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ÉTICA, ECONOMIA E SOCIEDADE

QUESTÕES CRUZADAS

SANDRA LIMA COELHO · GONÇALO MARCELO

[coords.]



PORTO

ÉTICA, ECONOMIA E SOCIEDADE

Questões Cruzadas

SANDRA LIMA COELHO E GONÇALO MARCELO (COORDS.)

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Portuguese Local Currencies: The Recent Cases of Fundão and Covilhã

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Abstract

This chapter aims to understand how co-operative money systems have contributed to the setting up of economies in the substantive sense (Polanyi, 2012 [1944]; 1977). Three Portuguese LETS from Covilhã and Fundão were scrutinised, given the role played by their local currencies, *Lapa* and *Tear* (Covilhã) and *Comunitas* (Fundão). These cases are part of broader projects (involving different activities) dealing with social and economic exclusion, employability and environmental-friendly consumption. The local scope of these currencies limits the number of participants and information on these activities is insufficient. The local dimension and scope of these LETS highlight the difficulty of assessing their ability to change local economies while promoting the creation of solidarity networks. Nonetheless, their purposes bring them close to the idea of a substantive economy, in the sense Polanyi advocated, given that they place the economy under the control of the community, considering it as a means to ensure the well-being of the community.

Keywords: co-operative money systems, LETS, local currencies, substantive economy.

Introduction

Although the institution of money is fairly ancient, the existence of national money is typically a feature of modernity. National currencies, that is, modern money, are a novelty of the late 1770s (Lietaer and Dunne, 2013). However, until the nineteenth century the existence of competing monies was current (Tibbett, 1997). In

addition, national currencies imply “a single central bank with note issuing powers” (Mundell, 1961, p. 658). The development of international markets provided the opportunity for some currencies to dominate worldwide. Such was the case of the sterling, for most of the nineteenth century until World War II and the Bretton Woods Agreement (Bènassy-Quéré and Coéré, 2000). The latter promoted the US dollar as the predominant currency in international markets, even after its collapse in 1971. The dominant status of the US dollar as the main currency in international trade and investment as well as the reference for monetary policy is ongoing. However, the European Monetary Union and the Euro allowed many European countries to free themselves from the dollar and deepen regional co-operation. However, the existence of nations and supranational currencies coexists with the existence of local currencies. These have known a surge, especially since the 1980s. Such “co-operative money systems” (Lietaer and Dunne, 2013, p. 5) amounted to over 4,000 in 2013, and proliferated at times as a way to cope with the consequences of the financial crisis of 2008.

In countries such as Portugal, Greece or Spain, local money was issued mainly to tackle the dire consequences of austerity policies aiming to control public debt. In other words, local money was a way of enabling those who lost their income sources to access goods in the absence of Euros. The mounting inequality looming large in most European countries suggests that alternatives to the current money system are required. And, in fact, many ‘new cooperative money systems’, or Local Exchange and Trading Systems (LETS) are already in place. In 2013 there were 4,000 systems of this kind all around the world.

Such alternative money schemes encompass different goals and forms. In addition, there is little consensus about the designation of co-operative money systems. In some cases, local development and environmental concerns meet to inspire large programmes. Bristol, in the UK, where the Bristol pound prospers, is a case in point. In other cases, the scope is smaller, to include a region or even a civil parish in a large city. Be that as it may, they all are alternatives to the formal conventions that are said to rule markets. As such, they illustrate what Polanyi (2012 [1944]) described as the substantive meaning of the economy. In other words, cooperative money systems do not follow the economic principles regulating money and markets. This means that money is no longer viewed as a commodity. In addition, its local worth discourages accumulation, promotes circulation and fuels local economies. Profit and interest rates are seldom associated with this kind of money. Hence, the motivation to establish co-operative money systems stems from local communities. This is to say that individuals and

economic agents in general are not offered external stimuli in order to use local currencies.

This chapter draws on a study of three cases of LETS, all from the interior central region of Portugal, namely the boroughs of Covilhã and Fundão. In Covilhã there are two local currencies, *Lapa* and *Tear*. *Lapa* is a currency that was created by L.A.P.A., (Liga dos Amigos dos Penedos Altos) and is associated to a non-profit grocery store. *Tear* is used in local markets. In Fundão, *comunitas* is associated to a community grocery store. The purpose of this chapter is to understand how co-operative money systems have contributed to the setting up of economies in the substantive sense (Polanyi, (2012 [1944]; 1977). In other words, economies that value the real and subjective lives of individuals immersed in multiple relations with other individuals and nature (Soares, 2015). The chapter starts with a discussion on money, followed by an insight into the many ways of designating the co-operative money systems, as well as its different goals. Finally, an analysis of the mentioned cases will be developed to assess their purpose and scope.

1. Literature review: a brief glimpse at the state of the art

There's nothing in the world so demoralising as money.
(Sophocles, 1993 [442])

Money is a crucial institution of modern capitalism. Markets would not be able to operate without money and daily life would also be fundamentally different in the absence of money. This led Ingham (2001, p. 304) to assert that money is a “social technology” and a “pervasive feature of everyday life.” In spite of this, he points out, there is not a satisfactory theory of money. Orthodox economics has been unable to put it forward and the same has happened to economic sociologists, in spite of the efforts of Zeliger (2000, 1994a, 1994b) and others (e.g. Fine and Lapavitsas, 2000). At any rate orthodox economics consecrates the view that money is just a medium of exchange, and as such it is neutral. As such, economics is taken to be all about “the so-called ‘real’ exchange of goods and services” (Smithin, 2000, p. 1) and consequently it is not interested in dealing with the accumulation of financial resources.

It was Keynes who addressed money and the cost of acquiring financial resources as central to economics. However, his views were of little influence as far as orthodox economics is concerned (Smithin, 2000). Ingham (1996), in turn, draws on classical sociologists to grasp the ‘social relations of money’. In this view, what must be emphasised is the set of social rules, and devices, and institutions that went along with

the creation of money. And this can be grasped within an Aristotelian framework. Indeed, Aristotle's perspective underlines the assertion that markets and exchange are a consequence of the development of the institutions of money, price and credit (Soares, 2015). Hence, as money developed, it enabled the expansion of both markets and exchange, and thereby it changed the very nature of exchange (Soares, 2015). One of the outcomes of such change involved money itself, as it was to become a commodity like any other, or perhaps a commodity with specific features.

As a commodity, money challenges views that see it as being merely neutral. This is to say that the transformations of the forms of money have had consequences affecting societies across the globe. The collapse of the Wall Street stock market had long-standing consequences, which have not yet disappeared altogether. In many cases they provided the excuse to further neo-liberal austerity policies, which had a double and opposite effect. On the one hand, they protected and allowed a few already wealthy individuals to increase their wealth. On the other, they plunged a still feeble lower middle class into a spiral of downward mobility, thus increasing poverty and expanding social and economic inequality. This happened in Greece, Portugal and Spain. Portugal and Greece even endured the *Troika* intervention programme and are currently still facing the public deficit control measures under the European Monetary Union. This strongly suggests that, as Ingham (1999, pp. 66-86) asserted, a significant level of inequality produced by the capitalist system can only be understood by means of an explanation of the operation of the monetary and financial system itself. Money is not simply a measure and/or expression of inequality, rather it is also generated by the institutional system that produces money itself.

One of the additional consequences of this sort of economic and social inequality is financial exclusion. One way of coping with and even shining light on all the negative effects of the instability generated by the creation of multiple commodities out of the concept of money is what Lietaer and Dunne (2013, p. 5) called "co-operative money systems". This is an expression that attempts to describe the multiple solutions individuals set up to cope with the challenges of the so called 'real economy,' or perhaps 'real life'. Co-operative money systems compete with the instituted and formal money systems. Co-operative money systems reflect ways that individuals and organisations put in place to gain access to resources that would otherwise be inaccessible. They can be viewed as examples of what Polanyi (1977) called the substantive economy. Although Polanyi's views on the subject can also be criticized (see Sobel and Postel, 2016 for a thorough critique of Polanyi's 'naturalist' criticism of naturalist views of the economy), the notion might be used as a framework to better understand arrangements that aim

at improving the welfare of a community without the 'means-ends' type of reasoning that characterises the dispositions of the formal meaning of the economy.

In its substantive meaning the economy encompasses society as a whole, implicated in the production and distribution of goods, services and resources that are required for survival. Thus, utilitarian calculation and profit, which are typical of the formal meaning of the economy, are alien to this 'material' economy. In fact, in Polanyi's (1977, p. 20) own words,

The substantive meaning stems, in brief, from man's patent dependence for his livelihood upon nature and his fellows. He survives by virtue of an institutionalised interaction between himself and his natural surroundings. That process is the economy, which supplies him with the means of satisfying his material wants (...) Economic here denotes nothing else than "bearing reference to the process of satisfying material wants." To study human livelihood is to study the economy in this substantive sense of the term, and this is the sense in which economic is used throughout this book. (Polanyi, 1977, p. 20)

Co-operative money systems might be seen as specific cases of substantive economies, since their main goal is to cope with extreme forms of inequality and financial exclusion. Money becomes, in such cases, an instrument of exchange akin to barter. Although goods and services are still priced, price does not depend upon the demand-price mechanism, but the actual need of individuals. Co-operative money systems include different forms of "micro-finance and credit unions" as well as "barter-credit associations" (Ingham, 2000, p. 75) or Local Exchange and Trading Systems/Schemes (LETS). Such systems or schemes entail a local currency, and the barter or exchange of goods and/or services using different forms of money. However, these expressions are just a few of those appearing in the specialised literature, as will be shown in the following section.

2. *"Entre pauvres gens, faut bien qu'on s'aide..."*

(Guy de Maupassant)

Globalisation accelerated the scope and the extension of inequality across the globe. In other words, the globalisation of capitalism accentuated uneven development. This is because capital tends to follow the path of profitability and therefore concentrates in more advantageous locations (Pacione, 1997) namely the so-called offshore sites. The draining of capital hurts local and community economies and

increases social and economic inequality. Thus, the effects of the globalisation of capitalism are one of the reasons for the creation of LETS. The first one was founded on Vancouver Island, Canada in 1983. Since then, they have spread across North America, Australia, New Zealand and Great Britain (Ingham, 1999), and more recently also southern Europe, namely Greece, Spain and Portugal. In the UK, the Bristol case is perhaps the more successful, and it is embedded in a social movement aiming at developing environmentally friendly places called Transition Towns.

However, the very meaning of the acronym LETS is not consensual. This means that if the S is read as system, then the whole meaning and purpose is different from that following the S for Schemes. The former is linked to the founder of LETS, Michael Linton. In his view, the LETSsystems aims at establishing pure self-regulating money systems. In his now very sophisticated concept of open money Linton (n/d) states that “Wealth is access to wellbeing.” He explains the concept, which implies three levels of wealth (Tradable, Measurable and Acknowledgeable), which are interdependent. Well-being depends upon getting the money “right” amount of money in circulation, in order to reach a balance.

Hence, Linton inspired the LETS movement throughout the world, but his own perspective has changed and is now centred around the idea of open money, an alternative to modern money. It still requires collaborative effort, and aims at promoting the well-being of communities, while making sure the environment is preserved. The Local Exchange Trading Schemes follows another path. Proponents see local money as a part of a broader project (Cooper, 2013). LETSchemes see trading networks as central to building up communities. In addition, they also thought that policies and practices were required so that “social connection, community development, and enhancement of employability schemes” (Cooper, 2013, p. 33) might occur. Most of the LETS studied and created in Portugal follow the Schemes vision rather than the one of Systems. At any rate, in both assertions there is a common idea, namely that modern money has failed us all, and therefore alternatives are in need.

The Local Exchange and Trading Systems/Schemes usually encompass a form of co-operative money system, usually designated as local currencies, or local money. In the literature, additional labels are also used, such as transition, alternative, local, green (Kim et al., 2016) or local or community (Hughes, 2015), and complementary (Peacock, 2014). In some cases, they are developed by local government in order to encourage community life and civic engagement, as was the case in Japan (Richey, 2007). However, the fact is that besides the multiple designations, there are also different purposes associated to the LETS. Social money is yet another way of referring to local money. This designation is in line with akin expressions, specifically within the

social economy. Cattani et al. (2009, p. 255), on the other hand, prefer to adopt the designation 'social currency'. In their view, it coexists with the national currency, and is administered by the users themselves. It is also coined privately, and need not have any sort of link to the national currency. Those who accept the social currency do it according to their own motivation. Cattani et al. (2009) implicitly consider social currencies akin to regular money. However, they also emphasise the differences, namely its private nature, and the voluntary character of those who join the associations that promote them. Trust is a relevant issue too, they assert, but trust is also a feature of national currencies. What the authors fail to explain is the redundancy of the designation, given that money is always social, since its origin lies in a set of social rules and institutions.

A different perspective is found in Lietaer (2006), who talks about community currencies. In his view, they might stimulate local and regional development, allowing for combining unsatisfied needs with underused resources. Lietaer also considers the benefits of keeping money flowing locally, since that is one way of warranting the well-being of local communities. Lietaer (2006) is in line with Pacione (1997) when he criticises the globalisation of capital, and its corrosive effect on local development. Seyfang & Pearson (2000, p. 57) also write about community currencies, and in their view, they allow individuals to exchange goods and services without resorting to conventional currencies. However, they also identify three ways in which community currencies operate: (1) actual banknotes circulate freely among individuals and businesses. In this case, the use of banknotes is akin to that of regular money. Their goal is usually to revive local economy. This might be the case of the Bristol pound; (2) a credit-debit system, encompassing members of a community. In this case exchange proceeds by means of a system of mutual credit which is generated during the exchange itself (LETS in Canada, the UK and elsewhere, and SEL in France, for example). In this view, Local Exchange and Trading Systems entail associations that ensure the opportunity for exchange.

Associations promoting LETS offer membership to members of the community. Members state the goods and services they seek, as well as those they could offer. There is a central database with all the debits and credits of each member, and individuals may exchange goods and services for time or their own ability to produce goods or provide services to others. Rates are calculated in terms of local virtual currencies. And this leads to the third type of local currencies, which refers to time banks. In this case, time is used as a currency (e.g. Time Dollar in the USA). Time banks coordinate time offers and the service demand of members. They were created in the US in the 1980s to encourage solidarity exchange and to promote the meeting of offer and demand of

services among members. Their currency is time, which is exchanged for time. The hour value is levelled, and participant members accept to give and receive time. This means that the time bank mediates between members that offer services, and those who seek them. Currently, there are 28 time banks in Portugal. Seyfang e Pearson (2000, p. 58) state that time banks are “voluntary currencies that provide a link between what public and private sectors may offer. Simultaneously, as is the case of LETS, time banks promote personal relations and the building up of support networks among members.” Apparently, LETS and time banks share similar features.

The different names given to what we have been calling LETS mirror the different purposes and even different understandings of these alternatives to formal market exchange. However, Seyfang & Pearson (2000) think that the role played by all the diverse solutions already in place is after all similar, as it is to answer to problems derived from community atomisation. However, Santos & Silva (2014) identified additional problems, such as the decline of local economies and community ties, social exclusion and the impossibility of acquiring essential goods. Furthermore, Tibbett (1997) already mentioned the reaction to the advance of economic globalisation, which originates inequality and makes some social groups particularly exposed to the impact of globalising economic forces. This is especially the case of the unemployed. There are grounds, therefore, to accept the idea that local currencies contribute to “reinvent and restructure the market” (Seyfang & Pearson, 2000, p. 59), given that local currencies establish an economy in which knowledge and skills are valued, in spite of being jeopardised in the market economy (Santos & Silva, 2014).

Local currencies also encourage local economy self-sufficiency, as well as the use of goods locally produced and therefore avoidance of imports. All this favours local and sustainable development, while supporting the building up of local economies grounded on social justice and social relationships. At any rate local currencies have known a surge, especially since the 1980s. Indeed, Lietaer & Dunne (2013, p. 5) reported the existence of over 4,000 “co-operative money systems”. Such systems of money – their different designations notwithstanding – coexist with and work as an alternative to national and supranational money systems.

Local money differs from formal money. Differences between the two qualities of money are mostly formal. While in the formal sense a national or supranational money system requires a central bank with coinage power, local money systems do not. As for the rest, both forms of money still rely on conventions that are established between parties tied in credit and debit relationships. Remaining differences stem from the nature of exchange and the idea of market. Formal money became a commodity and an end in itself. Local money is a means to an end, and cannot be conceived as a

commodity. It is alien to profit and accumulation. Local money is only useful while circulating, and if accumulated it is as good as rubbish. Thus, in a substantive economy the use of money brings it close to its natural purpose (Soares, 2015), as a mere means of exchange, as a means for accessing resources, goods and services required for survival. Exchange is therefore regulated by material and real needs (Soares, 2015). The use of alternative money systems, or Local Exchange and Trading Systems/Schemes might as well reveal how the capitalist market has failed to bring about the well-being its supporters announce. When associated to wider social movements, the alternative economic practices might also be a signal that it is time to change and do better. In the next section an account of a few Portuguese cases of local currencies are described and discussed.

3. *Lapa*, *Tear* and *Comunitas*: presentation and analysis of three examples of Portuguese Local Currencies

In this section we analyse three examples of co-operative money systems or local currencies that were set up in the boroughs of Covilhã and Fundão. *Tear* and *Lapa* are located in Covilhã, while *Comunitas* can be found in Fundão. Belonging to the district of Castelo Branco, Covilhã is a municipality and mountain city established at the heart of Serra da Estrela. Once a vibrant centre of wool industries, it declined sharply in the 1970s. In the late 1980s the creation of the University of Beira Interior brought a new dynamic to the region, along with tourism. Covilhã is part of the Serra da Estrela National Park, and its natural beauty, sights and historical monuments boosted tourism. Fundão is also part of Castelo Branco, and is located near Covilhã. It has plenty of historical sites to attract tourists, and is best known for its produce, alongside olive oil, cherries and apples.

i) TEAR

Tear (literally meaning loom, as a tribute to the wool manufacturing industries) is a local currency from Covilhã. It was created by a co-operative, *CooLabora*. This organisation embraces a number of activities aiming at promoting local entrepreneurship as well as responsible and solidarity consumption. *CooLabora* also manages programmes related to gender equality and domestic abuse. Another field of intervention is social inclusion. Training, consultancy and education are the three main activities developed by *CooLabora*. *Tear* is the currency used in *Troca a Tod@s*, the market that takes place irregularly throughout the year and where participants may

either barter goods and/or services, or exchange them using *Tear*. This currency matches the Euro, so euros can be easily exchanged by *Teares*. This market started in 2014 and its purpose was to encourage alternative forms of consumption centred around people and not commodities.

However, as Santos & Silva (2014) claim, this LETS project still lacks clarity. The use of the local currency is too specific and scheduled too irregularly, and therefore its scope rather limited. Perhaps in time the co-operative will be able to rethink the use of a local currency, and broaden its purposes. The other possibility is that in time it will simply cease to exist, as it has already happened to other short-term experiences with local currencies (see Santos & Silva for a detailed account).

ii) *LAPA*

LAPA is the acronym of an association, Liga dos Amigos dos Penedos Altos (L.A.P.A.), literally the “Penedos Altos Friends League”, a non-profit organisation. Penedos Altos is a location in Covilhã where back in 1936 the first social housing project was built. More houses were added in the following decade and the league was created in 1998, but only in 2003 was the league given its non-profit organisation status. Though the neighbourhood is located within the city of Covilhã, residents were ageing and impoverished. The league’s purpose was primarily to assist residents in accessing goods and services, especially health care. Recently they managed to establish a network of businesses, a pharmacy and clinics that give members especial rates. In addition, they also open their facilities for a monthly meeting of the local group of people suffering from fibromyalgia. They also offer members psychology consultations at discount rates. It was not until 2015 that *LAPA*, this local currency, was created as part of a store where goods are available to members and non-members of the league. However, the main goal of this store is to support individuals and families registered with their social services. They are given a month credit in *LAPA*’s that can be traded for goods and available services. Goods include besides food, clothes, shoes, and toys that exist in the store. Donations are also accepted in exchange for *LAPA*’s that can be later spent in the store. Anyone is welcome to buy in the store, as long as they exchange euros for *LAPA*’s, the only currency available for trade.

The league explained that the goal of the local currency is twofold: (1) to fight the idea of charity and (2) to improve budget management of poor families — at this point there are 400 people registered. This last purpose was stated in good faith, but it sounds a little alarming. It brings with it the prejudice against the poor who are incapable of deciding how to spend their money and end up doing it all wrong. It can be

seen as some sort of ideological patronising view, which usually is not reflected in the LETS movement. However, this will be later discussed.

iii) *Comunitas*

Comunitas is the name of a store, as well as a local currency. The store was created as part of the project *Matriz E5G*, in 2015. This is a government funded project under the Choices Programme created in 2001 by the Presidency of Ministers' Council as part of the Alto Comissariado para a Imigração e Diálogo Intercultural (the High Commission for Immigration and Intercultural Dialogue). Currently the management of the Choices Programme falls upon the secretary for citizenship and equality. And, in fact, the store and the local currencies were justified as an “additional tool to work on the social inclusion of children, youngsters and families in more involving, dynamic and creative ways, because the store *Comunitas* will be run by young people who are excluded. This will allow them to develop skills that will facilitate integration in the labour market.” The project is set to fight the idea of charity and instead they put in place a number of creative ways to enhance individuals' worth.

Although the store is an instrument to promote inclusion, it admits anyone interested in participating. The store is now part of a network comprising the city hall, which provided the facilities, businesses and local producers that offer *Comunitas* their surplus. In the store only local money is accepted, and it acts as discount coupons in participant businesses. At *Comunitas* people can barter goods and/or services, but they can also buy them. *Comunitas*, the local currency is only involved in the latter. Euros are exchanged to *Comunitas* directly, hence one Euro = one *Comunitas*. In the store people can buy coins worth €1.00, €5.00, €10.00 and €20.00. The promoters claim that *Comunitas* aims to bring producers and consumers together, stimulate local economy, and raise awareness about responsible consumption. However, such purposes are combined with *Matriz's* recreational activities.

In Table 1 presented below, we find the main scope/goal of each of these local currencies, as well their location and the organization behind them:

Table 1 – Local Money Systems

Name	Organisation	Location	Scope/goal
TEAR	CooLabora (co-operative)	Covilhã	Buyer and seller market/promotion of local economy and local consumption of both individuals and among sellers (barter and/or local money, TEAR)
LAPA	Liga dos Amigos dos Penedos Altos	Covilhã	Store/to enable financial excluded populations to access to goods and services
Comunitas	Matriz R5	Fundão	Store and services available from participant businesses/to promote exchange of local produce and services among individuals, financially excluded or otherwise; create awareness about responsible consumption and include social and economic excluded populations.

4. Results and analysis

To prepare this chapter on Portuguese LETS, data was collected mainly through secondary sources. Although interviews were asked and even set up, they never came through due to the unavailability of some of the representatives of the organisations involved. Given these setbacks, data was collected from the sites developed by these LETS promoters. The main problem encountered was the lack of updated information. The same happens to their Facebook pages, which might be a prolific source of information, if they were more frequently updated. Newspapers proved invaluable

sources of information, as they included articles with events as well as statements from LETS' promoters. In general, the three LETS analysed are involved in fostering the welfare of participants and local economies by encouraging trade of local produce and goods. As it seems to be the case in Portugal in general, they are also concerned with the impact of the recent austerity measures as part of the deficit control, which increased the number of social and economic excluded groups.

Local Exchange and Trading Systems are one way of resisting the failure of national or even supranational money. That is, they are “non-profit-making schemes designed to encourage people to come together to trade services and goods among themselves using a local currency” (Williams et al., 2001a, p. 119). In the three cases described above, the creation of the local currencies followed the process that is usually described in the literature (see Ingham 1999; Williams et al., 2001a). There is an association gathering individuals concerned with the development of their region or even neighbourhood and that decide to create a local unit of exchange.

In the three cases, *Tear*, *Lapa* and *Comunitas*, the scope of action is small. *Tear* uses the local currency in the market that takes place three times a year, and so far, the local currency has no further use. *Lapa* encompasses a whole neighbourhood, and therefore a community, while *Comunitas* is located in the borough of Fundão. The latter cases involve a store, but also a network of local businesses that might benefit from participating in the LETS, even if they offer services at discount rates for those using the local currency. In the case of *Comunitas*, the local currency even operates as credit, since presenting it to a participant business grants a discount, even if the transaction is made with Euros. *Comunitas* is also involved in a larger project encompassing a number of projects aiming at promoting the inclusion of several excluded groups. For example, they promote awareness about refugees, and a set of activities to promote the inclusion of ethnic minorities as well as the unemployed. However, the direct involvement of the LETS in mediating between unemployment and the labour market is circumscribed to the operation of the grocery store. Representatives of the Association *Comunitas* claim that by managing the store, unemployed young people are expected to develop skills that are likely to facilitate access to the labour market. However, there is not evidence to verify that claim.

The three LETS under scrutiny claim to encourage togetherness and therefore to develop solidarity. They also defend their contribution to increasing awareness about responsible consumption and help local economies. That happens in the cases of *Tear* and *Comunitas*. However, *Lapa* is very much a case of helping out elderly residents of the neighbourhood of Penedos Altos. It also helps financially excluded families by means of the store. Wanting to distance themselves from charity practices, they give

credits to the families registered in their social services that families may exchange for food and other goods. They also aim at helping poor families benefiting from their assistance to manage their budgets. This recalls ideas about poverty and how poor people are allegedly unable to make sensible choices regarding the way they spend their money and therefore need to be taught. This patronising outlook may be unintentional, but provides an insight into the ideological mindset of the promoters of Lapa. And this is one of the problems of LETS dealing with social inequality. In such cases, the charitable drive may arise and individuals benefiting from the LETS are not seen as equals, but as people who need to be taught how to make sensible choices, to be educated. In that sense, this particular LETS undermines the goals usually mentioned in the literature.

Academics (see Williams 2001, for example) have identified a number of purposes associated to LETS: LETS as a response to Globalisation (Tibbett, 1997, Pacione, 1997); a type of moral economy (Lee, 1996); an instrument putting forward 'green' policies and sustainable development (Seyfang, 1998); as a facilitator of community development (Williams, 1996), and as bridges into work (Williams et al., 2001a), and LETS as new social movement (North, 1996). In two out of the three cases presented in this paper, however, social and economic exclusion constitutes the main motivation to use a local currency. The exception is Tear, which embraces the purpose of stimulating local economy, by leading local producers and consumers together, while creating awareness about responsible consumption.

Environmental concerns are shared both by the cooperative that manages Tear and the project that created Comunitas. However, such concerns are not intrinsic to the local currencies. They promote workshops dealing with such concerns, as part of the co-operative activities in the case of Tear, and of the project Matriz, in the case of Comunitas. Regarding Tear, Santos & Silva (2014) mention that markets where people are able to barter goods and/or services associated to local currencies serve the purpose of reinforcing co-operation among members of the community, while by the same token, end up stimulating local consumption and the local economy. This market still allows for barter, for example, of toys. The fact that the co-operative CooLabora is linked to the international movement Transition Towns, provides evidence for their environmental concerns, as Seyfang (1998) suggested. How such concerns relate to the local currency is unclear.

In the case of *Lapa*, the LETS seem close to what is called social economy. Hence, this kind of market mirrors the many others organised around the country, where no local currencies are at stake. In such cases, artisans and other people gather together, usually under the umbrella of an organisation or the city hall to sell their

goods. Home made bread, soap, jewelry, clothes, toys, vintage clothes, antiques, old records and books are usually the most common goods traded in those markets. Their goal is to provide impoverished individuals with some income. But these markets also favour the development of informal networks, that is to say, social groups that are close and help one another, as Santos & Silva (2013) point out. But the informal networks are even more visible when a local currency is involved, and that might be a problem. This is because, in time, the resources that could flow through such networks might actually be enclosed and therefore end up benefiting just a few within the community. In such cases local social and economic development might be compromised. However, LETS cannot be restricted to the use of local money alone, unless the focus is on the LETSystem.

The three examples presented in this article suggest that in Portugal the LETS fall under the 'Scheme' perspective. This is because none of the cases entail the sole use of local money. *Tear*, *Lapa* and *Comunitas* emerge as part of larger projects. Despite the different goals set by the associations that have created a local currency as part of their activities in the local community, it is possible to uphold that most of the Portuguese LETS are a reaction to austerity policies that have swept the country since 2011. In fact, all the organisations that have created these local currencies were concerned with social inequality and the social and financial exclusion of significant numbers of individuals in their communities. Hence, the sort of "co-operative money system" (Lietaer and Dunne, 2013) is just one part of the whole project.

Tear is a case in point, as it is used only in a market that takes place at irregular intervals. Hence, it plays just a small part in the activities of the Co-operative *CooLabora*. Nevertheless, as Santos & Silva (2014) remark, the creation of local currencies in Portugal has been fast, but their survival rate is feeble. Many are short-lived, which might signal that local currencies became somehow a buzzword, a fashionable practice. It may also be a result of local currencies being created for their own sake, without a broader project that frames it. Another reason might be the relative obscurity of such initiatives beyond the locality where they take place. This recalls Williams et al. (2001a) as they pointed out how little was known about the LETS in the UK, even locally. It seems also clear that the scope of the intervention of the three organisations involved in the creation of the mentioned local currencies is limited. As such, they may find it difficult to create the support networks envisaged, given that membership might be wider if the projects were well-known, even outside the geographical areas covered.

Conclusions

The three LETS discussed in this article were chosen for their location. The boroughs of Covilhã and Fundão are part of the district of Castelo Branco, and were well-known for the wool industry. Currently there is a renewal of that economic activity, in addition to tourism and other activities still related to agriculture. Nevertheless, the impact of the austerity policies that were enforced between 2011 and 2015 have fueled the creation of Local Exchange and Trading Schemes in the region.

The analysis of the three LETS, involving three local currencies, *Lapa*, *Tear* and *Comunitas* revealed common aspects, namely the fact that they are all part of broader projects. In all cases the development of community support networks was an important goal. As part of the intervention project led by *CooLabora*, *Tear* and the market *Troca a Tod@s* is also expected to create reciprocal exchange networks, since the market also allows for barter. *Comunitas*, as part of the Project *Matiz*, was conceived to facilitate the employability of socially excluded youngsters. Hence, in all cases money is divested from its regular features, becoming a simple means of exchange and therefore leaving no room for profit or accumulation.

In theory, it seems plausible that scrutinised LETS may contribute to the strengthening of community ties and alternative economic networks. In this way, the LETS relate to a concept of economy that is akin to Polanyi's (1977) substantive meaning. This is because money – even if local – is not the central feature, but people, and communities, who are brought together to find solutions for the problems of local economies. Furthermore, in some cases environmental-friendly consumption is also encouraged. Moreover, the LETS reposition the economy, making it a means for improving the welfare of local communities.

It is possible to claim that the scope of the networks created by these LETS might be more inclusive if more information about the projects existed. The local scope of the projects creates barriers to participants, limiting the number of potential beneficiaries. Finally, it seems rather difficult to assess the success of such programmes, and therefore further research is needed in order to evaluate LETS' capability to actually develop community ties and local economies.

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