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## Making sense of the plurality of money: a Polanyian attempt

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### 1 Introduction

This chapter aims at accounting for the dramatic plurality of money through the discussion of a conceptual framework built on Polanyian writings. Indeed, a multiplicity of moneys has emerged in the last 30 years that are not national currencies. These moneys include systems set up by community groups, local authorities or even by private businesses for their own interests. They come in various shapes and sizes, ranging from electronic moneys on smart cards to systems for debt settlement by multilateral clearing arrangements via more or less sophisticated notes or vouchers. The space in which they circulate extends from small communal groups to politically borderless cyberspace. They are created to secure customer loyalty, to revitalise an area’s economy, to give impetus to social policies, to act as incentives to virtuous behaviour and for many other purposes.

Although the rapid emergence of these new schemes requires a theoretical framework within which they can be accounted for, little has been done so far to produce one. The only journal on forms of money characterised as ‘complementary currencies’ or ‘community currencies’, the *International Journal of Community Currency Research* (IJCCR), has so far published monographs for the most part, with a few exceptions like Blanc (2011) and Martignoni (2012) that deal with typologies. The multiplicity of money in its theoretical dimension is seldom addressed as such, aside from mainly Austrian approaches such as Hayek, as well as New Monetary Economics or Free Banking, all of which consider competition as the standard interaction mode between moneys<sup>2</sup>. Conversely, to speak of ‘complementary currencies’, as frequently done in studies on LETS, local currencies, etc, does not contribute substantially to our understanding of the issue, because the concept of complementarity is only one of the criteria for an in-depth analysis of relations among all forms of money (on this matter, Blanc, 2017). Moreover, attempts to construct typologies and proposals for naming moneys have generally proven to be disappointingly incoherent or unsystematic, as if the subject of analysis itself were not amenable to any stringent form of classification.

A major difficulty facing observers is the obsolescence of previously established typologies because of the pace of innovation and the removal of boundaries that previously seemed unlikely to be crossed. Since the 1980s, LETS and time-based schemes mixed social innovation with the principle of mutual credit accounted with an internal currency. Offline softwares and then online platforms were developed to provide the infrastructure of such schemes, like Cyclos or CES, allowing the creation of new communities with their moneys in a simple way, locally or remotely. Since the 1990s, the internet has thus made it possible to create communities that are not confined within any political borders. With different goals to those of LETS (Local exchange and trading systems) and time-based schemes, the metaverse Second Life implemented its own money, the Linden dollar

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<sup>1</sup> This chapter is an extension and refinement of earlier work on Karl Polanyi’s contribution to the conceptions of money and to a typology of ‘complementary currencies’ (Blanc, 2006, 2009a, 2009b, 2011, 2013). I am grateful to the many commentators on preliminary versions, especially Marie Fare, James Stodder and Georgina Gómez, and to Isabelle Hillenkamp, Jean-Louis Laville and Jean-Michel Servet for their thought-provoking observations

<sup>2</sup> For a critical review of economic theory on the plurality of moneys, see the chapter of J. Blanc, L. Desmedt, L. Le Maux, J. Marques-Pereira, P. Ould-Ahmed and B. Théret, in this volume.

(Hueber, 2011). New forms of local currencies have emerged in North America in the 1990s, followed by South America and Europe in the 2000s. In the specific case of France, where the local implementation of LETS from 1994 was barely considered monetary schemes by their founders and users (Servet, ed. 1999), any fear of illegality seem to have vanished by the late 2000s. More than 40 local currencies were created between 2010 and 2016 which were also made convertible into euros. There was also a surge in the number of projects in this domain. Again in France, the possibilities of compiling various items of information and keeping simultaneous but separate accounts on smart cards has been an important line of thought for what has become SOL money (Fare, 2011). SOL was also a project that brought together the private sector (above all from the social and solidarity economy organisations), local authorities and community groups around a number of objectives: retail trade, non-market services, welfare support and payment for commitment to work among associations. With the spread of participatory instruments of web 2.0, there has been a rise in initiatives promising to establish reputational currencies - by which web users reward other deserving web users in a decentralised and voluntary way, or attention currencies - which reward those who read e-mails, visit internet pages, etc. Eventually, in 2009 Bitcoin opened a new phase in monetary experiences with blockchain technology, which allowed keeping the memory of transactions and establishing confidence into the money by way of a distributed ledger (Maurer, 2016). Hundreds of such crypto-currencies flourished in the following years. A growing number of activist associations, corporate strategic-watch managers, developers and futurologists are taking up the monetary terminology that seemed to be confined formerly to bankers and monetary authorities. Banks themselves are increasingly considering the disruptive capacity of these innovations while monetary authorities are trying to understand and regulate this wave. A whole array of technological, legal, political and ideological boundaries have thus been and are continuing to be pushed back, making it difficult to construct any typology.

At the very least, a working definition of money must be given to provide a basis on which to examine this plurality: in agreement with a range of institutionalist and socio-economic works, money here shall be considered to be an institutionalised 'principle' for debt settlement, thus requiring its minting and its use as a unit of account and a means of payment (Alary & alii, 2016). The argument made here is that the instruments developed by Karl Polanyi are decisive for framing and thinking about this multi-dimensional and changing whole.

Section 2 briefly discusses the requirements for a relevant typology, followed by Polanyi's distinction between all-purpose money and special-purpose money. The proposed re-evaluation recognises modern forms of special-purpose money, even if they do not relate to the same sociological and anthropological functions as in exotic societies<sup>3</sup>. Three ideal types of moneys are then outlined: public, business and associative moneys, depending on the nature of their issuer: political entities, companies or associations. In Section 3, the conceptual framework is deepened in order to add analytical complexity to the ideal types. Polanyi's discussion of the forms of economic integration brings out the major criteria for understanding money systems in their complexity and hybridisation. In Section 4, the three ideal types are used in the light of this conceptual framework so as to take into account a variety of cases within the contemporary multiplicity of moneys.

## **2 Outline of a typology of money**

### **2.1 Conditions for, and difficulties with, a relevant typology**

Meaningful discussion on the classification of money among contemporary economists often stops with exchange rate regimes, since national currencies pertain to State sovereignty while providing the essential vehicle for transactions as measured by the classical indicators of wealth production. This leads to focus on either sovereign moneys or credit moneys, or both. When presented, new forms of money are often reduced to their most dramatic features, without any attempt to conceive

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<sup>3</sup> In this text, 'modern money' shall mean money in modern societies, that is, societies where a market principle of circulation of wealth dominates, as opposed to 'exotic societies', meaning ancient, archaic or primitive societies.

a general typology. Benjamin Cohen (2004), for example, builds a ‘currency pyramid’ with seven categories of national currencies depending on their autonomy and power, and dedicates the last chapter of his book, *The future of money*, to ‘new frontiers’ in which he develops ‘local money’ and ‘electronic money’. Historical and anthropological work, when confronted with a different viewpoint, can more readily relativise the obvious facts about modern moneys. The scientific outlook does not only focus on the phenomena because of their magnitude, but also because of what their specific features signify. In the same way, paying attention to the burgeoning of non-bank and non-State moneys since the 1980s does not involve addressing the large-scale phenomena (since for the most part they are still not quantitatively widespread) but in identifying schemes whose features raise questions about the social representation of money today and even about learned considerations on money. Examination of these moneys raises the need for categorisation so that some things can be distinguished and others put together. This is an especially active approach for scholars interested in the dynamics of monetary innovation over the past 30 years and also for the actors directly involved, who also need these insights.

Drawing on the attempts to categorise complementary and community currencies that have developed since the 1990s, one can keep a few requirements in mind (DeMeleunaere and Blanc, 2007). First of all, with respect to community or complementary currencies, a distinction must be made between typology of items and typology of systems. The latter consists of identifying coherent systems combining a series of elementary items. Secondly, a general typology of monetary systems should be established prior to any specific typology of community or complementary currencies. Thirdly, the relevant typology must be flexible enough to have scope for innovation through the development of new systems.

In previous works, I have tried to go beyond items and focus on possible organisational choices in community or complementary currencies (Blanc, 2009a). This led me to identify a set of five coherent schemes defined in terms of the compatibility of their organisational choices and their objectives. This attempt did not result in the definition of any rigorous criteria for a general typology. Polanyi’s approach seems to be a heuristic one as it enables us to move beyond these difficulties (Blanc, 2011, 2013).

It is a call for the construction of ideal types, in the way Weber uses the term as an abstract, utopian and exemplary construction designed to bring together, in some coherent form, a set of features that are not necessarily observed as such in the real world. These ideal types are then mobilised to make the real world more intelligible and enable in-depth studies of variations, changes, contradictions and so on. That is the direction taken in this chapter, by connecting the ideal type with the underlying projects of the monetary systems and with Polanyi’s forms of integration.

A preliminary step, though, is to return to the distinction Karl Polanyi drew between all-purpose money and special-purpose money (Polanyi, 1957, 1968, 1977). This contributed greatly in challenging the idea that the distinguishing feature of primitive or even archaic societies was their use of barter; on the contrary, what supposedly characterised them was their use of special-purpose money, in forms other than those found in modern societies.

## **2.2 All-purpose versus special-purpose money**

To understand this, we have to return to the foundations of Polanyi’s approach: a work on the uses of money in the context of what he calls substantive conception of economics, where the central feature is ‘the interchange with his natural and social environment’ and where no assumptions are made about behaviours with respect to individual choices and their rational character (Polanyi, 1957, p. 243). Polanyi reasons on the basis of ‘quantifiable objects’ (Polanyi, 1957, p. 264), which may be employed for three main uses: ‘payment use’, ‘standard or accounting use’ and ‘exchange use’. Elsewhere, he also introduces the use of storing wealth, which clearly does not rank as highly as the first three; his emphasis on this use is related to his examination of the role of treasure in exotic societies (Polanyi, 1968, p. 183-188 and 1977, p. 97 sq.; Servet, 1993).

On this basis, Polanyi makes an intuitively sharp distinction between moneys in modern societies and what now appear as moneys of exotic societies, which were long considered to be forms outside of money. 'Early money is [...] special-purpose money. Different kinds of objects are employed in the different money uses; moreover, the uses are instituted independently of one another' (Polanyi, 1957, p. 266). All-purpose money is a feature of modern societies, where the market dominates. In this case, the primary use of money, above its payment use (in the sense of settlement of taxes, rents and tributes) and its accounting use, is a means of exchange. This use ranks above the other two and gives rise to them (Polanyi, 1957, p. 264).

Polanyi's distinction, and more generally his entire analysis, has two major points of interest that have been largely underscored: for one, they lead to a clear distinction between money and the market; for another, they lead to a rejection of the 'barter fable' (Servet, 1988) and even to an assertion of the universality of money as an institution (Polanyi, 1977; Servet, 1993). In this, a sharp demarcation line is drawn between what are plainly very different forms of money.

Conversely, Polanyi's conception does not lead us to break from some key features of the classical conception of money: for one thing, the idea that money takes on all the functions of money simultaneously (even if he thinks in terms of uses rather than functions and does not consider a reserve use); and for another the idea that money provides access to all available goods and services, with the corollary principle that money is fungible<sup>4</sup>. Consequently, it leads to the view that modern societies do not have any special-purpose money. The classical conception of money in modern societies remains largely free from criticism.

The observation of money uses, and more specifically of those 'quantifiable objects' that are used as money, takes us beyond the scope that Polanyi imparts to this distinction. It brings out the fragmentary character of money and no longer its supposedly full or unified character: money is dispersed into an array of varied instruments. Money is unitary as a system but fragmentary as an instrument. As a system, Polanyi's second proposition (that modern money assumes the three money uses of means of payment, instrument of exchange and unit of account) is a truism: it cannot be otherwise. However, in terms of monetary instruments, no single instrument of those that compose the 'modern money' system can claim to cover all of the uses of money by itself: Polanyi's second proposition seems absurd in this respect.

### **2.3 Thinking about modern special-purpose moneys**

There is a multiplicity of money instruments in modern societies, not just in crisis situations but also in economically, politically and financially stable societies (Blanc, 2000). This plurality is first of all the plural character of what is called national currency. Far from being a perfectly homogenous and indistinguishable set of instruments, national currency is made up of means of payment that differ in terms of their issuers (a variable number of commercial banks issue scriptural money, while banknotes and coinage are generally issued by the central bank), their possible uses (their use is not universal in the sense that none of these instruments alone can cover all possible money uses; only a combination of these means of payment can provide access to everything that requires money) and their social meanings (such as the social distinction in the use of certain top-end bank cards or co-branded cards). This plurality of national currency, which is generally brushed over, reveals itself in times of crisis (fractionated or centralised system as Aglietta and Orléan, 2002 put it; Grahl, 2000; Théret, ed., 2007). It is the central bank that nowadays makes a coherent whole by ensuring the mutual convertibility of these forms of money and their convertibility into central money around a single unit of account.

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<sup>4</sup> Fungibility appears as an element for defining money within a substantive approach: Polanyi characterizes the quantifiable objects that constitute money as 'fungibles' (Polanyi, 1977, p. 102). For primitive and archaic societies, it must be understood that this consubstantial fungibility of money is confined to a given class of quantifiable objects whose uses are compartmentalized and are not all purpose.

The concept of plurality relates also to other monetary forms that we encounter, here again very vividly in crisis situations, but that can nevertheless be observed in quiet times too. Extensive research into money uses worldwide over the period 1988–1999 threw up a wide variety of units of account and means of payment used by populations both in situations of crisis and in what were considered normal situations in the industrialised world and in the global South (Blanc, 2000). A little over 500 examples of practices relating to monetary instruments that were distinct from the national currency were identified, revealing an astonishing diversity of forms of money. Upon first examination, some forms of money are designed as all-purpose money such that there are no limits in principle on their validity, while others, on the contrary, can be viewed as special-purpose money because of the limits imposed on their use (by law or by rules laid down by the issuer).

The upshot of this line of thought is that modern money is not all one and the same, even if its plural character is the subject of attempts to homogenise and unify it that are probably unprecedented in history. Moreover, modern money brings together schemes that differ considerably in their logic and their terms of validity.

First of all, modern societies have special-purpose moneys. To understand them, it can be posited that the validity of moneys is modulated by five criteria: temporal (the time horizon for use of an instrument), territorial (spatial limits of its use), economic (the range of things paid or accounted for by the instrument, which does not pre-suppose any market transaction), social (the group of people using the instrument) and legal (the regulatory restrictions on use of the instrument, which potentially cross-cut the previous four criteria but also extend beyond them, for example by setting limits to the use of coins or banknotes as legal tender). Any instrument has a monetary quality to a degree that is dependent on these restrictions. The special purpose of Polanyi's exotic moneys may be re-interpreted here by a combination of criteria of economic and social validity, since they define who can use the money and what for. The modern equivalent of exotic special-purpose moneys is not necessarily related to community reproduction but rather to the organisation of procedures for accounting and payment in a circuit combining an identified group of users and a set of things covered by the money use. This is the way in which we can understand schemes such as community or complementary currencies or vouchers such as meal tickets. The possible restrictions in terms of time horizon, territorial area and regulation are not enough to define these modern special-purpose moneys by themselves, but they do modulate their uses.

Secondly, as a consequence, it seems that the monetary quality of an instrument is not related so much to the universality of its use as to the socialisation of the practices of accounting or payment conducted by means of it within a given social group. There is no single money that has a universal or unlimited character. However, there are a host of instruments whose monetary quality is constrained by various boundaries on their validity. This leads to a reformulation of Polanyi's idea of all-purpose money: money of the kind that relates to monetary instruments which can be used for payment or accounting of a large number of things (but not all), among the commensurable things of a society (of which an important part is also alienable). Only the combined use of these instruments affords access to the largest possible number of economic operations and to the largest possible number of potential users. Moreover, modern societies confine money to uses within certain moral boundaries, although these may change, whether they are market uses or not. Historical debates on slavery and slave trade (leading to their formal prohibition), as well as contemporary debates on implementing markets for organs, display cases of contested moral limits on money uses. The bounds of all-purpose money are very broad but are not indefinite. As Warnier (2018) emphasises when discussing Annette Weiner, some goods are inalienable and cannot move other than through non-monetary and non-horizontal forms of transmission: 'whatever is too valuable to be sacrificed in a transaction without causing a scandal: ancestors, a name, family heirlooms, a native land, convictions, gods possibly'; for Godelier, 'religion and whatever is sacred'; but 'one might just as well say 'whatever is sovereign' or even 'life' (Warnier, 2018).

Thirdly, the co-existence of more than one monetary instrument appears to be normal and lasting, even in modern and politically, economically, financially and monetarily stable societies—unless one begins with a political definition of normality that excludes this type of practice *de facto*.... This conclusion relates to two foundational assumptions that break away from common opinion about the general fungibility of moneys in modern societies. First, an epistemological, if not an

ontological, distinction must be made between political sovereignty and monetary sovereignty. In addition, the scope must be broadened by including a set of money uses (that is, uses which articulate accounting and payment) that cannot be channelled through the usual money instruments.

## **2.4 Three ideal types of moneys: public, business and associative**

On this basis, initially and starting first from an idea of the multiplicity of issuers of moneys today and of their rationales, three major ideal types can be developed: public money, business money and associative money. We start with a short presentation of these ideal types before detailing the argument in sections 3 and 4.

The type ‘public money’ relates to logic of authority and sovereignty via a fiscal circuit in which the treasury historically has pride of place. Public money comes from political entities with rationales of political control. Sovereign domination makes it possible to capture resources, in the form of seigniorage and, more importantly, of tax collection as far as this public money is required for tax payment. Being the product of sovereign power, public money is all-purpose, in a sense close to Polanyi’s ideal: a money that can be used for all things commensurable and alienable in a society delimited by geographical space.

The type ‘business money’ relates to logic of resource seeking by business organisations. Currency issuance and management are the ways they capture resources. Resources may be obtained in various methods: seigniorage, interest rate on credit, levies on transactions or orientation of transactions to their benefit. Business money can be all-purpose or special-purpose, depending on the boundaries defined by their convertibility rules and, thus, the spheres of users and the uses they give access to.

The type ‘associative money’ relates to the construction of schemes by groups of people who voluntarily associate for the purpose of collective utility. The focus is put on the particular way these moneys are designed and implemented: the association is considered here as a general way of assembling people around common projects, distinct from resource-seeking motives of business money or instituted political control of public money. Consequently, associative money may be special-purpose money such that its validity can be limited, as a matter of principle, to a very specific set of actors and, above all, goods and services.

## **3 Forms of integration and money**

Applied to modern societies, the distinction between all-purpose and special-purpose money is translated into a continuum of situations in which the restriction of validity in social and economic spaces brings about a qualitative leap. It is nevertheless Polanyi’s analysis of the forms of economic integration that provides the main keys for deepening our typology of moneys.

Polanyi distinguishes several ‘principles of behavior’ which, resting upon ‘institutional patterns’ (Polanyi, 1944, p. 49-51), he calls ‘forms of integration’ in *Trade and Market*. These forms are ‘instituted processes’ that confer ‘unity and stability’ on economic processes (Polanyi, 1957, p. 250; see also Polanyi, 1977, p. 39). These forms ‘thus designate the institutionalized movements through which the elements of the economic process – from material resources and labour to transportation, storage, and distribution of goods – are connected’ (Polanyi, 1977, p. 39). The ‘main’ forms are reciprocity, redistribution and exchange. Providing a critical re-reading of Polanyi’s forms of integration and their actual use by scholars, Servet (2013) establishes that one should not focus on Polanyi’s approach as related to circulation alone. Polanyi indeed analyses instituted principles that ensure ‘production and distribution’. This is a condition for refusing a dichotomous approach separating money from so-called real activities. It is also an argument for considering a fourth principle that Polanyi was apt to overlook after 1944: householding.

Each of these terms should be clarified so as to bring them closer to the question of money. When Polanyi addressed money and economic integration together, he began by rejecting the catallactic definition of money whereby ‘all money uses are dependent upon the existence of markets’ (Polanyi, 1957, p. 264). He then settled for examining the close relationship of each of the three uses identified (payment, account and exchange) with three societies (primitive, archaic and modern respectively), each dominated by a specific form of integration that did not, however, exclude any articulation with other forms (reciprocity, redistribution and exchange respectively) (Polanyi, 1957, p. 264-6).

### **3.1 Exchange**

Exchange ‘refers here to vice-versa movements taking place *as* between ‘hands’ under a market system’ (Polanyi, 1957, p. 250 – emphasis added); it is ‘the mutual appropriative movement of goods between hands’ (*ibid.*, p. 266). Exchange may be organised through a self-regulating system of markets, that is, ‘an economy directed by market prices and nothing but market prices’, market prices being self-regulated prices (Polanyi, 1944, p. 45-5). But exchange may also relate to non-market forms. Thus trade is a kind of exchange that is long-distance and not necessarily market-based. In the case of what he calls ‘administered trade’, it is politically regulated and ‘prices’ are actually fixed equivalents existing before the exchange.

Beyond Polanyi’s characterisation of market and trade, the important thing here is that exchange and market must be distinguished in the substantive economy Polanyi constructs: not all exchanges stem from price-forming markets, that is, markets where prices, which are flexible by definition, arise from the confrontation of supply and demand in such a way that their quantities balance out.

This point enables us to understand that some monetary systems are built around the will to promote forms of exchange that stand at varying degrees from self-regulating market. This is the case of some private special-purpose monetary arrangements within the national monetary system that fall into the ‘business money’ ideal type previously outlined. They are now designed to activate a customer relationship, that is, lasting exchange relations based on loyalty among partners (Blanc, 2009b), which breaks from the anonymity, theoretical equality and lack of memory that characterise the market transaction. Likewise, the idea of fair trade relates to a form of exchange in which prices and the terms of transaction result from a redefinition of market conditions passed through the screen of commutative justice. This redefinition ranges from a blunt rejection of market terms to a problematic involvement in market order. Many cases of ‘associative money’ also promote a kind of fair trade within local territories, for example with the promotion of community-based agriculture and short commercial circuits (Blanc and Fare, 2016).

### **3.2 Redistribution**

Redistribution ‘designates appropriational movements toward a center and out of it again’ (Polanyi, 1957, p. 250). It is ‘apt to integrate groups at all levels and all degrees of permanence from the state itself to units of a transitory character’ (*ibid.*, p. 254). It refers to ‘collecting and redistributing from a center’ (Polanyi, 1977, p. 41).

The necessary centrality may be interpreted as the outcome or institutionalisation of political power over the group, which may be reflected by not only a form of protection, but also of domination. In this way, collection and redistribution may be associated with a form of ‘unreleasable debt’ that recurring payments may only appease, contrary to debts arising from exchange that are released by the transfer of money (Commons, 1990; for a widened view of unreleasable debt, see Saiag, 2014). Redistribution relates especially to the structuring and control of a territory by a politically legitimated institution: from the central or federated state to the lowest tiers of public authority. The important point here is the idea of political control to which individuals and groups are subjected and that requires mandatory payments towards the centre and is reflected by payments out. The exercise by the State of this movement of collection and redistribution is just one specific instance that is historically and politically situated. Eventually, allowance must also be made for



non-State or non-public organisations such as foundations, which exert a form of power over their beneficiaries by establishing vertical forms of circulation of wealth through redistribution.

'Public money' that has been outlined above is historically linked to sovereign domination. It is based on the same institutional pattern as redistribution because of the centrality of the sovereign power. Collecting and redistributing behave as tools for political control over the territory and its population. Money issuance may be a major vector for such movements, as with metallic currencies whose issuance require first the collection of precious metals by the Mints, and whose issues, after a period of circulation, flow back to the sovereign power through tax collection.

### 3.3 Reciprocity

Reciprocity 'denotes movements between correlative points of symmetrical groupings' (Polanyi, 1957, p. 250). These are flows among symmetrically ordered individuals or social groups, around the three-way obligations to give, receive and return. Polanyi includes the idea that 'kinship, neighbourhood, or totem belong to the more permanent and comprehensive groupings; within their compass voluntary and semi-voluntary associations of a military, vocational, religious or social character create situations in which [...] there would form symmetrical groupings the members of which practice some sort of mutuality.' (ibid., p. 253). Reciprocity is marked by the indefinite time of reciprocal actions (unlike exchange) and by the capacity to construct reciprocal actions involving more than two individuals or groups: reciprocity is then multilateral. It should be noticed then, contrary to the argument generally employed by theoreticians of solidarity-based economy, that reciprocity cannot be reduced to a non-monetary exchange; apart from the reasons above, primitive moneys, as contemplated by Polanyi, circulate precisely according to the principle of reciprocity. In this context, money may be a vehicle for community reproduction by being at the heart of reciprocal circulations<sup>5</sup>.

It is not possible to link reciprocity to only one of the three ideal types of money outlined. However, reciprocity is at the core of a specific mode of debt settlement, which is sometimes called 'mutual credit'. Mutual credit systems rely on closed groups of actors whose transactions are recorded and settled in accounts without prior monetary issuance: they are credit-clearing systems. Mutual credit requires precise symmetry between the (ever-evolving) groups of debtors and creditors. Public, business and associative moneys may be built on this principle, as shown respectively by Keynes' Bancor project (public money at an international level), so-called 'barter' systems (business money), LETS and time banks (associative money), as will be seen later. In a reciprocity-based money system, money is defined and legitimised within a community, which the circulation of money circumscribes, identifies, binds and reproduces in constructing standings within the community that are equal but in which differences are also recognised.

### 3.4 Communal sharing

In *The Great Transformation*, Polanyi also contemplates the principle of householding. It consists of 'producing and storing for the satisfaction of the wants of the members of the group' in a self-sufficient manner, and for a group whose nature may be 'the patriarchal family, locality as with the village settlement, or political power as with the seigneurial manor'; and whose 'internal organization' can be despotic as well as democratic (Polanyi, 1944, p. 56). It is not the place here to present the debates that took place after Polanyi's own renunciation of the specificity of householding (1957). However, drawing on Hillenkamp's critical re-assessment of householding (2013), on Servet's advocacy for separating 'sharing' from 'gifting' within reciprocity (2013), we propose here reconsideration of this fourth principle as 'communal sharing', as named by Fiske (1992). 'Communal sharing' would then refer to more open and evolving groups than households (as Polanyi's definition already suggests). It would be characterised by sharing activities by giving access to the members of the community, and by the possible voluntary nature of belonging to this

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<sup>5</sup> For a critical analysis of the idea of reciprocity, especially in the way it is often likened to the Maussian gift, see Servet (2007 and 2013).

community. It is important to stress that the action of sharing does not necessarily lead to debt relations (contrary to reciprocity).

The blockchain technology takes communal sharing to monetary relations, similarly to mutual credit with reciprocity. The blockchain is ‘the database that makes the Bitcoin system run, [...] a digital ledger that exists on all nodes in the Bitcoin network or the network of a similarly structured digital currency system’ (Maurer, 2016). Being distributed throughout the network of users, the information on transactions becomes trustworthy without the requirement of a third party. The blockchain must be considered a technology whose first major historical use was that of the Bitcoin, but that can be applied to different sorts of moneys. As such, the blockchain may be used for public, business and associative moneys as well. It has then the capacity to place a degree of communal sharing, through peer-to-peer relations, at the heart of any sort of money systems.

#### **4 Deepening the ideal types: sub-types and hybrids**

The four forms of integration as reconsidered after Polanyi thus lead to deepening the typology initially built in section 2 on the simple criterion of issuers. We will now confront the four forms of integration with real cases and, accordingly, identify hybrids.

##### **4.1 State and sub-State public money**

At first, one should refine the ‘public money’ ideal type by making a distinction between ‘State money’ and ‘sub-State money’. They do not differ in terms of the form of integration they activate as a priority (redistribution through centrality), but in terms of the relationship to sovereignty and territory and to the issuer. State public money is related to the highest sovereignty, whereas sub-State public money, typically that of a federated State, is related to a possible level of power delegation to create money.

In the case of co-existence of State money and several sub-State moneys (such as the moneys of the Argentinian provinces in 1984–2003, see Théret and Zanabria, 2007, and Théret in this volume), monetary space is united through the unit of account, which remains defined by the highest sovereign level (that of the sovereign authority, like the Argentine *nación*); the sub-State moneys’ validity is limited to the corresponding territory. Another difference, consequently, is that State public money is defined by what it is measured in: it is measured against other State public moneys, thus making it a currency, whereas the sub-State moneys are measured against that currency, being subordinate to it.

##### **4.2 Contemporary ordinary money as a hybrid of public money and business money**

While early modern monetary systems were mostly built around all-purpose State public money (metallic money being issued by Mints out of any debt relationship) from the 17<sup>th</sup> and 18<sup>th</sup> centuries - a new form of money developed with banks as issuers. This credit-based money was at first special-purpose, since it circulated within a small network of important users. It was essentially related to market activities. Its development allowed a financial and monetary revolution that enabled the financing of the burgeoning industrial activities. The issuance of smaller denominations and the extension of its use made them all-purpose. Controversial at the beginning, the credit money issued by banks later became mainstream.

The combination of public money and this business money issued by banks produced the money of industrial societies. It mixes sovereignty and market resource-capture motives. Thus behind the deceptively generic term of ‘national currency’ are diverse agents through whom a public good (money) is essentially created and managed by private agents for their own self-interest (commercial banks).

Since the 1980s, the role of treasuries in creating money has admittedly been abolished for the benefit of independent central banks in several western countries, which is what Théret (2011) calls

‘monetary repression’. The fiscal circuit of money is nonetheless a reality in many countries and remains a potentiality in those countries where it has been abolished. In the latter case, the central bank alone issues public money in the form of manual currency (coin and notes) and through interest-bearing credit. Beyond the principle of redistribution, public money, which is all-purpose, is also to be used in market transactions as well as reciprocity relations and communal sharing. It therefore connects the fiscal circuit (where there is one) with other circuits, and public policies often promote such connections, for example, by offering tax deductions on donations.

### **4.3 Various cases of business money, depending on their convertibility**

At least two major sub-types of business money can be distinguished, depending on the ability to convert them. A generalised and unconditional convertibility turn them all-purpose, while constraints over their convertibility turn them special-purpose, by raising boundaries that define specific spheres of circulation. This allows separating bank moneys from other sorts of business moneys when confronting this typology with contemporary cases.

Convertible business money is issued by banking organisations. It is intended to circulate among the many actors in the market sphere. Market exchange is therefore the form of integration allowing resources to be captured. This capture is achieved by the quantity of the monetary issue, interest rate on credits at the source of money creation and the various management costs charged to customers by banks. Commercial banks serve their customers using their own bank money which can be converted into any other bank money or external money, that is, the ordinary money as presented above. In contemporary banking systems, a public guarantee ensures formal parity among bank moneys subjected to the State public money, so much so that the conversion from one to the other is transparent (but potentially costly for customers, depending on various factors like the fees charged on withdrawals at ATMs). The success and the continuation of horizontal market exchange driven by bank money are therefore subject to the redistribution principle, a dependency that is forgotten in times of growth and even of periodic downturn, but becomes obvious when systemic banking crises occur, as illustrated by the international banking crisis that began in 2007. Convertible business moneys are all-purpose as the scope of their use covers different spheres since it irrigates not just the market sphere, but also the sphere of redistribution through taxation and borrowing, as well as the spheres of reciprocity and communal sharing.

Other forms of business money are built on the principle of inconvertibility, which formally defines a closed circuit and makes money special-purpose.

So-called ‘barter’ companies act as clearing houses for the reciprocal credits and debts of their customers, who are themselves firms. When debts and credits are accounted in a specific unit of account and when lines of credit are provided by the ‘barter’ company in this money, the scheme is built as inconvertible business money (e.g. Stodder, 1998 and Young, 2012). The capture of resources for the benefit of the ‘barter’ company is not in contradiction with the principle of horizontal solidarity among member firms. The latter obtain non-negligible financial advantages from their membership such as cash-flow savings and, often, lower interest rates. In the case of the cooperative Swiss bank WIR, emphasis is on the small and medium sized member firms whose belonging to a community is most directly expressed in the name of the bank and the money (WIR means ‘we’ in German). This organic solidarity through market transactions is based on mutual credit principle which, as presented above, conveys reciprocal relationships.

While ‘barter’ companies manage the horizontal transactions of their customers, other inconvertible business moneys circulate vertically and are issued by and for the direct benefit of the issuing centre. This centre exerts a form of domination that can mask various strategies. This is special-purpose money since it is confined to a user group defined by its subordinate relation to the organiser and which accedes in this way to a given set of goods and services. This capture reverses the redistribution logic as it assumes that resources are injected and then pumped out. An example is the colonial companies, mining companies or large landowners notably in Latin America that paid their employees with tokens that could be used only in their own warehouses or in affiliated

shops (Rulau, 2000). A second, contemporary example is the implementation of customer loyalty schemes. They distribute benefits to their loyal customers in the form of internal purchase points that can be accumulated but cannot be converted into other forms of money. This purchasing power cannot be used unless it is converted into goods provided by the issuing firm. Customer transactions are thus directed entirely by the organising firm, without any decentralised transactions, and the firm captures the purchasing power through their conversion into goods.

#### 4.4 Associative moneys outside market determination

What makes the type 'associative money' specific is the association of persons around the takeover of money as a possible tool for an active and empowered community. Nothing is said neither on the nature of this community (does it exist prior to the introduction of this money?), nor on the nature of the association (what form does it take?). Moreover, associative money can be built with or without connections with the authorities; it may or may not be convertible into and even commensurable with ordinary money; it may or may not be used along with it. Eventually, contrary to bank money, there is no such thing as a generalised and unconditional convertibility at par. This is why the major distinctive feature between associative moneys is the way their value is defined rather than their convertibility. Three cases may thus be distinguished: when the value of the associative money is defined by market exchanges; when it is fixed to the public money; and when it is defined independently.

The value of the contemporary cases of associative money that spread out after 1983 with LETS, time banks and local currencies, and which led to the creation of the *IJCCR* in 1997 are not defined by any direct market process. They are often characterised as local, complementary or community currencies. However, as stated above, 'complementarity' is a very misleading term since it may be falsely considered as the opposite of competition (Blanc, 2017), and since 'complementary currencies' have sometimes been used indiscriminately to refer to sub-State money (like the Argentinian provincial currencies), to business money (like the WIR) as well as to associative money (like local currencies).

In any case, these contemporary associative moneys highlight either reciprocity or exchange as the promoted form of integration, and sometimes combine both. The transactional space is marked by a strong identity structured by values manifested in charters, articles of association or internal rules and regulations. The purpose of solidarity within the community may lead to earmarking resources for funding community projects: in this way, the principle of communal sharing is made concrete through a monetary scheme that conveys different forms of integration.

From this general presentation, it is possible to discuss the way in which the value of associative moneys is defined when it is not market-based.

What is generally called community currencies in English (*monnaie sociale* in French and *moneda comunitaria* or *moneda social* in Spanish), mostly activate the principle of reciprocity in a closed system without convertibility and sometimes even without commensurability with public money by setting up a system of reciprocal exchange marked apart by the use of a money, distancing its conditions for circulating from those of market exchange. Time banks are typically community currencies, being established by associations in accordance with rules they lay down themselves. They can be used for swapping services among members of the community, with the view to build social cohesion via the principle of time-accounting regardless of the services provided (Seyfang, 2004). Moreover, as seen above, the principle of mutual credit conveys reciprocal relations. Eventually, a fair part of time banking schemes are supported (if not set up) by local authorities and by non-profit organisations such as foundations, which makes them interesting hybrids: associative monetary schemes that promote reciprocity and whose resources are of redistributive nature.

LETS-type systems are much more ambiguous since some of them establish a unit of account at par with the national currency, include professional providers and authorise the simultaneous use of both currencies, so as to let the professional providers pay for their related taxes and for their

inputs with ordinary money. Yet there is no convertibility between them. In such cases, that can be found especially in Anglo-Saxon countries, LETS systems combine the reciprocity conveyed by mutual credit system with various forms of exchange in which the market is fully present.

Contrary to them, local currency schemes like the Brazilian Palmas, the various German 'regios', the local currencies of 'Transition towns' in the United Kingdom or the '*monnaies locales complémentaires*' in France, do not rely on mutual credit but on paper (and sometimes digital) money issuance, based on the conversion of inflowing ordinary money. Local currencies have economic objectives in the sense of stimulating a specific set of activities for the production and provision of goods and services by actors who are collectively organised to this end. The promoted form of exchange is therefore a professional one and the local currency is not only commensurable with public money but is also convertible into it (though outflows may entail costs). Conversely, their relationship with market rules may be complex, since they select the professional users, depending on the moral values attendant upon the creation of this money. While they are a kind of associative monetary scheme, they also rely on the local community and should strengthen social cohesion, and also require funding that can be provided by local governments and various partners.

#### **4.5 New libertarian associative moneys: market value and communal data sharing**

Eventually, the Bitcoin was created as an associative money of a libertarian nature. It is based on the blockchain technology which has been said to be applicable elsewhere. As a specific currency, the Bitcoin emerged from a voluntary gathering of geeks around a new kind of project: the peer-to-peer form of association. There is no business or political authority that issues Bitcoins (though many businesses developed around the Bitcoin, and created an ecosystem specific to it) since the Bitcoin creation (called 'mining') is distributed throughout the network of miners, in proportion to their computational power – which gives place to major inequalities. However, whereas the peer-to-peer blockchain technology (and thus a form of communal data sharing) is at the heart of mining and payment processes, the Bitcoin is anchored in market relations. Above all, its value is neither completely autonomous and non-commensurable with other moneys, nor fixed to any specific money. Its value changes permanently, depending on market balances between supply and demand.

### **5 Conclusion**

The analysis thus provides three ideal types and seven sub-types, as summarised in Table 1. Money as we use it ordinarily is a combination of two sub-types: State public money and convertible business money, thus combining redistribution (as political control exerted from centrality and permanently re-affirmed by taxation) and market exchange (bank money being issued as market relation between banks and borrowers, and ordinarily used for market exchange). But the contemporary plurality of money goes far beyond this ordinary gathering of market and redistribution conveyed by all-purpose money. It also implies special-purpose money, as well as reciprocity and communal sharing, in a series of other moneys whose nature may be public, business or even associative.

Table 1- Ideal types and real cases

| Ideal types       | Subtypes                            | Cases  |
|-------------------|-------------------------------------|--|
| Public money      | Sub-State public money              | Argentinian provincial currencies (1984-2003)                                  |
|                   | State public money                  | National currencies  |
| Business money    | Convertible business money          | Bank money   |
|                   | Inconvertible business money        | WIR, Sardex; tokens of colonial landowners; purchase points of loyalty schemes |
| Associative money | Market-value associative moneys     | Bitcoin  |
|                   | Fixed-value associative money       | Local currencies (e.g. Chiemgauer), Anglo-Saxon LETS                           |
|                   | Non commensurable associative money | Time banks and some LETS-type systems  |

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