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Tumin, pesos, or wealth?

Limits and possibilities of a local alternative to scarcity of money and abundance of richness

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Tumin, pesos, or wealth?
Limits and possibilities of a local alternative to scarcity of money and abundance of richness[†]

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In face of unused productive capacities and unmet demand in a context of poverty among its inhabitants, Tumin, a local complementary currency, emerged in the community of Espinal, Veracruz in 2010. IT appeared not only as an instrument to facilitate the exchange and increase the purchasing power of the population, but also as a social and political bet to empower the community and redefine the values that determine the relationships amongst inhabitants. Over two years have passed, and, although Tumin seems to be ineffective in having an economic impact in the community, its potential as an instrument to empower the community, strengthen relationships, and promote cooperation and mutual help among the inhabitants has manifested. This experience shows that although the effectiveness of this instrument for solving the economic problem of Espinal is limited, its potential as a powerful tool for searching for alternative systems goes beyond its direct social benefit.

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Introduction

"Tumin" means money in Totonaco, the language of the indigenous people who reside in the municipality of Espinal. This local complementary currency was created to face a scarcity of money and the low purchasing power of the majority of the population. Its objective was to stimulate economic activity and solidarity among the people in the community. Today the Tumin has caught the attention of the media and consequently of the general public. In spite of the modest changes that it has brought to the community given the daily difficulties that its promoters face and the more deep-rooted problems that the implementation of this alternative entails, this scheme is an attempt to question and re-establish the values that rule individual relationships and economic transactions. Thus, this effort has an intrinsic value independently of its future perspectives, and is therefore of interest from an academic perspective.

In this paper we present a case study on the Tumin. We explore the potentials and limits of this currency as an instrument for improving people's life, according to the perceptions of the population in Espinal. On the first section, we present a succinct revision of previous literature on complementary currencies to point out some questions that will be discussed further. On the second section we describe Espinal, with emphasis on the economic and social characteristics of the municipality as explained by some of its inhabitants. Thirdly, we depict the process of emergence and development of the Tumin through the experiences of those involved in the project. Next we discuss the economic and social potentials and limits of the Tumin contrasting what has happened in Espinal with the questions that emerge in the first section. Finally, we suggest some potential implications for the project, as well as for public policy on the matter.

Our conclusions suggest that, more than a complementary currency, the Tumin would be better described as a school, or a *tool* for setting into practice values other than profit during economic transactions. We argue that due to its territorial basis, the Tumin has the potential of strengthening human relationships and promoting reciprocity, reactivating to some extent the internal economy of Espinal, and facilitating exchange between people living in the community.

However, the problem of low income levels and standards of living has many other deep-rooted causes than just the scarcity of an instrument to exchange goods. In this sense, the use of the Tumin may bring long-term economic benefits to the community only as long as the deepening of relationships and the empowerment may contribute to the better organization of people in Espinal to improve their economic situation and the producers' stance in front of intermediaries.

The study is based on field research that took place in Espinal during March 2013. In terms of research techniques, the emphasis is on qualitative data: interviews with the coordinators of the project[4] and some of its most active users, the local authority, the priest, a primary school's principal, a local agronomist that works in productive projects, and people from the Cattle Breeder Union. Focal groups were held with users and primary students and teachers. Unless otherwise stated, all the information about the economic and social characteristics of Espinal is the reflection of the perceptions of the inhabitants of the place. Although we acknowledge that these perceptions are subjective, they reflect the conditions that led to the emergence of the Tumin.

[4] Juan Castro, Oscar Espino and Irene Castellanos are the coordinators of Tumin at the present.

Some of what some others have said about complementary currencies

In previous studies, Lietaer and Hallsmith (2006: 2) define complementary currencies (CCs) as “an agreement to use something else than legal tender (i.e. national money) as a medium of exchange, with the purpose to link unmet needs with otherwise unused resources.” Additionally, Lietaer et al. (2009) and Seyfang (2001) argue that the objective of diversifying the types of currencies is to increase the availability of money in its prime function as a medium of exchange.

The local nature of CCs guarantees that the instrument remains in the community of origin, and it encourages holders to search for local goods in order to spend it, so the multiplicative effect of money is intensified (Helleiner, 2000; Seyfang, 2001). In this sense, Santana (2011) avers that part of the significance of this kind of solidarity bets is that wealth is created by the circulation of goods and services that are meant to satisfy needs, with the willingness of individuals to let money go and therefore stimulate economic activity through the increase in spending in local goods. Local currencies do not seek to substitute conventional money, as by nature they only work locally (Helleiner, 2000; Seyfang, 2001). In contrast, they emerge as a complementary system to plug the gaps where mainstream money fails to meet needs, encouraging different consumption and production patterns, fostering local trade, and re-valuing work, wealth, and labor in a more equitable approach (Seyfang, 2001).

In terms of the social benefits generated by CCs, the creation and strengthening of ties are often mentioned. For example, Nakazato, H. and Hiramoto (2012) propose a network approach to understand the effects of indirect ties not limited to direct acquaintance; Granovetter (1973) suggests the validity of “the strength of weak ties” approach, to analyze the weak bonds that are created through CC usage; while Lopezllera-Mendez and DeMeulenaere (2000) and Santana (2011) argue that CCs may discourage anti-social behavior through the strengthening of the notion of community, enhance existing social assets, and foster reciprocation and redistribution. Helleiner (2000) and Santana (2011) also point at their potential of encouraging a stronger sense of identity linked to the community, local pride and sovereignty. Seyfang (2001) claims that as communities gain autonomy and certain degree of economic self-determination, social groups are empowered.

Brakken et al (2012) expose the difference between wealth and value: “wealth is that which can be identified as valuable to any individual, whereas value is that which has the potential to be valuable to anything.” Thus, while wealth is limited, value is infinite. According to them,

> any currency isolates certain forms of value to transform into wealth, but those other forms of value remain even as they are undervalued… An economic system with a single currency will only recognize a very limited set of activities as valuable. As a consequence, many of the activities that constitute a functional community and in turn a functional economy, lie outside of the value analysis of our existing economies… Appropriately differentiated currencies can help better activate different types of value in the world, empowering communities and economies.[5]

Related to this, Helleiner (2000) argues that local currencies have the potential of promoting shared principles held by the community concerning the value of different goods and services.

[5] Brakkn et al

Collin (2010) warns about the possible concerns associated to using local instruments as complementary to conventional currencies. She considers that a system of this kind does not allow the differentiation of the two, so it favors confusion. The fact that alternative instruments are used together with traditional money for complementing the price of products, promotes that these two instruments are pegged. Thus the two are not understood as qualitatively different, complicating the symbolic shift in values which is central to solidarity projects. In this sense, Lietaer (2005) avers that community currencies are an agreement between the members of a community to accept a different measure of value. However, if this works only as complementary, the old agreement prevails. This means that at a symbolic level, trust in the alternative instrument is not the underlying feature that characterizes these transactions, but the instrument works more as a form of promotion. Because prices of goods and services are established in conventional money, the part of the price paid in alternative currency is regarded only as an overpricing, but in reality nothing is being exchanged with local currency. This does not favor the creation of relationships of trust. Although all these are potential threats, the real challenge of this kind of solidarity economies, Collin argues, is how to generate alternative currencies that in effect contribute to modifying the system of values and to the generation of wealth in communities.

Finally, Cohen (2006) states that due to competition among currencies across borders, "money is becoming increasingly deterritorialized, no longer the instrument of an exclusive national sovereignty…State authorities are no longer able to exercise supreme control over the circulation and use of money within their own frontiers."

Throughout this paper, some of these categories and hypothesis are contrasted with results and perceptions on the Tumin, in an attempt to understand the economic and social processes set off by its creation and use. Has the Tumin linked unmet needs with unused resources, or to increase the availability of money? Has it created or strengthened ties, has it had an impact on the sense of community, on the people's empowerment? Is Tumin an appropriately differentiated currency with the potential of recognizing different types of value? Has it helped the population of Espinal to distinguish value and richness from wealth? Is Tumin a sign of territorialization of money and can it have an impact on sovereignty and autonomy?

Espinal

Espinal is the administrative center of a municipality in the state of Veracruz. By 2010 it had 2676 inhabitants, 19% are indigenous.[6] The community has four primary schools (two of them are bilingual, Spanish and Totonaco), two secondary schools, two high schools and a branch of the Intercultural University of Veracruz (UVI). The existence of high schools and the university has attracted a lot of young people from the surrounding communities.

One of the first things that caught our attention was that Espinal does not have a market, or a public area dedicated specifically to the exchange of the products from the surrounding communities. In many other administrative centers in Mexico, the area of the market is central not

[6] Mexican Population Census, 2010. This refers to the people living in the community who speak an indigenous language. Espinal is found in the Totonaco region.

only for the economic activity but also for the building of social relations. The lack of a market could be having a negative impact on social cohesion and trading within Espinal. As in other communities in the area, poverty prevails. When asked about Espinal's main problems, inhabitants mention lack of sources of employment, industry, and land, and the inadequacy of the roads.

The majority of the people in Espinal are peasants, but around half of them do not own their land so they work as day laborers for a wage of around 150 pesos per day (US$12). There are some ejidos,[7] but land is largely private and concentrated in a few landowners. Some women sell food, but their income is low. The main economic activities are agriculture and livestock, and they mainly produce citrus fruits, namely oranges and lemons. In the past, milk and corn production had a central importance in the economic activity of the municipality. Nonetheless, given the profit margin of producing corn and the decrease in the margins of milk production and cattle breeding,[8] the economic activity has shifted towards medium scale citrus fruit production. However, the conditions of citrus production have also deteriorated in recent years. Since producers lack trucks to take the fruit to the final destination, it is hard for them to avoid the intervention of intermediaries, which causes low profit margins.[9]

The lack of organization of producers is noticeable. In most cases, not even the members of the ejido work collaboratively, and there are no cooperatives. According to a local agronomist, there is a packing company in the area, but producers do not take advantage of it because they are not organized. Perhaps the exception is the Cattle Breeder Union that emerged from the initiative of one rancher who wanted to obtain support to get water and wire. Simultaneously, producers complain about governmental programs, claiming that they do not stimulate production given the lack of surveillance, that they do not target their real needs and that they reflect a paternalistic and unsustainable approach to the problems.

In sum, in order to increase household income the production of families in Espinal has changed from subsistence farming and cattle breeding to the medium-scale production of citrus fruits for export. This has mined the community's capacity to produce its own food and increased its dependence on imports. However, the profit margin of agriculture and livestock products has fallen whilst the price of goods and services that are bought from other places has increased. Together, the deterioration of the terms of exchange and the absence of internal circulation of

[7]Ejido, the prevailing land tenure in Mexico, is a social form of land use, formed through government-issued grants to use federally owned property for farming and ranching cooperatives. The land cannot be sold or rented, and can be revoked if it is not being used.

[8] According to members of the local Cattle Breeding Union, milk producers used to sell their product to *Nestlé.* However, only large-scale producers that have economies of scale can meet the low prices demanded by the transnational. Thus, producers have moved to the production of citrus fruits or to cattle fattening. However, the conditions of this activity are adverse. One cow requires around one hectare of land to reach an average weight of 350 kilos in 6 months. Selling their cattle earns them on average 6,300-9,450 pesos per cow (US$506-756). Apart from medicines and fertilizers, ranchers have to pay a weekly average of 1,000 pesos (US$80) to a cowboy who is in charge of looking after the animals. Among the problems mentioned by cattle ranchers, the lack of technology, commercialization, and hoarding of the profits by intermediaries stand out. Most of the cattle ranchers ignore the prices that the final buyer offers for the cattle, and they have been unable or unwilling to organize in order to avoid intermediaries.

[9] On average, one hectare of land produces 60 tonnes of oranges per year that are sold to intermediaries, known as *coyotes*, at a price ranging between 600 and 900 Pesos per ton. Intermediaries sell them for 1,500 Pesos per ton. Thus orange producers earn a yearly average of 36,000 to 54,000 Pesos (an average of US$300 per month) per hectare.

products, have impoverished the population. Due to inadequate transport infrastructure, Espinal has become practically excluded from the market, and this has opened a window for intermediaries to hoard a large proportion of the profit. Small producers have few options in terms of customers, so they have scarce negotiation power and low possibilities of influencing the price. Consequently, the main economic activities produce insufficient money which, additionally, is concentrated in few hands, so purchasing power for the general population is low.

In terms of the society, Espinal is inhabited by mestizo and indigenous people. In general, the latter ones are the poorest and least integrated to the economic and social system. Additionally, indigenous people are discriminated because they are regarded as inferior. This is reflected amongst the children who are ashamed of speaking Totonaco. People do not perceive insecurity or violence as a problem. Our interviewees agreed that, generally speaking, the population is not participative. Indeed, there are not many records of teamwork, cooperation or organization. Some recalled that in the past people worked together to clean the community, but recently the only example of organization that our informants recalled was when the people opposed the removal of the UVI branch in Espinal. In addition to this, the priest considers that social cohesion and solidarity is low in comparison to other rural communities where he has lived.

In sum, from the information gathered, the relationship between inhabitants does not seem to be very close nor to be based strongly on trust. It is unusual to see experiences of cooperation and organization and according to our interviewees, the participation of people is subject to the perception of a personal benefit, concretely about receiving something in exchange.

The emergence of Tumin

In 2010, a group of students and teachers at UVI built a general diagnosis of Espinal. Their conclusions pointed at the lack of money to facilitate the exchange in a place where there existed both demand and supply of products. As a response, they created the Tumin, a local complementary currency. According to Oscar Espino, there are around 15 other CCs in the country. Yet, the creators of Tumin claim that this is the first local currency of daily use in Mexico. The philosophy of this instrument is opposite to the one of fair trade: whilst the latter seeks to pay a better price to producers of products that leave the community, the former asks the producer to decrease the price for local people so that they can pay for the product. In a country with high