this value transformation, solidarity and trust must replace individualism and suspicion, all in the name of mutual assistance and reciprocity. Thus, in Heloisa Primavera’s words, the rules of the social game are “reshuffled” (1998). Primavera interprets the growth of the phenomenon in the following terms:

*En cierto modo, podemos interpretar el fenómeno del crecimiento de la Red del Trueque como una oportunidad construida colectivamente*

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<sup>52</sup> Primavera explicitly states that, in effect, what occurred in the *trueque* was that “the function of money was re-invented.” Granted, by this statement she intends to draw attention to the fact that the money that was “re-invented” was done so without the “vices that capitalism was unable to eradicate”, and “*sólo depende de nosotros*” (Primavera, 2000b: 2). As Coraggio points out, however, the *trueque* promoters often “confuse the ‘objective impossibility of speculation’ with prohibition or moral restriction” (1998: 10). Despite Primavera’s sincere desire that it be so, or perhaps even if there were a genuine prevalence of such moral restriction, the *trueque* currencies at that time possessed no distinguishing monetary trait that would prohibit or discourage actions like accumulation and speculation, and therefore these actions were bound to, and did, occur. What was possibly “re-invented,” rather than the function of money, were the attitudes and behaviors associated with it that prevailed in the *trueque*.

*por los excluidos del mercado formal, que deciden re-inventar, en pequeños grupos, el fenómeno del mercado apelando a la confianza y la solidaridad, en vez de valores opuestos de la competitividad excluyente promovida por el desarrollo tecnológico. De ahí que la hemos llamado una inmensa EMPRESA SOCIAL! (Primavera, 2000b: 2).*

Rather than resisting the hegemonic “intrusion” of the free market by demanding the redistribution of material assets, the *troquistas* were symbolically challenging the system by introducing “anti-hegemonic,” culturally-oriented ways of doing business, practices that could be considered in themselves potent challenges to dominant social norms (Melucci 1996, 1989). With the *trueque* came an implicit declaration: we do not need the state or the market (in the traditional sense) in order to craft the kind of society we desire.

Obviously the element of personal and cultural change is evident among movement entrepreneurs, but to what degree are these ideas present at the individual level? In fact, many individuals cite the importance of “feeling useful” that the *trueque* brings. “*Es devolverle a la gente la dignidad que se le quitó al perder el trabajo*” Carlos<sup>53</sup> explains, “*El trabajo es lo que define al hombre... Ya sabemos que no hay trabajo afuera, entonces lo encontramos en el trueque, acá nos definimos.*” Sometimes, the *trueque* was a first experience with work. Amanda<sup>54</sup>, who had never worked before joining her neighborhood club, affirms:

*Yo me sentí muy útil, que mi trabajo valía algo. Con el trueque vi que todavía hay gente de bien, que te valoran como persona. A mí me gusta venir por la solidaridad de la gente, la confianza que uno siente hacia el otro,... vas al nodo, y cambia la cultura de la gente. En el trueque vos ves que no predomina la famosa “viveza criolla.”*

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<sup>53</sup> Interview already cited.

<sup>54</sup> Amanda, last name not given, Nodo Pio XII, Mendoza Capital, October, 2002.

Countless testimonials and interviews confirm these same assertions with respect to the “spirit of solidarity” and the observable changes in peoples’ attitudes and actions prior to the *trueque*’s crisis (*Jornada Provincial Trueque, Economía y Sociedad*, 2002, *Jornada Nacional Trueque y Economía Solidaria*, 2002, González Bombal, 2002).

One of the consequences of this solidarity was the construction of new social relationships. Claudia, a gym teacher and mother of four, illustrates this point well. She affirms that while her initial decision to join the *trueque* was economic in nature, the main reason she continued to participate was...

*...porque ya éramos como una familia. Antes la gente del barrio no se juntaba, ni nos conocíamos, pero ahora es distinto. Los sábados vamos al nodo, es cierto, pero también hacemos otras salidas juntos, como por ejemplo ir a La Valle, o también el otro día que festejamos el Día de la Madre...”*<sup>55</sup>

The founders also recognized the capacity of the *trueque* to help create these social ties, since “*la principal función de una red es, a través de la interrelación, que una persona no se sienta sola...*” (De Sanzo, et al., 1998). It should be noted, however, that for the founders, the personal and relational function of the *trueque* is secondary to productivity, or in their words, “*la contención es necesaria, pero no alcanza;*” they were looking instead to “*rediseñar un sistema de capacitación que trascendiera la contención grupal y apuntara a la productividad*” (ibid, 1998), a goal that will become clearer in the next section. Eventually, these divergent tendencies with respect to priorities –solidarity vs. productivity-- give rise to two increasingly separate models for implementing the *trueque*.<sup>56</sup>

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<sup>55</sup> Claudia Gentili, Nodo Pio XII, Mendoza Capital, November, 2002.

<sup>56</sup> In later years, the “business focus” of the RGT is a major target of criticism for those who tend to value “*contención social*” as one of the highest of the *trueque*’s virtues. The formation of the Red del Trueque Solidario in 2001 is largely in response to this division.

Without denying the importance of the views of movement entrepreneurs like the founders in advancing its growth, the microlevel is where the “real action” occurs. If it is truly a game of costs and benefits as resource mobilization posits, then individual reasons for joining the *trueque* should reflect the perception of such rewards. Indeed, given the dire financial situations in which most participants found themselves, the role of economic incentives was undeniable. It is not accidental that, of the four forms of sociability identified by González Bombal, three were rooted in material necessity or gain. Then again, it is evident that participation is also about personal or cultural change (i.e., “the attainment of a superior meaning in life, by means of work, understanding, and fair exchange” (De Sanzo, et al., 1998: “*Declaración de Principios*”)), and as a result, these kinds of motivations permeated conversations with interviewees. In fact, variations of the motives behind individuals’ decisions to participate mirror both schools of interpretation, and this versatility of meaning is part of what made the *trueque* attractive to so many individuals, enabling its continued expansion.

### **Social Development**

When economic and personal or cultural elements of development are consolidated as they are in the *trueque*, concrete social transformations are possible. Even so, just as was the case with the previous two categories described, as one moves beyond the umbrella objective of “improving the general welfare” of participants and their communities, a point on which everyone agreed, the interpretations of how the *trueque* best served this end vary greatly. Concentrating at the level of movement entrepreneurs, tracing the founders’ social objectives from their initial inspirations through the emergence of variations of these goals among new social actors demonstrates the constant evolution in the directions pursued. Followers’ motivations diverged in several key areas, including the *trueque*’s appropriate scope, the origins and purposes of the currencies, and the proper relationship of clubs with “outsiders,” specifically local governments.

*Ecologists and Entrepreneurs, A First Vision*

Before embarking on explanations of “divergent” opinions or goals, concretely, what were the objectives of the founders? If it is possible to know, what did they have in mind when they went about facilitating the establishment of the Red Global del Trueque? Besides “reinventing the market” and all that such a task implies on the personal and cultural level, the original inspirations for the *trueque* in its earliest days did not precisely reflect this rhetoric. In recounting the movement’s history, Carlos De Sanzo explains the idea as a joining of two currents: the ecological and the entrepreneurial. Now known for its role as issuer of *créditos* for the Red Global del Trueque, the *Programa de Autosuficiencia Regional* (“PAR”) was first an NGO headed by De Sanzo and Raveras (two founders of the *trueque*) dedicated to the promotion of sound ecological practices among businesses in the Buenos Aires metropolitan area. The *trueque*, in its earliest conception, was supposed to represent a combination of the ecological focus of the (original) PAR<sup>57</sup> and the microenterprise and business development component that the third founder, Horacio Covas, contributed through his organization, the *Red Profesional* (De Sanzo, et al., 1998: “*Todo Empezó Con un Zapallo...*”). The reasons for initiating the *trueque* market rather than continuing in the direction of the original PAR, was due to, among other reasons<sup>58</sup> “*porque había un franco decaimiento en el interés de la gente por la cuestión del medio ambiente, en la medida que el desempleo avanzaba a pasos agigantados*” (Primavera, 2001b: 2). It is not surprising that as unemployment

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<sup>57</sup> The fourth principal of the RGT clearly states this ecological objective: “*Creemos que nuestros actos, productos y servicios pueden responder a normas éticas y ecológicas antes que a los dictados del mercado, el consumismo y la búsqueda de beneficio a corto plazo*” (“*Declaración de Principios de la Red Global del Trueque,*” emphasis added).

<sup>58</sup> Not the least of which was financial in nature. De Sanzo recalls that an organic recycling project undertaken by the PAR in 1994 “*financieramente resultó un quebranto para una organización que, todavía hoy, ostenta el dudoso mérito de no haber recibido nunca apoyo económico externo*” (“*Todo Empezó con un Zapallo a la Medianoche*” in *Reinventando el Mercado*, 1998).

conditions worsened again toward the end of the decade, economic concerns took priority over such a “postmaterial” interest as the environment.<sup>59</sup> Not only does it speak for the primacy of economic need over “secondary” quality of life issues, but it also demonstrates the power of the social base to influence the movement’s direction. This significant shift in some of the founders’ initial objectives deserves mention for two additional reasons: first, it illustrates the way the ideological motivations behind the *trueque* were from the beginning an evolution in process, never clearly understood or articulated, especially not in any cohesive way that would represent the wide spectrum of ideas; and second, it highlights the extreme sensitivity of the movement to changes, discontents, and general moods stemming from the macro socio-economic context.

A second area of “postmaterialist” interest of the founders concerned the creating of autonomous spaces for citizen participation. In this sense the *trueque* fits the new social movements model quite well, as the demands for “quality of life” issues like democratization or autonomy plainly exist, particularly among movement entrepreneurs (Buechler, 2001: 47). Objectives that deal with the role of the *trueque* in promoting and strengthening civil society and “alternative” public spaces are clear throughout the literature (De Sanzo, et al, 1998). At the individual level, this participatory aspect of social development was experienced and reinforced through the creation of new social ties that transcended the material and even the “solidary” benefits of participating in the *trueque*. While more attention is given to this area in the section on organizational strategies, it deserves brief mention here as it represents a relatively clear set of objectives throughout the movement. Returning to the “*Declaración de Principios de la Red Global del Trueque*,” it is evident that the defense of personal and group autonomy forms another important part of the social

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<sup>59</sup> In fact, by 2002 when the interviews for this thesis were made, almost no participant was aware of the ecological roots of the *trueque* movement. Knowledge of the founders’ environmental bent was concentrated among movement entrepreneurs, and only then at the “highest levels.”

aims pursued by the RGT. Their assertions that “belonging to a group does not imply any form of dependence” or that “we maintain confidentiality with respect to private issues and prudence regarding the public treatment of subjects with the Network that affect its growth” represent clear statements supporting the protection of privacy and the defense of the confidentiality of “internal issues” of the Network.

At the same time, the *trueque* took a peculiar posture with respect to politics. In discussing the “principal problems” experienced in the barter clubs, the founders reiterate the need for more training in three areas, the last of which is political –“*la capacitación emprendedora, la capacitación gerencial y la capacitación política*” (De Sanzo, et al., 1998). In fact, the exact meaning of this statement is unclear, but it seems to go against new social movements’ rejection of the state and traditional forms of politics, and thus might better fit the resource mobilization model, if it were not for the obviously unconventional form of making demands. While an overall grievance the founders held with respect to the state concerns its complete inability to effect sound social policies, there was no demand that the state correct this failure. In fact, many hard line liberals criticized the strategies of the RGT in this regard, arguing that the *trueque* was, in a manner of speaking, effectively “letting the state off the hook.” The “Red” was accused of being “*un simple paliativo de la crisis*” that did nothing more than “*legitimar la retirada del Estado de sus funciones legítimas*” (De Sanzo, et al., 1998). González Bombal poses a related question: “*¿Estaremos frente a un fenómeno en el nivel de los nuevos pobres semejante al de las redes de auto-ayuda estudiadas en los sectores de la pobreza estructural?*” (2002: 112). In any case, the independent (“self-help”) yet cooperative posture toward the state is a particularly interesting considering the growing climate of distrust and discrediting of politicians and politics in Argentina.

In keeping with this tendency, the RGT’s relationship with government entities was generally positive. From the beginning, the founders and their entourage made clear that the support of “innovative” local governments was welcome (De Sanzo, et al., 1998). As was mentioned in Chapter 2, the first formal relationship was

established in 1997 with the Government of the City of Buenos Aires through the Secretaría de Promoción Social and even included financial support (ibid, 1998). Then, in 1999, the Secretaría de Industria, Comercio, and Trabajo of the same city promoted the first series of bimonthly *Megaferias*, in which some 1,500 to 3,000 participants gathered at each opportunity (“Anexo Cronológico,” 2002). While these examples are important, they were only first steps for the founders, who looked forward to the day when local governments would accept *créditos* as payment for local taxes.<sup>60</sup> Rather than on their dutiful delivery of social services, it was evident that the political support for local governments or politicians on the part of the *trueque* (leaders) depended, in turn, on these entities’ or individuals’ support, and legitimation, of the *trueque*. Whether or not it was their intention, the *trueque* leaders were cultivating a basis for grander political action, enhanced by the growing numbers of followers, a process that would not go unnoticed by growing numbers of astute politicians.

#### *Growth and Enterprise: Local or Global?*

Getting back to the *trueque*’s roots, after the disappointing lack of interest in the PAR’s ecological component, the founders moved closer and closer to the entrepreneurial focus. In *Reinventing the Market*, the authors state their general aims for the *trueque*: “*microemprendimientos, articulación con medianas y grandes empresas, aparcerías con municipios innovadores*”. While they proceed to delineate sixteen advantages that the “Red” has for microenterprises --among the most notable, a captive market, close relationship between producers and consumers, the absence of

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<sup>60</sup> They do not explicitly state this goal, but in 2001, Horacio Covas, one of the founders of the RGT, signed an agreement with Enrique Martínez, *Secretario de PyMEs*, in which “la Secretaría brindar’ a apoyo profesional y capacitación a las empresas,” with the objective that they be able to enter the formal market (*Clarín*, January 22, 2001). Later, several municipalities (for example, Calchaquí in Santa Fe, Chacabuco in Buenos Aires would agree to accept *créditos* in payment of local taxes (*La Nación*, November 22, 2001, *Página 12*, February 13, 2002).

financial costs, interest, and the like-- they add that “*en la Red todavía no se ha manifestado un impulso productivo*” (De Sanzo, et al., 1998: “*Todo Empezó Con un Zapallo...*”). Here, the issue becomes complicated due to certain contradictions that arise regarding the founder’s views for the appropriate scope, whether alternative or complementary, of the market. While in practice, the *trueque* market was a complement to the wider market, and indeed, it was praised for being “*un mercado nuevo, complementario al formal y no disruptivo a éste*” (De Sanzo, et al., 1998). On the other hand, apparently using the economic logic put forth by José Luis Coraggio (1998),<sup>61</sup> the founders attribute the general absence of productive momentum (“*impulso productivo*”) in the clubs to the fact that the *trueque* market was still not large or varied enough to create a situation in which “*la realimentación progresiva del sistema con nuevos emprendedores – que se suman – al mismo tiempo que llegan para abastecerse de insumos para la producción*” (De Sanzo, et. al, 1998, “*Todo Empezó con un Zapallo...*”). Though they never clarify specifically what they mean by this absence of productive momentum, their interpretation of its causes seems to imply a desire for the *trueque* to be a true alternative, rather than simply a complement, to the market. In other words, we might deduce that the expansion of the *trueque* market to incorporate the widest variety of goods and services possible (including basic inputs like flour and sugar) was a central objective for the founders of the Red Global. Only then could it be the powerful tool for profound social development –an alternative market-- that they seemed to envision.<sup>62</sup> According to

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<sup>61</sup> Coraggio observes that since the *trueque* market is but a complement to the formal market (and dependent upon it), “*las comunidades de trueque deben ampliar continuamente la gama de bienes y servicios ofrecidos y por tanto el número de participantes en la red, si es que van a ser una alternativa permanente a la satisfacción de las necesidades que caracterizan una sociedad urbana marcada por la innovación continua en las formas de consumo*” (1998: 5).

<sup>62</sup> The lack of clear definition on the issue of the appropriate size and scope of the *trueque*, whether not a single national (*trueque*) currency was more efficient and beneficial than many smaller, locally-based ones, would become a major source of contention in later years. Basically, no one, not

the founders, for now, the only way to acquire these kinds of *insumos básicos* was to form relationships with medium and large businesses through which club participants would provide services<sup>63</sup> in exchange for the desired goods.

Growth, then, was an unmistakable objective that emerged out of the perceived need to constantly diversify the supply of goods and services within the Network. However, it also came out of an apparent desire to *share the experience* with other communities and individuals in need, not to mention self-admitted personal ambition. Their own words are perhaps more telling:

*Pronto empezamos a pensar en grande, en complementar nuestras posibilidades más allá del ámbito local... Aun manteniendo las características de 'lo pequeño es hermoso', que ponen énfasis en las relaciones cara a cara y que desde ahí movilizan el afecto, construyen la confianza y el respeto uno por el otro, fuimos creciendo empujados por la necesidad de crecer y ampliar nuestro propio mercado... lo cierto es que, muy pronto hemos empezado a pensar en el país como familia ampliada... Quizás por el tamaño de la crisis. Quizás por nuestras propias necesidades o -- ¿por qué no reconocerlo? --nuestros sueños y ambiciones (De Sanzo, et al., 1998).*

Conversations with practitioners from Ithaca, New York, the site of one of the most successful experiences with local currencies (and indeed, where the success of the currency –“Ithaca Hours”-- depends upon its local nature), inspired the following reflections with respect to the extension of the Argentine *trueque* experiment over the entire country:

*...quedaron muy sorprendidos con las características de la Red Global del Trueque, porque, precisamente ésta nació ensanchando las*

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even the most well-meaning economists, understood the implications of expanding the market across the entire country.

<sup>63</sup> They mention as examples, “*instalaciones de plantas industriales, refacciones, limpieza de oficinas, cafetería, entrega de comida a domicilio...*” (De Sanzo, et al, 1998), and they emphasize the importance of maintaining the highest quality standards in order to obtain such agreements.

*'fronteras' de las comunidades locales, debida a la magnitud y extensión de la problemática del desempleo en nuestro país. Tal vez la perplejidad inspire algún cambio en la evolución de su sistema, tal vez ocurra lo opuesto (De Sanzo, et al., 1998).*

While it is uncertain whether or how the Argentine experience might have “inspired change” in the Ithaca system, what is certain is that, to a large degree, the reverse occurred –growing recognition of the power of “local currencies” for local development. As was inevitable, new actors joining the phenomenon in the hundreds and thousands all across the country began to formulate their own interpretations of the *trueque*'s possibilities for development. Though not as explicitly as in the case of the RGT's leading ideologues, for many of these local actors, promoting “the local” and “the regional” often became central objectives. For example, the initiators of the *trueque* in the province of Mendoza recognized in the *trueque* the potential to “*promover el desarrollo local, articulado a través de la construcción de una 'moneda social,' y basado en el concepto de reciprocidad*” (Marino, 2000). Likewise, in Santa Fe in 1999, local leaders initiated “El Club del Trueque Venado Tuerto,” whose currency was called “*puntos*” and was designed to circulate locally “*para defender la producción y la economía local de la globalización*” (“Anexo Cronológico,” 2002).<sup>64</sup> In addition, the role of forces like academia, the press, and the Internet in the diffusion of ideas and currents within the *trueque*, as well as in its spread to other countries, is taken up in more detail in the next chapter.

The diversity of objectives, meanings, and motivations that make up the *trueque* movement in its earlier years meant that it appealed to a wide variety of

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<sup>64</sup> Among most entrepreneurs, the functions of local development and growth of the market were still not considered to be mutually exclusive at this time. Rather, the point here is that many local leaders began to prioritize the theme of local development over the proposed benefits of a larger, parallel market. Soon, this issue would become divisive as the conflicting consequences of pursuing both directions became evident.

social actors and was adapted to fit their own personal or social aims, both at the microlevel and among movement entrepreneurs. This versatility was a key factor that contributed to its expansion during the second half of the 1990s. Ironically, it would be this same versatility, perhaps better termed “divisibility,” that would lay the groundwork for its downfall. To put it metaphorically, the *trueque* movement lacked sturdy roots, and thus was left vulnerable to the first small wind. The inability, or lack of desire, of movement leaders to establish a common direction, one that could and should incorporate a certain degree of diversity in motivations and objectives, was a fatal weakness for what could have been, and indeed was on its way to being, a powerful and resilient tool for social development. Furthermore, as Chapter 4 will show, leaders took advantage of opportunities for growth, often at the expense of the movement’s principles, an inevitable dynamic of rapid and uncontrolled growth occurred. When the winds of social and economic crisis of 2001-2002 blew, the *trueque* was toppled by its own weight.

## Chapter 4. The *Trueque*'s Explosion and Collapse

The year 2001 undoubtedly marked the beginning of a new era for the *clubes del trueque* in Argentina, an era of exponential growth that soon ended in its unfortunate and disastrous collapse. Not coincidentally, a crisis of unprecedented magnitude swept over the whole country during this same period, resulting in record level poverty rates, widespread institutional failure, and a general climate of distrust, fear, and uncertainty. This chapter initially describes several key dimensions of the national crisis and how they related to, but did not solely cause, the sudden explosion of the *trueque*. As the previous chapter suggested, the basic conditions for internal division in the movement had already been set, and the implementation of what was known as the “*Franquicia Social*” became a catalyst for boom and decline. The macro context only exacerbated these processes by increasing “demand” and placing undue stress on the system. The majority of the chapter is dedicated to revealing “the rest of the story” –the story of the *trueque*'s catastrophic explosion and collapse— how organizational strategies changed, new sub-movements formed, and a gigantic, “rootless” network crashed, bringing down everything in its path. Competition replaced cooperation at virtually all levels as the desperate and the shrewd joined in record numbers, and poor leadership not only failed to mitigate corruption, but indeed contributed directly to it, finally rendering irreparable damage to the very idea of the *trueque*.

### 4.1. And the Winds of Crisis Blow

The latest “Argentine Crisis” is a familiar subject for many. By the end of the 1990s, Argentina’s social indicators had again reached historical levels. Unemployment rates, after having dipped to a still high 13.3% in October of 1998, were back up at 20% as the end of 2001 fast approached (INDEC, 2003). Poverty rates followed the same trend, as 35% of the population found itself below the poverty line in October of 2001 (ibid.). Growing social unrest took the form of

*“piquetes”* and *“puebladas”* and spread throughout the country, gaining momentum as economic and political conditions worsened (Villalón, 2002: 68-87). Meanwhile, the looming threat of bank runs and financial meltdown sparked a series of economic measures initiated by Domingo Cavallo, author and loyalist of “Convertibility” from the Menemist decade, whom, ironically, the De la Rúa Administration had reinstalled as Finance Minister in a last ditch effort to restart the economy. By far, Cavallo’s most notorious move was to establish the *“corralito,”* a general freeze on private bank deposits—a last attempt to avoid devaluation-- whose result was a paralysis of the banking system and massive public protest against the government. In the same period, escalating occurrences of supermarket *“saqueos”* (mass looting) heightened public anxiety, provoking increasingly repressive responses from the police and government. Finally, with the middle-income sector now incorporated into the wave of protests thanks to the *“corralito”* and subsequent *“cacerolazos,”* the De la Rúa Administration was forced to accept its premature demise on December 19, 2001. A series of failed interim presidents culminated in the selection of Eduardo Duhalde, former Governor of Buenos Aires and part of the traditional Peronist apparatus, as President.

Needless to say, social unrest and dissatisfaction with politicians did not end with De la Rúa’s defeat. Generalized political protest, under the new slogan *“¡Que se vayan todos!”* gained force, demanding complete renovation of all public offices and the “old way of doing politics.” In the economic realm, very early into Duhalde’s administration the peso was devalued, bottoming out at almost four pesos to the dollar. Additional economic measures “pesified” the already frozen bank deposits, only inciting further protest. Furthermore, these measures effectively decreased the peso’s liquidity in the economy, severing cycles of payment in most sectors. The federal government defaulted on its external debt, and provincial governments began issuing provincial bonds, whose acceptance was supposedly obligatory, in order to pay state employees.

The social outlook was equally dim. Devaluation had sent poverty rates sky high, not to mention a certain degree of inflation. By May of 2002, almost 50% of the population was poor, a figure which peaked at 54.5% by October of the same year (INDEC).<sup>65</sup> Likewise, the open unemployment rate reached a record 22% by May of 2002 (INDEC). Inflation, though not as severe as some had feared, nonetheless had serious consequences for those individuals on the edge of poverty.<sup>66</sup> Besides the tangible effects of the crisis, among average citizens, there was widespread fear and distrust of institutions, as well as absolute uncertainty regarding the future. This climate of apprehension and anxiety formed the context in which the *trueque* exploded.

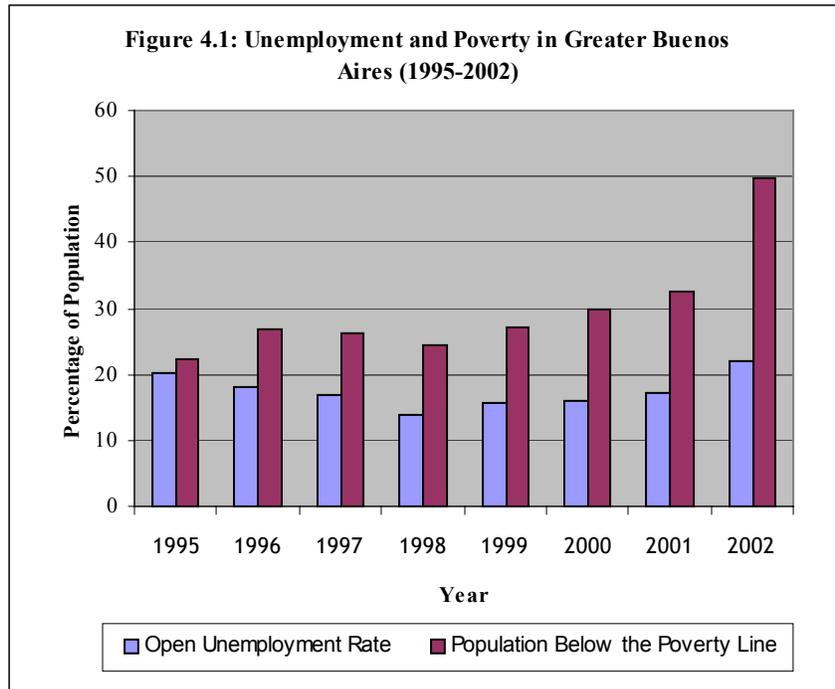
### **The *Trueque* Goes “Boom”**

Most observers (See for example González Bombal, 2002, Ovalles, 2002, Stancanelli, 2002.), attribute the exponential growth that the *clubes del trueque* experienced in 2001 and 2002 to the economic and social crisis described above. Indeed, there are important relationships between the *trueque*'s expansion and the national catastrophe.

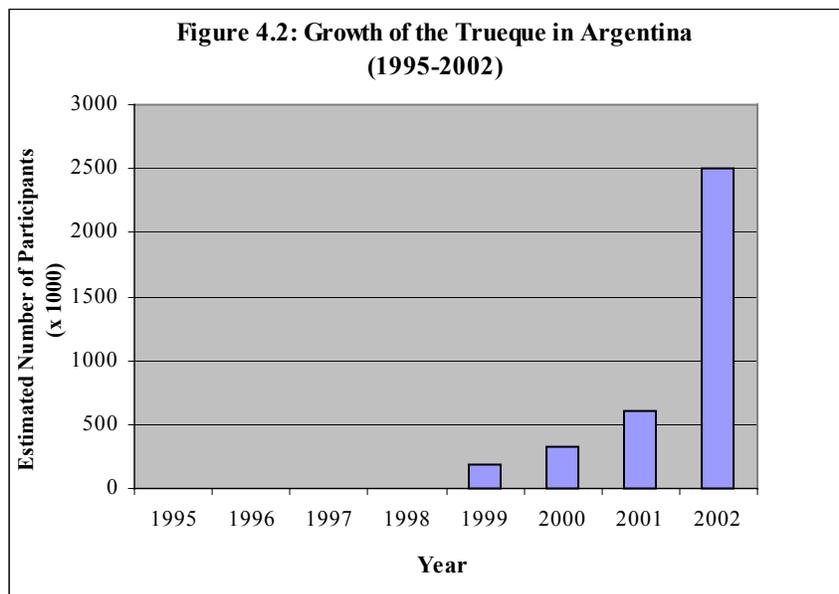
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<sup>65</sup> Poverty measurements are difficult to interpret during times of severe economic crisis and instability. Because there was a significantly large sector residing on the edge of poverty before devaluation, an abrupt decrease in the value of income combined with unstable price changes can shift entire sectors below the official poverty line, even if they do not necessarily experience a major change in their former standard of living. Nevertheless, in Argentina, the method for calculating the CPI (based on the average price of the “*canasta básica*”) was altered in 2001, so determining the exact effects of the 2002 devaluation on poverty rates and inflation is extremely difficult.

<sup>66</sup> The inflation that occurred during 2002 was no doubt worrisome for a general public who had experienced hyperinflation only a decade earlier, but in the long run it turned out relatively insignificant in comparison. Some top economists predicted that the exchange rate would finally level out at 20 pesos to the dollar (*La Nación*, April, 2002), which fortunately never occurred. However, the “fear factor” was undoubtedly at play.



Source: Based on data from INDEC (2003).



Source: Centro de Estudios Nueva Mayoría (Ovalles, 2002).

As Figures 4.1 and 4.2 clearly show, the growth of the *trueque* follows the same general trends as the unemployment and poverty rates,<sup>67</sup> skyrocketing in 2002 after devaluation. From a mere 40 clubs in 1996 a year after its debut in Bernal, by the middle of 2002, there were an estimated 5,000 *nodos* throughout the country incorporating some 2.5 million participants (Ovalles, 2002), though some estimates went as high as 6 million individuals directly or indirectly associated with the *trueque*. In reality, a true measurement of the number of clubs was next to impossible, or, as José Luis Coraggio concluded following the *Jornada Trueque y Economía Solidaria*: “*La extensión de las redes es desconocida. Cuántos son hoy en todo el país los nodos, los prosumidores y su distribución, el valor de las transacciones, es una incógnita*” (Coraggio, 2002).<sup>68</sup> Why calculating the dimensions of the movement was so difficult will become clearer as the chapter progresses. In any case, what is important is that there was a major wave of expansion, measurable or not, that can be explained both by external factors (those stemming from the macro context), as well as by important internal dynamics.

To be sure, part of the *trueque*'s explosive growth is due to structural relationships with the national crisis and thus warrant little explanation. Briefly, two points are worth mentioning to this respect. On the one hand, unprecedented poverty and unemployment rates meant that large sectors were in desperate conditions. On the other, decreased liquidity in the economy had left individuals with less money to spend, and those who still had access to pesos either could not or chose not to spend

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<sup>67</sup> The unemployment and poverty rates shown in Figure 4.1 are for Greater Buenos Aires, not the entire country, and tend to be slightly higher than the national average. Since the activity of the *trueque* was centered in Buenos Aires, it represents the area of highest concentration of participants, thus the comparison.

<sup>68</sup> This referenced conference (already cited in this thesis as the source of the primary bibliographic database for the *trueque*'s historical information) took place during the period that could be considered the height of the barter clubs' crisis, on September 6, 2002. José Luis Coraggio coordinated the conference and thus authored the conclusions.

them, opting to hide them “*debajo del colchón*”.<sup>69</sup> *Clubes del trueque* all across the country experienced a massive influx of new participants as people searched for immediate solutions to everyday economic struggles. Furthermore, the climate of extreme uncertainty motivated people to try to maximize benefits “for today” in place of investing in the future, and because of its unique characteristics (it had its own *moneda!*), the *trueque* appeared as a sensible alternative with relatively low risk involved. The *crédito* was “cheap money,” and due to their (still) wide variety of goods and services, *megaferias* had obtained the reputation of being “better than a supermarket.”

Consistent with Tarrow and Meyer’s (1998) recognition of the new elements of contemporary society, the rapid spread of the *trueque* was largely due to such forces as the media and the Internet. Journalists increasingly took note of the *trueque*’s “surprisingly consistent” growth, in some instances hailing it as a fascinating testament to man’s ingenuity in times of crisis, and other times criticizing it as a shameful regression to primitive forms of existence. Whatever their position, the airtime was what counted. Many participants, and even local leaders, first heard of the *clubes del trueque* on television, either through special segments on programs like “Hora Clave,”<sup>70</sup> or through local or national newscasts. Reference to the media’s role in promoting the *trueque*’s expansion cannot go without mentioning *Crónica TV* as a key player. During the *trueque*’s prime years, *Crónica* consistently broadcast live from *megaferias* and notified the public when new *nodos* opened. Likewise, it was not uncommon to see advertisements for “big ticket items” to the effect of “*Se vende casa en Quilmes, mitad créditos, mitad pesos,*” or “*Se ofrece terreno en 5,000*

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<sup>69</sup> Gresham’s Law in macroeconomic theory says that people tend to hoard the currencies they consider to be more reliable and spend those less reliable ones (“bad money drives out good money”). This phenomenon was present at various levels in Argentina during the crisis—the dollar vs. the peso, the peso vs. provincial bonds, and as it was manifest in the *trueque*, all legal tender vs. the *crédito*.

*créditos*” which in turn generated rumors of suspicious financial ties between the leaders of the RGT and *Crónica TV*.<sup>71</sup> Other major sources for diffusion were newspapers, which granted the *trueque* substantial coverage both at the national level (*La Nación*, *Clarín*, and *Página 12*) and in the provinces (for example, *Los Andes* in Mendoza, *La voz del Interior* in Córdoba, *La Capital* in Santa Fe, *Río Negro*, etc.). Like *Crónica*, local newspapers often gave information about new *nodos*, how many people attended, descriptions and debate over how the system functioned and its usefulness, and they released specific information about how new members could join. In addition to the media, academia was another key channel of diffusion, as growth only brought with it more debate over the nature and potential of the *trueque*. In the founders’ words, “...*académicos lo han incluido como ejemplo criollo de Gerencia Social, y, por supuesto las voces se encuentran divididas. Sirve? No sirve?*” (De Sanzo, et al., 1998). From May of 1997 when the first *Jornada Rioplatense de Trueque Multirrecíproco* was held in Buenos Aires,<sup>72</sup> through the year 2002, there were at least four academic conferences on the *trueque* at the national level, and the wave of interest was repeated at the provincial level as well.<sup>73</sup> These kinds of events not only promoted the exchange of information among social actors that unquestionably contributed to the *trueque*’s expansion, but they also stirred

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<sup>70</sup> Program already cited in Chapter 2. Mariano Grondona’s “Hora Clave” is one of the most watched weekly news hours in Argentina.

<sup>71</sup> Though difficult to verify, these rumors were taken by many of those interviewed for this thesis to be common knowledge by the time the *trueque* exploded.

<sup>72</sup> The conference, sponsored by the Buenos Aires City Government’s *Secretaría de Promoción Social*, ended in the creation of the “*Programa del Apoyo al Trueque Multirrecíproco*” in the same secretariat (“Anexo Cronológico,” 2002).

<sup>73</sup> For example, in Mendoza, just in 2002, three separate conferences were held on the *trueque*, including the *Primer Congreso Provincial del Club del Trueque* in Alvear (June), the *Jornada Trueque, Economía y Sociedad* in Capital (August), and the *II Congreso Provincial del Club del Trueque* in Tunuyán (August).

academic and public debate on the issue, bringing to light key points of disagreement and differences among emerging groups.

Important vehicles for diffusion from within the *trueque* movement itself also contributed substantially to its phenomenal growth. The Internet played a central role in spreading ideas, especially among movement entrepreneurs. In *Reinventando el Mercado* (1998), the founders repeatedly reference the Internet as the primary, and in many cases the only, means of communicating with clubs across the country and with similar experiences abroad:

*...global porque pudo empezar a fortalecerse a través del contacto con experiencias de otras latitudes, a la vez que inspirarlas en el mejor estilo Internet. La Red [Global del Trueque] supo hablar desde su propia experiencia al dinero local de Ithaca, New York, los Tianquis mexicanos, el Banco de Horas venezolano, los S.E.L. de Francia o los LETS canadienses o holandeses, transformándolas en interlocutores permanentes con los cuales hoy es posible acumular para la construcción de sociedades más equitativas y democráticas (De Sanzo, et al., 1998).*

The Red Global del Trueque operated through various websites as did other new networks as they began to emerge in later years, and there were even sites and e-mail networks through which individuals could trade goods and services in *créditos* (*Los Andes*, June 24, 2001). Later, e-mail networks became the major mechanism for connection among “dissident” groups, who were dissatisfied with the workings of the RGT and initiating their own networks.<sup>74</sup>

Besides a general intensification of diffusion of the idea of *trueque* via channels like the media, academia, and the Internet, dissemination by word of mouth became crucial during this period. For example, Cristina and Natalia,<sup>75</sup> who first

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<sup>74</sup> For example, the yahoo e-mail group “*Trueque Libre*” is a primary virtual discussion and debate network for those who do not belong to the RGT.

<sup>75</sup> Cristina Gutiérrez, interview already cited. Natalia Gutiérrez is Cristina’s daughter.

began to participate in 2001, recall hearing about the *trueque* through a friend, “*quien iba todos los sábados*” and knew that Cristina’s husband had recently lost his job. Similarly, Claudia<sup>76</sup> remembers first finding about the *trueque* in the same year while chatting with a group of neighbors:

*Nosotros con mi marido decidimos ir porque decían que allá se podía comprar de todo –hasta autos y casas-- y con créditos. Muchos íbamos de acá del barrio... Pensamos que en el trueque podríamos quizás conseguir las cosas que, bueno, en plena crisis económica (y tampoco estábamos tan bien antes),... lamentablemente para nosotros eran inalcanzables.*<sup>77</sup>

Indeed, accounts like Claudia’s are typical of these explosive years. As more and more people found themselves out of work or in need of extra income, the more and more curious they became about this new form of exchange.

#### **4.2. “*La Franquicia Social*” and the Vertical Network**

What was it that made the *trueque* –as opposed to other alternatives-- especially luring in this time of desperation? Besides the incredible diversity of goods and services that were available by this time, a feature called “*la Franquicia Social*” was, in many ways, the secret to the *trueque*’s appeal. *Franquicia Social* (literally, “Social Franchising”) refers to the process by which an individual becomes a member, or “*socio*,” of the Red Global del Trueque. While Chapter 2 briefly described this system in the primer on the *trueque*, in reality, it was not instituted until 1999, four years after the first club was initiated, when the movement already

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<sup>76</sup> Claudia, interview already cited.

<sup>77</sup> Even though these practices theoretically went against the principle of non-accumulation professed in the *Declaración de Principios*, in Mendoza (and certainly in other provinces as well) during the “height” of the *trueque* in 2002, it was quite common to hear of individuals selling so-called “big ticket items” like cars and houses, particularly in the largest *nodos*, such as the “Feriagro” or “San Cayetano” in Mendoza, or at *megaferias*. It was also common practice by this time for these items to be exchanged using both créditos and pesos.

spanned large portions of the country. Social Franchising was the process by which a new member was required to pay between \$3 and \$4 pesos said to cover administrative and printing costs associated with the Network and the *crédito*.<sup>78</sup> The great attraction of this feature resides in the fact that for *prosumidores*, the *franquicia* was a source of buying power. They easily calculated a relationship of monetary parity using the following simple equation: \$3 pesos equals 50 *créditos* equals \$50 pesos in the *nodos*. Their “money” was multiplied more than fifteen times.

It seemed like a win-win situation; after all, this was the beauty of the *trueque* –untapped resources set free by the ingenious introduction of an “exchange facilitator” like the *crédito*, and poof! Abundance replaces scarcity! The miracle of complementary currencies is that they “create” wealth for the individual with access to them (Lietaer, 2001). Yet, Social Franchising had a dark side. As is often the case with well-intended inventions, the same genius that made it great also depended on the goodwill and responsible direction of human beings. The *franquicia* was a seemingly trivial measure when instituted, likely understood by the founders as a way to alleviate administrative nightmares and facilitate the growth of the *Red*, but it would become both the wedge that split the movement apart, and finally, the match that lit the fires of corruption and speculation that almost totally destroyed the *trueque*.

The effects of the *Franquicia Social* were twofold. On the one hand, it sparked discontent among local and regional coordinators and aggravated already existing ideological divisions. From a new social movements perspective, in its earlier years, the system’s apparent informality and decentralized nature was one of

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<sup>78</sup> Prior to Social Franchising, the rather informal system used by the RGT to issue *créditos* had included a charge to new members equal to 4% of the nominal value of the *créditos* issued (or, for every 50 *créditos*, \$2 pesos). Technically, the difference between this charge and the charge associated with Social Franchising (\$3-4 pesos, or 6-8% of 50) was only a couple of percentage points, but the

the features that had made it so appealing to many social activists and community leaders all over the country, not to mention the average participant. In a climate of absolute disenchantment with political classes and representative democracy in general, a horizontal, participative structure like the *trueque* was a major force behind the movement's initial growth. The fact that "anyone" could start a *nodo* with a minimal amount of organization as *Reinventando El Mercado* (1998) would suggest, at first glance implied anything but dependence. The enthusiasm with which the founders and new actors confronted new ideas prevented any negative perception toward those who might "copy" the RGT system. Before Social Franchising was instituted, rose-colored glasses of both founders and new followers filtered out warning signs of these potential power conflicts. However, the objectives of growth (priority for the founders) and autonomy (crucial for local leaders) were incompatible. The old "productivity versus solidarity" struggle was surfacing --the "need" and desire for "*la Red*" to grow as a market was bound to complicate the process of idea sharing, as it made taking ownership in the process difficult for new actors. Likewise, the autonomy of new groups was inescapably jeopardized if they were to be part of the larger market. More attention is devoted to this issue later in the chapter.

On the other hand, Social Franchising set off a process by which the *créditos* --those "*elementos simbólicos*" that supposedly represented "*unidades de medida y no valores*" (De Sanzo, et al., 1998)-- was *commodified*. The "social money" of the Red Global del Trueque suddenly became *redeemable* for legal tender, albeit unofficially.

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symbolic effect that the formalization of the system's monetary devices implied became a major point of contention.

Thus, the most ominous consequence of the *franquicia* and similar schemes<sup>79</sup> was the corruption and speculation it sparked at virtually every level.

### **Commodification, Speculation,... ¡y salen los vivos!**

Effectively, as a result of the process of monetary centralization by which the “Central Bank” of Bernal controlled the amount of *créditos* in circulation, an individual’s joining the network became the primary (and in fact, the only) source of financing for the organization. Unfortunately, the same simple equation (\$3 pesos = 50 créditos = \$50 “pesos”) that made the trueque so appealing to so many *prosumidores* also held grave danger for the system. Without the implementation of strict measures of control with respect to membership registration, what occurred in practice was a phenomenon referred to as “*multi-franquiciación*,” in which members joined (“*se franquiciaban*”) multiple times over, each time acquiring 50 additional *créditos* at the low “cost” of \$3 pesos. Cristina<sup>80</sup> explains:

*Te digo que hay gente que se ha franquiciado hasta 30 veces! Claro, van un día a un nodo, se franquician –pagan los \$3.50 y reciben los créditos a cambio—y al otro día la misma gente va a otro nodo, donde nadie los conoce, y hacen lo mismo,... y bueno, como no hay control, lo siguen haciendo. Por eso dicen que subieron los precios en los nodos, porque en Buenos Aires están emitiendo los créditos como locos.*

In economic terms, what was occurring was that too much currency was being issued; the relationship between the number of members to the amount of currency in circulation was broken, and inflation was inevitable. Indeed, the effects can be analyzed from two perspectives: from that of the *prosumidor*, who was left “*lleno de papelitos*” in *nodos* with less and less products to exchange at higher and higher

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<sup>79</sup> Many networks, even after separating from the RGT for these very reasons, could not avoid implementing systems that were at least reminiscent of social franchising, in terms of the currencies’ monetary characteristics.

<sup>80</sup> Cristina Gutiérrez, interview already cited.

prices,<sup>81</sup> and on the side of the Red Global del Trueque, “*un negocio redondo*” that involved the “sale” of “*papelitos*” whose yield came in the form of legal tender. Why was there no attempt from the leadership to slow this process, and if there was, why was it not effective? Cristina shares her insight:

*...porque no les conviene. Si te ponés a pensar, con cada nuevo socio, ellos ganan \$3 pesos, ¿para qué van a querer prohibir que la gente se franquicie más de una vez? Vos te imaginás el negocio que tienen,... si acá en Mendoza se supone que son 30,000 personas sólo los que van al Feriagro,<sup>82</sup> por tres ya son unos \$90,000 pesos! Y eso es solamente en Mendoza! Agregale Buenos Aires y el resto del país y ya son millonarios...*

In fact, Cristina’s words reflect the sentiments of many who quickly became aware of, and disillusioned by, the RGT’s mismanagement of *créditos*. The trueque leadership was tainted by serious accusations of outright corruption involving illicit enrichment, clientelism, and deceit. Demands for transparency grew by the day. The following excerpt, a reproduction of a heated conversation between an angry *prosumidor* and the regional coordinator taken from the newspaper *Río Negro* (9 March 2002), illustrates the escalating organizational crisis in the Red Global:

*...y esa plata que hicieron adónde va? El dice que es coordinador acá; lo tiene que elegir la gente. El martes se va a elegir, no a dedo como se eligió acá. Está vendiendo créditos y no sabemos adónde va la plata, dice que va a Buenos Aires pero cómo sabemos? ...A nosotros no nos importa Buenos Aires, nosotros estamos cagados de hambre acá en Cipoletti. Qué me importa Buenos Aires a mí? ...Cuánta plata han hecho? ...El viernes compraste cosas acá a 3 créditos y las estás vendiendo en Neuquén a 7...*

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<sup>81</sup> Most often, inflation is attributed to an over issuance of currency in the economy, but it can also occur due to a decline in production.

<sup>82</sup> “Feriagro” refers to the largest *nodo* in the province of Mendoza, and likely in the entire country. An estimated 30,000 *prosumidores* attended the Saturday *megaferias* in Luján de Cuyo at its height (June 2002).

Simultaneously, a parallel and related phenomenon was occurring at the microlevel that involved the “black market” sale of *créditos*. Once people realized the potential profit involved –after all, the *créditos* were “worth” all the goods and services produced by the now millions of members—they did not have to look far for buyers. And why not sell? For the average “Joe *vivo*,” who recognized the value of the *crédito* as a commodity, there was no incentive (other than *solidaridad*, of course) not to sell, or “produce” for that matter, *créditos*. Indeed, by mid-2002, it was quite common to see people selling “*arbolitos*”<sup>83</sup> (nickname given to the green bills that have a small picture of a tree on one face) for pesos, sometimes even right outside of the *nodos*. As a result, counterfeiting *créditos* became a lucrative activity, and the bills were relatively easy to duplicate (their only protection was a small water mark or “*sello de luz*”).

The combination of the over-issuance of *créditos* through “*multi-franquiciación*” along with counterfeiting led to a severe inflationary process in the *nodos*. *Créditos* were quickly losing value, and by the worst period of the crisis, there were accounts of a bag of flour, usually worth a couple of pesos on the market, costing almost 1,000 *créditos* in some places. In reality, since the *crédito* was officially non-redeemable, it had no “value” but the one the buyers and sellers negotiated at the time of transaction --it was just like any other currency. Even though it was assumed to be “equal” to one peso, establishing prices had always been a complex and potentially explosive issue, and the overabundance of currency in the *nodos* only meant more speculation. To further complicate matters, many people could not even afford the *insumos básicos*, such as flour or sugar, necessary for their

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<sup>83</sup> Perhaps not coincidentally, “*arbolito*” also refers to the currency speculators who buy and sell dollars illegally on the streets near exchange houses.

participation in the *trueque*,<sup>84</sup> which resulted in a generalized decline in the supply of “production” available in the *nodos*, only worsening the inflationary spiral and generating more complaints.

Social Franchising had produced a classic case of Olson’s (1965) free-rider problem. Whatever social aims might have reigned among idealists, the *pragmáticos* were out in full force, as any “just cause” concerning personal or cultural change is almost wiped out by material incentive. If we recall the basic principles of the entrepreneurial version of resource mobilization theory, movements are “successful” (in recruiting followers and gaining power and resources) when they have a minimal level of organization, an aggregation of resources, good relations with outsiders, and perhaps most importantly, a costs and rewards system (Buechler, 2001).

Unfortunately, in the *trueque* the “cause” was never clearly (or loudly) enough proclaimed, and the cost and reward system was almost entirely material. Just as the “reward” for selling *créditos* was on the rise, either on the black market or under the euphemistic title of “Social Franchising”, so were the costs of participation to the honest *prosumidor*. What had seemed like a low-risk investment was actually time, energy, and even *pesos*, which were losing value with every “extra” *crédito* issued, with every counterfeit bill sold, and with every ounce of trust betrayed.

### **The Leadership Responds: “¡Son falsos!”**

Faced with the mounting fury of its membership, the Red Global’s defense hinged on exaggerating the severity of the counterfeiting problem. The leadership of the RGT made sure that cases in which “*falsificadores*” were caught with allegedly counterfeit *créditos* were high profile. For instance, when a group of three people carrying an estimated 2 million *créditos* falsos were detained by the police in Quilmes, it was national news (*Página 12*, July 3, 2002). Similar cases occurred in Mendoza when police intercepted a young boy with 8,000 supposedly false *créditos*

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<sup>84</sup> See Coraggio, 1998 for an explanation of the *trueque* market’s dependence on the larger formal market for inputs.

(*Los Andes*, July 31, 2002), and in Guernica, Buenos Aires when a couple was found with 500,000 (*La Nación*, August 17, 2002). Founders of the RGT and coordinators began disseminating information on “how to recognize false bills” (*Clarín*, May 4, 2002, *La voz del Interior*, June 2, 2002). By June of 2002, the Red Global confirmed that an estimated 30% of the *créditos* –approximately 30 million-- in circulation were “*falsos*,” based on their statements that certain series of bills in the amount of 20 or 50 “were never issued.” According to the Red Global, the counterfeiters would acquire goods in the *trueque* and later sell them for pesos on the market (*Clarín*, July 10, 2002).

Who or what was behind the counterfeiters? The RGT’s version of events: political sabotage. What other explanation could there be for the “*extraña coincidencia de nuestro reclamo por una ley que regularice el trueque con la falsificación masiva de bonos*”? To them, the result was a loss of trust among *prosumidores* that had been “*construida pacientemente durante los últimos cuatro años por los pioneros de los clubes, justo cuando el crecimiento de... la red explotó debido a la crisis económica*” (*Página 12*, June 13, 2002). According to the Red Global, political groups were backing the “massive counterfeiting” operation in order to prohibit the *trueque*’s formalization. Perhaps. The other extreme, those who had already completely lost confidence in the Red Global’s leadership, claimed that the real culprits were officials from within the RGT leadership: “*Son ellos mismos quienes han emitido los créditos truchos*,” insists José Allub, coordinator of a *nodo* in a small town near Mendoza Capital. The teenage boy caught with 8,000 “*créditos truchos*” was discovered in the same vicinity of Allub’s *nodo*, and the scandal, in Allub’s view, resulted in its closure. According to him, the “sabotage” was on the part of the RGT, whom he believed to be desperately looking for ways to silence opponents. Other similar tales would seem to lend credence to accusations of, if not outright corruption, at least some degree of mismanagement in Mendoza:

*Pero si a mí me los dio ella misma<sup>85</sup> y ahora vienen diciendo que son falsos los billetes de 20. Para qué me los dio entonces? Es vergonzosa la estafa que han hecho, jugando con la confianza de la gente... ¡y encima echándole la culpa a los “falsificadores”! Claro, quieren la confianza, quieren que nosotros confiemos en la palabra de ellos porque los demás son unos truchos. Qué te parece... y nosotros con las manos llenas de papelitos que no sirven para nada...<sup>86</sup>*

The fact is that discovering the truth concerning the *crédito* fiasco is next to impossible. To be sure, the leadership of the RGT is not entirely to blame for the countless tales of corruption and scandal. Without a doubt, counterfeiting did occur. As Coraggio (1998) had warned early on, the *trueque* was embedded in the capitalist system, and in no way isolated from the forces of *la viveza criolla* or the political and economic realities of Argentina’s crisis. Implementing a system of controls against negative behaviors was no small task; nevertheless, it is interesting that, back in 1998, long before the *trueque*’s crisis, the founders had included subtle disclaimers in the section about *créditos* in *Reinventando el Mercado*:

*...cada integrante... no es dueño de un valor, sino usuario de un servicio que caduca, si él se retira del sistema... Una consecuencia lógica de lo expuesto, es que los responsables de editar los créditos tampoco son sus propietarios. Aún en el caso en que la totalidad de los integrantes del club asumiera la responsabilidad sobre los créditos, no serían más que proveedores y destinatarios de un servicio que se extinguiría sin consecuencias legales o económicas, si decidieran finalizarlo (De Sanzo, et al., 1998).*

In fact, what the founders described is what effectively occurred the moment the RGT declared 30% of the bills in circulation to be false. Thousands of individuals, the likely majority of whom had earned their *créditos* legitimately through their work in

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<sup>85</sup> “Ella” refers to the Regional Coordinator for the RGT in Mendoza.

<sup>86</sup> Nancy Murzia, Co-coordinator, Nodo Pio XII, Red Global del Trueque, Red Huarpes, August, 2002.

the *trueque*, were left emptyhanded, with absolutely no “legal or economic” recourse. The *trueque* was technically informal and thus “outside of the law,” and proving malfeasance on the part of the Red Global leadership would have been virtually impossible, especially given the high probability that counterfeiters actually did play a significant role in the disaster.

### **...And Down It Goes**

The collapse of the Red Global del Trueque in Argentina happened quickly. In August 2002, the central leadership decided to replace all of the old *crédito* bills with a new design of higher quality (7 security measures and better paper) (*Clarín*, August 23, 2002), their intention being to collect the false bills in the exchange process. However, due to the blow to their reputation suffered with the *crédito* crisis, “*sanear la Red*,” as Mendoza’s coordinator proposed to do, was to be a thorny challenge. Even the exchange process was tainted with charges of clientelism and corruption. Since there was no way to know how each and every individual *prosumidor* had obtained his or her *créditos*, those closest to the power circles generally got the best deal. The exchange was carried out using a process of diminishing returns called “*oxidación*” (literally “rust”) in which only the first 50 *créditos*, “*correspondientes a los 50 créditos del préstamo inicial*,” were exchanged at their full value, while a discounting rate was applied to quantities exceeding 50 (Valdés, 2002). Even though explicit rules were established that exchanged the old bills for new ones at diminishing rates, coordinators of *nodos* were responsible for determining how much each *socio* was to get in exchange, so in practice, those nearest the coordinators (i.e., members of the “polity”<sup>87</sup>) often got full value exchanges, while the “unknowns” were more likely to get a raw deal. In any case, the “oxidation” measure was highly unpopular with the public since it meant a (further) loss of value to their *créditos*, given that most people had obtained substantially more

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<sup>87</sup> Tilly’s (1978) polity model actually explains quite well the process of currency exchange.

than 50 créditos. The response from the RGT to their complaints? “We told you not to accumulate.”

Despite these attempts by the RGT leadership to rectify the *crédito* situation, by October of 2002, the phenomenon had already fallen an estimated 80% (Valdés, 2002). *Nodos* all over the country closed as fast as they had opened during the boom. Even the largest *nodo* in Mendoza, the Feriagro, which some 30,000 people had attended at its height, went bust. The Red Global del Trueque, the original and largest barter network in Argentina, was left in ashes.

### 4.3. Versatility Becomes Divisibility

However, even before the Red Global del Trueque all but disappeared by the end of 2002, internal divisions over ideological differences had already generated a destructive rift in the movement. Alternative networks, or “sub-movements” had formed all over the country proposing new and varied ideas, while simultaneously professing a “return to the *trueque*’s roots.” The case of the first clubs in the province of Mendoza and their experience with the *créditos* provides an illustrative example of the development of divergent objectives and this conflictive dynamic. In April 1997, the initiators of the barter clubs in Mendoza, according to founder Alberto Marino, “*encontraron en el trueque lo que venían buscando durante muchos años: una oportunidad de probar en Mendoza un programa que a partir de prácticas concretas económicas, intentara combatir las fuerzas de la globalización,*”<sup>88</sup> forces that in their view threatened to do away with what little remained of local economies while systematically excluding vast sectors of society. They had heard of the “*economía sin dinero*” on the television show “*Hora Clave*” and soon made contact with the leaders

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<sup>88</sup> Alberto Marino, founder of the *trueque* in Mendoza, current leader of *Fundación El Prosumidor para el Desarrollo Local*, an NGO dedicated to “*promover el desarrollo local, articulado a través de la construcción de una ‘moneda social,’ y basado en el concepto de reciprocidad,*” October, 2002. Officially, three founders are recognized in Mendoza –Marino, Jorge Bodoc, and Leonardo Sato—but Marino is by far the most vocal.

from Buenos Aires. The friendship that ensued from first encounter between the precursors of the *trueque* in Buenos Aires and their enthusiastic counterparts in Mendoza ensured a relationship of equals, even though the exchange of ideas was at first essentially unidirectional, from Buenos Aires.

As the first nodos in Mendoza were established, the relationship became more balanced, as Alberto Marino began to take on a more dynamic role in terms of developing theoretical perspectives, especially in the area of social money and local development. In fact, in September of 1998, Marino and the three authors of *Reinventando El Mercado*, Horacio Covas, Carlos De Sanzo, and Heloisa Primavera, together formed a delegation to attend an academic conference in Finland called “Global Dialogue: Expanding Spaces for People in the Globalized Economy.”<sup>89</sup> From the Finland encounter came a revelation that changed the direction of the Mendoza experience: recognition of the power of local currencies (*monedas locales*) to stimulate local development. In Marino’s words, Finland brought them to the following conclusions:

- *La experiencia de los clubes de trueque no debía cerrarse en si misma, sino que podía servir como un espacio para articular con otros actores sociales.*
- *Que para enfrentar los problemas de la exclusión es necesario reunir a los distintos actores sociales y construir una propuesta de desarrollo local que contemple las necesidades del conjunto y en donde, desde nuestra experiencia podamos aportar creativamente.*
- *Era necesario contar con una estructura que nos permita interactuar con los diversos actores sociales, sin afectar la independencia y organización no formal de los clubes de trueque.*
- *Necesidad de contar con una moneda local que ofrezca máxima seguridad y transparencia, para que pueda ser usada y controlada por*

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<sup>89</sup> Organized by the International Group of Grassroots Initiatives (IGGRI), The Center for Services of Cooperation for Development (KEPA), sponsored by President Martti Ahtisaari and the Ministry of Foreign Affairs of Finland, September 5-9, 1998.

*otros sectores de la sociedad (ONG, redes de comerciantes, empresarios, estado).*

- *Que la precariedad e inseguridad que presentaban los créditos en ese momento, sumado a que no eran locales, no podían servir para estos propósitos.*
- *Que de no contar con sistemas seguros, las experiencias quedaban libradas a la buena voluntad de los coordinadores, pero que ya se observaban desviaciones y prácticas que desvirtuaban los principios y objetivos de los clubes de trueque.<sup>90</sup>*

Given the strong local interests in Mendoza, it is easy to see why the idea of *Franquicia Social* might be ill perceived. The very first “tickets” printed in Mendoza had been, according to Marino, of low quality and were potentially easy to counterfeit. In August of 1997, the founders of the *trueque*, during a “courtesy visit” to Mendoza, offered the free use of their higher quality *créditos* (made from better paper and with water marks). Since the Mendocinos did not see fit to accept the *créditos* for free, they offered to pay the printing costs. The challenge, then, came in determining an appropriate price for the *créditos*, since it was no longer reasonable to ask for the 4% of their nominal value normally charged to new members.<sup>91</sup> When no price agreement could be reached, they decided to accept the *créditos* free of charge in Mendoza, but only temporarily. The free distribution of *créditos* in Mendoza lasted two years, while in Buenos Aires the 4% charge continued. During those two years, the Mendoza group gained significant insight and experience, and after attending the Finland conference, they had begun to develop their own ideas about the purposes and management of local currencies, possibilities for articulations with other local entities, and, as the above conclusions reveal, the potential weaknesses of a

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<sup>90</sup> From “*Una Idea*,” brief description of the evolution of the concept of IDEA (*Interred para el Desarrollo Económico Autosustentable*), Fundación El Prosumidor.

<sup>91</sup> The 4% charge is in reference to the original system, prior to Social Franchising, of distributing *créditos* to new members. It did not make sense to the Mendoza leaders because they would have been, in essence, “purchasing in bulk.”

unified “global” currency like the *crédito*. For them, the *franquicia social* in 1999 could not have been more inopportune or inappropriate for their interests and needs:

*En esa época todavía utilizábamos los créditos del PAR... y desde el PAR inician el Franquicia Social, el cual discutimos y terminamos no aceptando por entender que lejos de mejorar la situación anterior, iba a profundizar las falencias. A las razones ya expuestas, se suman la de cobrar un porcentaje en pesos (4%) del valor nominal de los créditos entregados, lo que no tiene ningún fundamento razonable. En Mayo de 2000, resolvimos no distribuir los créditos del PAR y hacer la edición de los ECOVALES, que comenzaron a ser emitidos en diciembre del 2000.<sup>92</sup>*

In their interpretation, the implementation of the *franquicia* “suddenly” transferred the power of control over the currency to a centralized organization. Marino recalls, “*La franquicia social verticalizó lo que por su origen era horizontal – la red.*” Technically, though, the “old system” was not so different from the *franquicia social*, except that it had been informal and was thus less structured. Prior to 1999, *créditos* in the RGT were issued to new members along with a charge in pesos of 4% their nominal value to cover printing costs. The issuers of *créditos* were still in Buenos Aires, and, it is true, the original idea of the *trueque* was “theirs.” The switch to *franquicia social* from the system in place prior to 1999 was subtle, and in fact played out more in terms of the way the changes were perceived than in any practical or major administrative modification. Nevertheless, what might seem like an insignificant change in the system of distribution of *créditos* in the Red Global del Trueque not only played a central role in stimulating the explosion of the phenomenon in this period, but it was also the primary reason behind the movement’s irreversible fragmentation. What did “social franchising” really mean for the movement’s organization? It implied an unmasking of (as opposed to a true shift in) the structural make-up of the RGT, from a theoretically decentralized network of

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<sup>92</sup> Ibid.

relatively autonomous *nodos*, to a centralized structure in which each club was almost completely financially (and therefore, organizationally) dependent upon a central bank (La Bernalesa) and its decisions. It was a revelation of the direction in which the RGT was headed, and the inherent contradictions of a “global” currency.

Indeed, this view began to be reflected in many regions throughout the country. Groups who were now clearly dependent upon the central management of the RGT began to make demands concerning issues of authority and control over the issuance, quantity, management and transparency of the *créditos*. By 2000, these differences were grave enough to cause major divisions, one of the first and most important of which resulted in the separation of the *Zona Oeste* from the “*Interzonal*”<sup>93</sup> and the subsequent creation of the “*Club del Trueque Zona Oeste*” (“*Anexo Cronológico*,” 2002). Mendoza’s story began to be repeated in varying versions all over Argentina, from Córdoba to Santa Fe. Groups who had divergent ideas or objectives found their autonomy threatened, and consequently suspicions about the “monetary policies” associated with the *franquicia* sharpened.

By April of 2001, following unanswered demands that the RGT divulge the details of its “*Edición de Créditos y Balances de la Distribución*,” another crucial rupture in the movement occurred. Disgruntled groups from all over the country gathered at the *Plenario Nacional de Redes* in Buenos Aires and formed the *Red del Trueque Solidario* (RTS),<sup>94</sup> which became a major challenger to the RGT. Among other leaders who had emerged in other provinces, without a doubt, the most prominent representative of this movement was none other than Heloisa Primavera,

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<sup>93</sup> The “*Interzonal*” refers to the “regionalization” of the RGT in which it was subdivided into four administrative zones April of 1998 (*Anexo Cronológico*, 2002).

<sup>94</sup> Sometimes referred to as the *Red Federal del Trueque Solidario* (Lacoste, 2002). In fact, it is unclear which name was the original or the correct one. In my experience, the *Red del Trueque Solidario* is the name most commonly used.

sociologist and co-author of *Reinventando El Mercado*. The following description of the new network summarizes its positions:

- *La Red del Trueque es una creación de todos.*
- *Se promueve la horizontalidad y la democracia en la toma de decisiones.*
- *Se impulsa la organización cooperativa del trabajo.*
- *Los créditos se editen, distribuyen y controlan con la aprobación y participación de todos los socios.*
- *Los créditos no se venden.*
- *Se promueve la edición de créditos zonales y el desarrollo local.*
- *Los coordinadores cumplen su función trabajando en forma voluntaria.*
- *El coordinador/s, es/son un socio más.*
- *Se promueve el trabajo en créditos.*
- *Se solicitan ½ crédito al ingreso de la feria para la limpieza, ordenamiento, y alquiler del Nodo.*
- *Se impulsan asambleas de socios en todos los espacios de la red para la toma de decisiones.*
- *Se reivindica la autonomía e independencia de la Red.*<sup>95</sup>

Evidently, based on these statements, the key areas of discontent dealt with the issuance and control over currencies, participation in decision-making, as well as autonomy, independence and the promotion of local development and currencies. For these reasons, the RTS is often referred to as a sort of “federation” of independent networks. Ovalles (2002) describes the member groups as “*pequeñas agrupaciones en los barrios, en las escuelas, etc., pero a diferencia a los [de la RGT] están limitados en el alcance.*” This claim is basically correct,<sup>96</sup> and is further illustrated by

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<sup>95</sup> Taken secondarily from the “Anexo Cronológico,” 2002. The specific original source is unknown, but the *Anexo* cites the website for the Network “Mar y Sierras” ([www.trueque-marysierras.org.ar](http://www.trueque-marysierras.org.ar)).

<sup>96</sup> Once again, it is difficult to measure the exact “reach” or size of the *trueque* networks for various reasons, not the least of which is that after the RGT’s fragmentation, many people belonged to more than one network, or as I later describe, many others joined the same network (mainly the RGT)

the next chapter's brief comparison of the organizational strategies pursued by the emergent models of the *trueque*.

The *franquicia social*, rather than significantly alter the initial organization, brought to light many of the weaknesses of the RGT that in 1999 were only beginning to show themselves. The formalization of the *nodos*' monetary dependence on the Red Global in Buenos Aires was what officially centralized the organization and thus struck a discordant note among groups who had imagined themselves to be independent, autonomous units. Through the *franquicia* fiasco, these "dissidents" (as the RGT called them) realized the vital role that responsible administration of social currencies played and the potentially dangerous power held by those who control them. However, while some, both outside and within the RGT, used this lesson "for good" and attempted to learn from previous errors, others, "*los vivos*," looked for ways to use the system to their advantage. The result for the Red Global del Trueque was almost total collapse. For the alternative networks, the battle against the same forces that had brought down the RGT was inevitable, and in fact, many of these smaller networks were subsumed in the wake of the RGT's collapse. The next chapter will examine the paths they followed and their successes and failures.

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multiple times. The RTS is especially difficult to measure since it is a relatively loose conglomeration of independent clubs and networks, some of which consider themselves to "belong" to the RTS because they share similar principles, regardless of whether or not there was ever "formal" recognition of their existence. In my interviews, I found widespread knowledge of the RTS system, and when the RGT collapsed, there was a strong movement toward the RTS, by then considered by many *prosumidores* to be the remaining "*alternativa sana*" of the *trueque*.

## Chapter 5. Salvaging the Remains: The *Trueque* and Local Development Today

Was all lost with the demise of the Red Global del Trueque? What little remained of the *trueque* in the wake of the giant network's fall were small-scale, usually tightly knit community and neighborhood groups. They, like the few surviving *nodos* of the RGT, were faced with an enormous test: overcoming the shadow of distrust, speculation, and resentment left by the catastrophe of the *créditos*. No matter which side of the fence, whether RGT loyalist or separatist, all who had experienced the explosion and –dare we say it, failure—of the barter clubs were battle worn and deflated. Maintaining or regaining trust in anything or anyone, especially given the punches these Argentines had taken that year, was no small feat, and when the goal was to attract people to the *trueque*, the odds were even worse. Even so, this very task was precisely the one that many groups all across the country who still believed in the *trueque*'s potential to be “reborn” set out to accomplish.

### 5.1. Three Models for the *Trueque*

When the dust had settled following the divisions catalyzed by the *Franquicia Social* in 2001, three distinct models of the *trueque* could be identified: the entrepreneurial, the “solidary,” and the reciprocal.<sup>97</sup> These distinct models testify to the existence of “sub-movements” within the *trueque*, which, following resource mobilization theory's jargon could be considered to represent different SMOs (Social Movement Organizations) that together make up the SMI (Social Movement Industry) of the *clubes del trueque* in Argentina (Buechler, 2001). In many ways,

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<sup>97</sup> Versions of the first two categories are the most often referenced (See for example Ovalles, 2002, Lacoste, 2002), although following the *Jornada Trueque y Economía Solidaria*, the *Marco del Coordinador* lists five “*lineas*” observed (Coraggio, 2002). Alberto Marino of the Fundación El

these classifications correspond to the some of the same types of divergent objectives and motivations that began to take shape even in the earliest years of the *trueque*. Although most groups possess characteristics from each typology, they generally exhibit dominant tendencies that merit their classification into one of these three classes.

### **The Entrepreneurial Model**

Not surprisingly, the Red Global del Trueque best represents the first model, “*el modelo empresarial.*” In this system, the *trueque* is understood to be primarily a training ground for the eventual insertion of members into the formal economy from which they were excluded. The entrepreneurial model tends to view the *trueque* as virtuous by its very nature (i.e., a low risk, “inclusive” economy), and therefore could be said to accept and promote “smart business” as good business, but cling to the idea that it is business nonetheless, and as such should not be overregulated. Tapping and increasing people’s productive capacities, and thereby the extent and diversity of the network, is a priority under this model. Though ostensibly informal and decentralized, the entrepreneurial model tends to be highly centralized in the control of the currency, which represents the key source of decision-making power. As this analysis has shown, this model, though ambitious in its visions and projects for microenterprise development, holds several contradictory quandaries. Essentially, the entrepreneurial model for the *trueque* faces the following difficulties:

- 1) The need for constant expansion and diversification, but the discouragement of the accumulation necessary to achieve it,
- 2) The inevitable conflict between organizational growth and regulatory control capacity,
- 3) The struggle between promoting solidary ideals and practices within the network, but depending unavoidably on the larger market.

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Prosumidor in Mendoza, who claims to represent the third model, *el recíproco*, suggested “reciprocal” for the second categorizations I cite. “Local” is perhaps more appropriate.

However, the entrepreneurial *trueque* also holds several organizational advantages. As a necessarily centralized structure, the Red Global del Trueque was able to standardize, even if only by default, certain practices and arrangements, creating low “barriers to entry” for new *nodos*, who, in practice, had but to request *créditos* from “authorities” and collect fees from members. If the grand objective for social change of the entrepreneurial model for *trueque* is the creation of an *alternative market*, its centralized organization in the earlier years increased “combat readiness” by reducing internal conflicts, as Gamson (1975) would have predicted. Also in line with RMT’s assertions (Jenkins, 1983: 542), the Red Global del Trueque had a certain (short-lived) advantage regarding mobilization, as the effect of the *Franquicia Social* policy’s implementation clearly demonstrates. As expected though, the centralization and subsequent explosion of the RGT was detrimental to the *trueque*’s (secondary) objectives for personal or cultural change in attitudes and behaviors in the market.

### **The Reciprocal Model**

The second category of post-division *trueque* organizations is the reciprocal model (“*modelo recíproco*”). Unlike the entrepreneurial model, these organizations or networks tend to be regional or local in scale, they operate with a local currency of limited scope, and they have as a primary objectives stimulating local development and defining and strengthening alternative public spaces through civil society. On the other hand, in contrast to the solidary model, the reciprocal organizations are more formal and centralized in their currency management.

Why “reciprocal”? Alberto Marino, founder of the Fundación El Prosumidor para el Desarrollo Local Autosustentable and the man who coined the term for this model (Urbared, 2002), explains that by “reciprocal,” one avoids the “*asistencialista*” overtones generally associated with the word “solidary.” In his view, since the word “*solidaridad*” has acquired an unavoidable association with the idea of charity, a “solidary” system presupposes a relationship of inequality: on the one hand, those

who have (or those who know), and on the other, those who have not (or “know not”). In contrast, by “reciprocity,” the model and its proposal imply equal conditions and therefore, “*la única forma de aprender y avanzar, es mutuamente... recíprocamente*” (McClanahan, 2002). Essentially, the discrepancy is a matter of semantics, but there are important practical distinctions between this model and the solidary one.

*Trueque* networks that share these characteristics are more likely to be formal organizations with legal status than either of the other two models, especially the solidary model. As such, these organizations also tend to consciously pursue agreements and cultivate relationships with the state, and also with other non-governmental organizations with similar goals. For example, the Fundación El Prosumidor is represented on the Consejo Consultivo Provincial, a consortium of leading NGOs in the province of Mendoza whose purpose is to advise and monitor major government social programs (McClanahan, 2002). Another network that fits this model is the Club del Trueque – Venado Tuerto of Santa Fe. The Venado – Tuerto group pursues similar local objectives as Fundación El Prosumidor in Mendoza (“Anexo Cronológico,” 2002).

Organizationally, and functionally, the reciprocal model shares much in common with the entrepreneurial regarding the currency management. The reciprocal organizations also tend to be relatively centralized concerning the currency control, but, in contrast to the entrepreneurial RGT system, these networks purposefully choose to be locally- or regionally-serving. For this reason, maintaining the quality and quantity of the currency in circulation is much more manageable. This security with respect to the currency has the effect of permitting relatively more autonomy in decision-making among the member *nodos* and clubs.

### **The Solidary Model**

The final model, *el model solidario*, best represented by the Red de Trueque Solidario and its member networks, is characterized by loosely federated, autonomous

clubs or networks whose fundamental objective is personal and cultural change. Just as resource mobilization posits, “a segmented, decentralized structure” –like the RTS—“maximizes mobilization by providing extensive interpersonal bonds that generate solidarity and reinforce ideological commitments” (Jenkins, 1983: 539). Indeed, dissident networks like the RTS have as a primary aim “*la construcción de ciudadanía política a partir de la ciudadanía económica*” (RTS website). Despite their regular claims to the contrary, the solidary model for *trueque* tends to exhibit the voluntaristic characteristics of charitable organizations. While in theory these types of networks are the product of a collaborative and equal effort of all members to achieve the common good, what often occurs in practice is an imbalance in terms of time and effort invested in “making it work” between coordinators and members. Coordinators take on the role of volunteer “*solidario*” whose work in the network is more based on charity and personal sacrifice than on their own personal need or gain.

The decentralized, federal structure of organizations like the RTS has several tactical advantages over centralized structures. In the first place, these organizations are better equipped to institute and maintain democratic and participatory practices, and as such are able to cultivate loyal, committed followers. For example, several of the groups that broke away from the Red Global del Trueque in Mendoza formed their own independent neighborhood clubs. The Nodo “Pio XII” in Mendoza Capital was able to improvise an entirely new and innovative system of *trueque* that had as its primary objective to maximize the buying power of members through community purchases. In a rather complex but effective scheme, each week members contributed 2 pesos to a community “pot” that coordinators then used to buy foodstuffs that were on sale at local markets. With the goal of preparing a diverse “menu” of food items for each *feria*, “*productores*” committed to make a certain amount of anything from elaborate *canelones* to *tartas de espinaca* and picked up the ingredients during the week before the *feria*. When it was time to “*trocar*,” members used a currency –their own currency—called “Huarpes” to pay for the various food selections. Without exception, the members of this *nodo*, almost all of whom were members of the RGT

before, cited the community bonds they have discovered through the new and limited scope *trueque*. Today, Nodo “Pio XII” no longer exists. Nancy,<sup>98</sup> one of the coordinators, explains why:

*...porque mucha gente descubrió que tenía capacidades productivas como para poder hacer algo en la economía formal. Ya que la situación económica se ha estabilizado un poco, muchas de ellas se reinsertaron en el mercado formal. Por ejemplo, Cristina está vendiendo la comida que hacía en el trueque porque a la gente le gustaba, ...y Claudia consiguió trabajo también, y la Perla está trabajando cuidando a ancianos --¿te acordás? Es lo que siempre hacía en el nodo. Creo que el trueque sirvió para eso, para que la gente, algunas que nunca habían trabajado antes, aprendiera que podían –que pueden– hacer algo.*

Interestingly, Nancy adds that the same neighborhood group who used to participate in the *ferias* is now politically active. “*Quieren hacer, hacer, hacer. Siempre están buscando algo para hacer juntas, y aparte están re-politicizadas – ¡hasta mobilizaban a los vecinos para que lo votaran a Kirchner!*” While the *trueque* may not have survived as a strategy, the coordinators of Pio XII do not doubt that they achieved their goals, a sentiment which in itself illustrates the distance between the entrepreneurial and solidary versions’ answers to the question that divided them from the beginning: “*El trueque, ¿a qué fin?*” Ironically, in this particular instance, the “solidary” Pio XII seems to have been more successful in achieving reinsertion into the formal market than the wide-reaching RGT.

## **5.2. General Conclusions**

From the beginning, the *trueque* experiment in Argentina was a bold and innovative social project: an informal, semi-private complementary currency scheme inserted into a crisis-stricken socio-economic context that was based on the socio-cultural mores cultivated in a capitalist market system. Hasty judgments against the

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<sup>98</sup> Nancy Murzia, Co-coordinator, Nodo “PioXII,” Mendoza Capital, June, 2003.

RGT leaders fail to give credit for the ingenuity and tenacity required to envision and implement the kind of complex monetary system they did, especially given their layman's experience in economics. Their ambitious will to create an alternative to the market warrants respect, but just as experimentation on a grand scale brought initial satisfaction and euphoria to millions, the same inexperience and idealism brought with it disaster of unimaginable proportions.

Steadily worsening economic conditions in the late 1990s made the *clubes del trueque* attractive for many excluded sectors, especially the new poor. The *trueque*'s original characteristics encouraged and promoted a plurality of objectives and motivations for participation that, because they went beyond basic economic need and proposed an alternative cultural project, appealed to a diverse social base. An overarching movement objective that would unite the wide array of social actors and ideologies under a common slogan was absent from the start, and in fact, throughout the movement's seven-year evolution, such a goal never materialized. Instead, the decision to implement the *Franquicia Social* in 1999 exacerbated profound philosophical and practical divisions and set in motion a series of events that ended in the movement's utter destruction.

Some will say that the collapse of the barter networks in Argentina was purely a function of the economic crisis; however, this analysis has shown otherwise. The structural conditions that set the stage for the *trueque*'s emergence are undeniable (rising unemployment and poverty paired with inadequate neoliberal social policies), but its decline had as much to do with internal mismanagement with a dose of "*viveza criolla*" as it did with the national crisis of 2001-2002. Its ecological roots no longer discernable, the *trueque* movement had failed to delineate a unified, coherent direction, and even where certain overarching objectives were present, they were too often clouded by inherent contradictions and divergent interpretations. It was a complex dynamic: at the microlevel, material incentives take priority over ideological aims, while solidarity and the collective identity of "excluded" (i.e., "getting along") become secondary to "getting by" and "getting rich;" at the mesolevel, poor monetary

policy in the form of Social Franchising combined with inadequate administrative capacity to enact measures to correct the problem, while competition among networks for resources and members replaces solidarity or any hint of common goals; finally, at the macrolevel, a political, social, economic, and institutional crisis of historical magnitude sweeps the country. Then, the match that lit the fire materialized at all levels --corruption, speculation, and a consequent deterioration of the only factor capable of sustaining a social experiment like the *trueque*... trust.

Though it is difficult to gauge how many *nodos* or networks truly survived the downfall of the RGT, those few left standing in the months after August's *crédito* exchange resembled the second two models more than the first: they were smaller in scale, community- or locally-oriented, and as such, they were relatively manageable. It is perhaps too early to respond to the questions raised at the start of this chapter. As the founders would say, "The future of the *trueque* is not written" (De Sanzo, et al.,1998), but some points are clear. Movement divisions are still as sharp as ever and show no signs of reconciliation. A bifurcation of the movement produced on the one hand the powerful giant of the entrepreneurial model, and on the other, the solidary and reciprocal camps, who, despite sharing their distrust of and dissatisfaction with the Red Global del Trueque, have little more in common than the use of local currencies.

Early into Nestor Kirshner's presidency, Argentina's macro context is showing signs of stabilization, both economically and politically, which could serve to restore trust in Argentine society. Ironically, such stabilization may signify the definitive end of the *trueque* movement in the absence of a cohesive, purposeful effort to retake, and redefine, the cause. Meanwhile, the Argentine experience holds lessons for future alternative or complementary currency schemes, and more broadly, it stands out as a testament to the great potential, and the limits, of grassroots social policy for local development. At the very least, the *trueque* provides insight into social movement dynamics, and at best, it inspires important questions about the nature of presumably self-regulating markets, and even of money itself.

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## **Vita**

Robbin Shea McClanahan was born in Charlotte, North Carolina, on November 17, 1976. She is the daughter of Robbin McClanahan Clipson and Richard Leroy Clipson, and Thomas Hayes McClanahan and Mary Hess McClanahan. After completing her Bachelor of Arts Degree in International Studies and Spanish at Baylor University in Waco, Texas, she began a Master's Degree in Latin American Studies at the Lozano Long Institute of Latin American Studies at the University of Texas at Austin. Following one year of coursework, she entered the Dual Degree Master's Program at the same university, adding a Master of Public Affairs from the LBJ School of Public Affairs as a second and complementary degree plan. Upon graduation from these programs in August of 2003, she will begin her doctoral studies in Government, also at the University of Texas at Austin.

Permanent Address: 120 Laughlin Road  
Eagle Lake, Texas 77434

This report was typed by Robbin Shea McClanahan.