**Money reform and the Eurozone crisis: panacea, utopia or grassroots alternative?**

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“In the [1967 Greek] coup d’état the choice of weapon used in order to bring down democracy was the tanks. Well, this time it was the banks.” (Varoufakis, July 2015)

“Money is not a ‘mere voucher for unspecified utilities’, which could be altered at will without any fundamental effect on the character of the price system as a struggle of man against man. ‘Money’ is, rather, primarily a weapon in this struggle, and prices are expressions of the struggle; they are instruments of calculation only as estimated quantifications of relative chances in this struggle of interests.” Weber (1968:108), quoted by Streek (2015:5).

Greece, July 2015.  A European Central Bank decision to close off Greece’s access to emergency finance led to the closure of the banks, the imposition of capital controls, and the near collapse of the economy.  Greeks queued at ATMs to withdraw their daily 60 Euro allowance.  After a seventeen-hour meeting of Eurozone finance ministers, the SYRIZA Government overturned the results of a referendum in which 61% of those who voted had rejected the latest austerity deal, and accepted what many regarded as more austere terms.   While this was but one episode in Greece’s long running economic crisis (Kouvelakis 2011), the wider Eurozone (Lapavitsas 2012) and North Atlantic economic crises gave a new urgency to discussions about the long term viability of neoliberalism as the guiding principle of the global economy (Nesvetailova and Palan 2010), and to discussions about alternatives to capitalism generally (Harcourt 2014). In particular, the possibility of a breakup of the Eurozone (Blankenburg et al. 2013) has given a new salience to proposals for monetary reform, and an opportunity to critically examine alternatives to a one-size-fits-all Euro as the continent’s sole legal tender.

The paper uses the Greek crisis as a fulcrum through which to examine the extent to which heterodox monetary proposals developed in response to the ‘fiscal waterboarding’ Greece was being subjected to what (Varoufakis 2015c) were the work of Keynes’s misguided ‘cranks’, or his ‘brave heretics’. Are they practical innovations in the form of what has long been fiat money, disconnected from any other referent and thus mutable? Or, are they likely to be resisted as fundamental challenges to the political economy of the Eurozone? In considering these proposals this paper distinguishes between Smithian and Weberian perspectives of money. The Smithian perspective sees money evolving as a result of the ‘invisible hand’ as a numerary, a way to facilitate the exchange of goods and services between humans who have an innate tendency to trade with each other, with the role of the state limited to the validation and regulation of an organic process undertaken by self-organising individuals (North 2007). In contrast, in his critique of the Euro project, Streek (2015) draws on Weber to argue that the Smithian view of money “depoliticizes the economic, narrowing it down to a unidimensional emphasis on efficiency”, and as a result:

“The fundamental insight of political economy is forgotten: that the natural laws of the economy, which appear to exist by virtue of their own efficiency, are in reality nothing but projections of social-power relations which present themselves ideologically as technical necessities. The consequence is that it ceases to be understood as a *capitalist* economy and becomes ‘the economy’, pure and simple, while the social struggle against capitalism is replaced by a political and juridical struggle for democracy.” (Streek 2015:10-11, my emphasis)

For Streek (2015:13), the Euro is best understood as the project of an elite, and thus “as a contentious and contested institution with distributive consequences full of potential for conflict.” He argues that the political role of money as constituent of wider systems of domination is obscured in favour of discussions of its technical function. As a result, there is no analysis of the extent that heterodox or radical proposals for change that are *technically* credible will be given a fair hearing given the balance of political and class forces, and, in particular, given the response of the markets and rating agencies to these proposals (see Ouroussoff 2010). Along these lines, to distinguish between what might be thought of as the work of Keynes’ ‘cranks’ and ‘brave heretics’, while Keynes (1936/1997:383-4) argued that “it is ideas, not vested interests, which are dangerous for good or evil”, I argue that ideas need to be accepted *and* implemented, and in that context Marx and Engel’s conception of ‘utopianism’ is useful.

The paper examines four proposals for monetary reform: (1) fundamental reform of the monetary system through the introduction of a state monopoly on money issuance; (2) the reintroduction of national currencies, and in particular, the Drachma; (3) state-issued parallel currencies, and (4) grassroots currencies. Might they be technically workable, but challenge elites and systems of domination around money, and, as a result, are unlikely to be enacted by force of persuasion alone? In this case, in political economic terms, in the absence of credible methodologies for enacting them, they might be the work of ‘cranks’? Or are they far sighted, practical proposals that might in the future be useful and – crucially – do not either currently threaten vested interests at particular geographical scales and are supported by actors able to put them into practice at that scale (North 2005)? In the latter case, they might be the work of ‘brave heretics’ working in perhaps prefigurative ways. An attention to scale suggests that the grassroots, local or city-region/regional scale is more generative of practical and implementable local currency experiments than the nation state or the European continent.

**Utopian cranks and brave heretics.**

In his critique of utopian socialism, Engels (1892/1968) argued that processes of capitalist economic development happen over time in necessary, if not entirely welcome, stages as human development progresses in material terms. New technologies and labour processes develop progressively through processes of innovation, and this needs to be worked through: it is not something to be wished away, short circuited or avoided by some clever genius’s ingenious design for a more rational way to organise society. We need more than just good ideas. For Engels, the great utopian critics of the capitalism of the early nineteenth century (Fourier, St Simon, Proudhon, Owen) were social reformers who argued that if the world is not run on rational and just lines then was required was “the individual man of genius, who has now arisen and who understands the truth. He might just as well have been born 500 years earlier, and then might have spared humanity 500 years of error, strife and suffering” (Engels, 1892/1968:396). Contra Keynes, Marx and Engels were consequently sceptical about so-called ‘practical’, ‘common sense’ plans for the reorganisation of society on more egalitarian lines that implicitly challenged vested interests and/or the logic of capitalist accumulation. Change, they argued, comes from the struggle of the contending classes as capitalism develops, not from either appeals to reason, or from grand designs; perfect but unrealisable proposals for what their advocates argue are better blueprints for the organisation of society. They would, therefore, have wanted to know the extent to which monetary reform proposals met the needs of, or challenged, ruling groups in society and/or enabled accumulation to continue. If proposals challenge ruling groups, is there an actor in place who is capable of enacting or driving change through in the face of opposition? Elites cannot, they argued, be convinced to give up a way of organising society that benefitted their interests through the force of rational argument alone.

The second Marxian critique from a utopian socialist perspective is that Marx and Engels argued that the proletarians of their day could not be expected to change society from below on their own, with the limited resources they had to hand. Ordinary people, Marx and Engels argued, do not own or control the resources they need to meet their daily basic needs, let alone more advanced needs, and as a result they need the support of a state and a complex economy to organise production in ways that meet more than subsistence requirements. Further, they argued that working people are attracted to self-help and to grassroots economic alternatives at times when they lack the confidence to make what Marx and Engels regarded as the necessary, larger changes to this wider economy, the fundamental transformation of capitalism by overthrowing the capitalist state and replacing it with one that works in the interests of the majority of society (Marx 1852/1974). Working people seek what Marx and Engels dismissed as ‘short cuts’ which they are unable to implement as actually existing alternatives that meet the needs of large numbers of people.

A focus on utopianism as a tool of political economy to distinguish between the work of ‘cranks’ and of ‘brave heretics’ in proposals for monetary alternatives to the Eurozone crisis would thus ask, not just ‘do they work in a technical sense?’ but also ‘who do these plans benefit and threaten?’, and, ‘is there an actor in place able to implement them?’.

**Alternatives to the Eurozone Crisis**

*‘Modernising Money’*

In the light of the economic crisis of 2007-8 and concerns that post-crash proposals to re-ignite growth were not compatible with the need to avoid dangerous climate change (Dittmer 2013), the NGO Positive Money[[1]](#endnote-1) (hereafter PM) was formed in the UK “to democratise money and banking so that it works for society and not against it”. They summarise their arguments thus:

“We simply don’t think that banks, with all their incentives and need to maximise their profits, can be trusted with something as powerful as the ability to create money. And it’s not enough to regulate them, because regulators have already failed to keep them under control, and there’s no reason why they should get it right this time around. We need to stop banks being able to create money. Instead, we want to see the power to create money transferred to a democratic, accountable and transparent process”

Recognising that in contemporary market economies the overwhelming bulk of the money supply is not coins and banknotes but bank money, i.e. electronic money created by commercial banks in the act of lending as a new deposit for the borrower, PM argues that the contemporary economy overemphasises and over-rewards speculation, leading to personal debt-fuelled spending and property bubbles. It wishes to decouple money creation from the growth imperative embodied in the necessity for the repayment of both capital and compound interest embodied in interest-bearing loans in money created at will by banks (Dittmer 2013). PM argues for money to be invested in productive sectors of the economy, not a tool for speculation. In this way, they argue, future financial crises will be avoided.

PM argues for the need to take the (very profitable) power to create money away from both privately-owned banks and (potentially populist and/or irresponsible) politicians and vest it in a state-owned but transparent, politically-neutral, independent and accountable body which would have the monopoly for currency issuance. This authority alone would decide how much money should be issued into circulation (Jackson and Dyson 2012 203-217). The state’s monetary authority would then decide how much of this money should be issued to the banks to enable them to issue loans for productive purposes, and how much would be used for public spending, to pay off state debts, or to cut taxes. In this manner, money creation would be a transparent process that would enable public scrutiny over how much money is created, and by whom: it is an argument for the nationalisation of money creation. Under their proposals for full or one hundred per cent reserve banking, banks would no longer be able to create new money through new loans if they did not already have that money from the state on deposit. Similarly, Mellor (2010) argues for money to be issued through democratically-controlled banks to which firms could apply for credit on condition that they meet democratically-identified priorities.

*Grexit*

A second proposal is for the reintroduction of national currencies. Some Greek leftists around the Popular Unity (PU) platform in the September 2015 election broke with SYRIZA over the decision to repudiate the results of the referendum and accept bailout terms. PU argued for Greece to leave the Eurozone (but not the EU) and reintroduce the Drachma alongside the renationalization of the Bank of Greece as part of a state-led national growth plan behind capital controls (Lapavitsas and Flassbeck 2015). PU argued:

“The recapture of monetary sovereignty, with the renationalisation of the Bank of Greece and the issuing of a national currency, will offer the necessary liquidity to the economy, without the burdensome terms of the loan contracts. It will decisively help the reinforcement of exports, the limitation and the substitution of imports and the reinforcement of the productive base of the country and of the tourist flow. It will favour the creation of jobs through public construction, the development initiatives of big public enterprises, through the backing of the social sector of the economy and the restoration of credit towards small and medium sized enterprises. The abrogation of the burdens on households of memorandums and taxes will reinforce demand, thus giving an impetus to growth. We will present an overall special plan for Greece that will put in place a radical, progressive programme under a national currency.” (Garganas 2015)

*State-Issued Parallel Currencies*

As an alternative to either reissuing a new national currency and exiting the Eurozone, or accepting austerity in order to stay in the Eurozone, a number of heterodox economists have debated some thirty proposals for parallel currencies inside the Eurozone (Schuster 2013). In the context of the Greek crisis, they have proposed a number of temporary, special purpose parallel currencies that could be redeemed in the future when, it is hoped, the economic climate was more benign. Andresen and Parenteau (2015) proposed the Tax Anticipation Note (TAN), an electronic parallel currency valued at parity with the Euro, which the government would use to partly pay wages and pensions, and which in turn could be used by citizens for domestic purchases and to pay bills. All citizens would be issued with a TAN account, and TAN transactions would be processed through mobile SMSs and smart phone apps, with central accounting held on a central server. Andresen and Parenteau argue that mobile phone-based schemes like M-PESA in the global South have such software in place, and mobile phones are ubiquitous. TANs would not therefore be hard to introduce.

Harvey (2015) recommended a Government Reimbursement Exchange Credit (GREC), which would be issued as scrip before evolving into a digital currency. Like TANs, GRECs would be issued by Government in part payment of wages and/or pensions, and would be legal tender for citizens to use as payment for domestic goods and services and, for advance tax payments for a specific year. Harvey argued that not everyone (elderly people especially) is familiar with either SMS messaging or paying using apps, while paper currencies are very familiar. Software can have bugs, mobile phone coverage can be patchy, and the network can go down in crisis situations. Harvey argued that GRECs could be inscribed with patriotic or solidaristic messages, and make it clear that they are a voluntary, special purpose, emergency measure not designed to replace a Euro. This, he argues, makes their issuance compatible with continued Eurozone membership.

Bossone and Cattaneo (2015) proposed Tax Credit Certificates (TCCs), tradable certificates issued to citizens that they could sell for Euros to those who wanted to offset future tax liabilities, or used for bill payments. Dimitri Papadimitriou and his colleagues argued for the introduction of new government bonds or Geuros, perhaps financed by the Troika, that would be used to fund an employer–as-last-resort programme as an alternative to austerity (Papadimitriou, Nikiforos and Zezza 2014). Before joining the SYRIZA government, Varoufakis (2014) had proposed the issuance of what he called a Future Tax Coin (FT-Coin) using similar algorithms to Bitcoins, perhaps building on the government’s web-based tax payment infrastructure. Like TCCs, FT-Coins could be purchased by private investors who wanted to offset future tax liabilities. Varoufakis argued that that these parallel currencies would not be a prelude to Grexit, but legal anti-austerity mechanisms within the wider framework of monetary union (Lambert 2015).

*Subaltern currency networks*

Only one of the four proposals in this paper has been enacted: the wide variety complementary currencies issued by subaltern groups in response to the claimed deficiencies of state-issued money (for a review see North [2007] and [2010]). Local Exchange Trading Schemes, or LETS, are networks of individuals trading with each other by cheques using a community-created local currency with a locally significant name (for example, Bobbins in Manchester, Olivers in Bath) (Williams 1996, Seyfang 2001). Time Banks enable people with time to spare to exchange it with each other, being recompensed with a credit entitling them to purchase an hour’s work from someone else (Cahn 2000, Seyfang 2002). Other subaltern groups have issued local scrip denominated in hours (Maurer 2003), or with reference to and at parity with national currency (e.g. the UK’s Transition Currencies) (North and Longhurst 2013, North 2010a) or the Euro (e.g. Germany’s regional currencies) (North and Weber 2013).

As an alternative to crisis-ridden neoliberalism, their advocates argue that alternative, complementary and local currencies allow communities to gain control over their economic life. Locally-owned businesses, employing local residents, deriving their inputs locally, and recirculating wages locally, will keep wealth flowing locally in ways that supermarket chains and multinationals cannot, as the profits from these businesses do not stay in the local economy (North 2005). These local currencies are not expected to replace, but to complement, the Euro or national currencies. Boyle (2003), drawing on Mundell (1961), argues that the continental United States or the Eurozone are too large and diverse to be considered “optimal monetary zones”, and thus the Eurozone is a flawed project for which a wider variety of complementary currencies, alongside a continuing euro, is a solution.

The first Greek alternative currency was Athens Time Bank in 2006 (Sotiropoulou 2011). In 2013 Thanou et al. identified 20 LETS schemes and 11 Time Banks operating across Greece, and by 2015 Stephanides (personal correspondence) had identified 59 LETS schemes, time banks, and bartering and exchange networks. In Volos, 300 participants use an alternative currency called a Local Alternative Unit (Τοπική Εναλλακτική Μονάδα, or TEM) which is valued one-to-one with the Euro. Members of the TEM exchange goods and services with each other, paying each other with TEM through the internet and at TEM-only market. The fairly limited Greek experience with local currencies can be contrasted with the far denser and comprehensive alternative currency networks developed in Argentina during that country’s financial crisis (North 2007, Pearson 2003, Gómez 2008), with Green Dollar schemes in New Zealand which have achieved some longevity (North 2010b), and with more sophisticated community-generated local currencies such as North American hour-based scrip, the UK Transition Currencies, or Germany’s Regional Currencies.

**Discussion**

*A state monopoly on money creation*

Taking our four proposals in order from a utopian socialist perspective, PM’s proposals to force banks to completely give up their profitable rights of seigniorage and loan out money provided by the state to democratically-derived criteria must be seen as utopian. Rules would be required to stop banks creating new, loan like financial instruments. Technically, it must be recognised that the ability of banks to loans at will ‘out of nothing’ (Werner 2014) is at the discretion of the nation state, hedged by regulation, and both levels of regulation and the regulatory architecture has been tightened since the crash. Debates about *how much* regulation of banking is appropriate are of course completely valid, as are debates about the difference between retail and investment banks and the extent that they should or should not be institutionally distinct. So while it seems unrealistic to see banks being *entirely* prevented from issuing loans and thereby creating money with the state taking a monopoly on the right to decide on the volume of the money supply, it *is* possible to debate what sort of regulation should manage the relationship between money issuance and lending criteria. Thus in response to calls for 100% reserve banking, the Swiss Government responded that the tightening of rules post 2008 made such calls “unnecessary, if not downright dangerous” (Economist 2016).

PM’s proposals *have* been implemented in part. Inherent in PM’s proposals is the argument that the ‘irresponsible’ creation of the ability to ‘print’ money should be removed from government and vested in an independent (they argue democratic) institution. In contrast, Hayek (1990) argued that private banks, not states, should issue *competing* currencies and, as a result, rational economic actors would force over-emitted currencies out of the market (for a further discussion see North [2007:15-17]). In this context, James (2012, 6-7) quotes Otmar Issing, the ECBs first chief economist thus: “many strands in Hayek’s thinking … may have influenced the course of events leading to Monetary Union in subtle ways. What has happened with the introduction of the euro has indeed achieved the denationalisation of money, as advocated by Hayek”. Hayek’s plans were, of course, considerably more radical than the Euro and ECB, but the Growth and Stability Pact *is* a mechanism form reining in ‘profligate’ ‘populist’ governments. Thus while PM’s proposals for an institution for the democratic control of the money issuing function has not been realised, a Hayekian version of these proposals has, to some extent, been realised in neoliberal form. This is, of course, not what PM had in mind.

*The reintroduction of national currencies*

In the context of the Greek crisis, unplanned, chaotic Grexit proved unrealistic. The arguments against, from the perspective of financial market actors, were summarised by Credit Suisse:

“‘leaving EMU’ is not a policy choice … Introducing a new currency is a pipe dream and the likely result is a broken financial system reliant on a neighbour’s currency (the Euro) and banking system. This is the nature of ‘Grexit’; it is not a choice to circulate a shiny new devaluation mechanism, it is a decision to reject the (local, to begin with) financial system and start again. We have always pointed out that the new ‘currency’ mismatches involved in any attempt to exit the Euro would be so ‘toxic’ for the banking system as to make it not a practical alternative” (Durden 2015).

Even if it could be technically accomplished over a bank holiday without provoking a run on the currency, leaving the Euro and restoring the Drachma would trigger a potentially drastic devaluation and, as a result, an even greater slump in living standards than had already been imposed on the Greek people. Long term, devaluation might have led to a tourism-driven boom, but without a debt haircut, the costs of paying back debt denominated in Euros with depreciated Drachmas would have been ruinous. As a result, SYRIZA never seriously explored Drachma-ization, while in the September election Popular Unity won just 2.86% of the vote and no parliamentary seats.

Given that, unlike the UK, Greece had abandoned the Drachma, SYRIZA finance minister Varoufakis had not supported Grexit (from the Eurozone, not the EU). He had argued:

“To exit, we would have to create a new currency from scratch. In occupied Iraq, the introduction of new paper money took almost a year, 20 or so Boeing 747s, the mobilisation of the US military’s might, three printing firms and hundreds of trucks. In the absence of such support, Grexit would be the equivalent of announcing a large devaluation more than 18 months in advance: a recipe for liquidating all Greek capital stock and transferring it abroad by any means available.”(Varoufakis 2015a)

Thus while a small working group of officials within the Greek Finance Ministry had undertaken contingency work on a ‘Plan B’ by exploring operational issues connected to the possible reintroduction of the Drachma in the event of negotiations breaking down, these plans were not made public or acted on. Varoufakis believed that to have done so would have made Grexit “a self-fulfilling prophecy” (Lambert 2015). ‘Grexit’ was avoided, despite what Varoufakis (2015a) claimed was a German suggestion that Greece temporarily exit the Eurozone.

What has not been attempted is the planned re-introduction of national currencies in the months and years before the 2015 Greek Crisis. This proved beyond the capacity of the Greek State to implement. Theoretically, the planned reintroduction of competing national currencies alongside the Euro does fall within a Hayekian paradigm, and consequently Booth and Mingardi (2011) argue for the Euro to circulate alongside national, private and community currencies. Against Hayekian conceptions, and from a social democratic perspective, critics of the Euro such as Streek (2015) and Amato and Fantacci (2012) have argued for the democratisation of the ECB and the creation of a system of managed national currencies, alongside the Euro, but with the facility for cross-national transfers to help poorer or struggling regions of the Eurozone to improve their economic performance. Amato and Fantacci (2012:110-120) argue that this could be a similar mechanism to the European Payments Union 1950-58 which, they argue, was a fundamental component of Europe’s recovery after the Second World War.

Streek (2015 20-21) argues that these are technically possible but unrealistic proposals given the domination of the Eurozone by neoliberal ideology. He argues that what is more likely is that we will see the continued survival of incompatible institutions and varieties of capitalism within a common monetary regime, with the conflicts that entails, not mediated by a common European identity and the political institutions of a nation state. He argues:

“The sorcerer’s apprentices will be una­ble to let go of the broom with which they aimed to cleanse Europe of its pre-modern social and anti-capitalist foibles, for the sake of a neoliberal transformation of its capitalism. The most plausible scenario for the Europe of the near and not-so-near future is one of growing economic disparities—and of increasing political and cultural hostility between its peoples, as they find themselves flanked by technocratic attempts to undermine democracy on the one side, and the rise of new nationalist parties on the other (2005: p26).

The capacity of the nation state to reintroduce national currencies in the current political configuration, then, must be doubted.

*State-Created Parallel Currencies*

Calls for Eurozone governments to issue new parallel currencies *while retaining the Euro* can be seen technically as a short term pragmatic response to crisis and thus more realistic that arguably utopian calls for fundamental reform of the money system or the reintroduction of national currencies. Through a political economy lens, they can be also seen as a Hayekian response to the crisis. However, in a political conjuncture dominated by neoliberal ideology, not everyone is qualified to be accepted into the utopia of Hayek’s monetary diversity. In the context of the deployment of the trope (Knight 2013) of Greece as a signifier for financial irresponsibility, proposals for parallel currencies have been dismissed as “funny money … basically a sham currency that depends for its value on a gullible population” (Harvey 2015:12). Thus the Greek press claimed that SYRIZA had secretly explored plans to introduce a parallel payment system building on the Greek Government’s web-based tax payments portal which included ‘hacking’ citizen’s private pin numbers (Varoufakis 2015b).

The argument from a financially orthodox position is that Greece should engage in the structural reforms that are necessary to maintain confidence in its ability to remain part of the Eurozone, and, by lowering its wage costs eventually move to export-led growth. It should not follow the example of ‘irresponsible’ countries by adopting suspect, unorthodox off-the-books financial instruments such as the ‘Patacones’, a parallel paper currency issued by Argentine provinces during that country’s extended financial crisis (IMF 2004, Pilling 1996). While central banks have been tolerant of parallel currency programmes that do not pose any systemic risk to the bank’s monetary and financial stability objectives in countries coded as ‘responsible’ and ‘hard working’ like Germany or Switzerland, (e.g. see Naqvi and Southgate 2013, Stodder 2009), it would be naïve to expect openness to experimentation by a left-wing government with a history of challenging the (neoliberal) rules of the economic game. Such proposals would *not* be seen as a technical or policy innovation, but another example of Greek bad faith and lack of willingness to make the hard choices necessary. They might have been a short term mechanism for providing liquidity and time for the Greek state to work up a full programme for a negotiated Eurozone exit, but that was not SYRIZA’s policy.

*Subaltern currencies*

In the Greek case it is also necessary to be critical of the extent that community currency networks can form a credible response to the crisis. For example, Graham-Harrison (2015) points to low levels of trading from many members of Greek alternative currency networks, members with skills in high demand (for example dentists) not being able to spend their accumulated credits and leaving, members advertising that they accept the parallel currency and then demanding Euro, and members joining to access the 300 TEM they were granted on joining the network, spending it, and disappearing. Thanou et al. (2013) point to a number of legal, regulatory and tax issues specific to Greece that have retarded their development, as well as an imbalance between what members would like to be able to purchase (fresh food) and the range of services (alternative therapies, translating, lessons, technical services) that the generally counter culturally-minded members of the Greek LETS schemes can offer. They argue that members valued solidarity, trust and the need to develop alternatives to a crisis rather than meeting concrete needs. When visited in September 2015, trading in TEM was limited to say the least, and, while it provided valuable companionship and solidarity for its members in difficult times, it could not in any way provide an adequate alternative to the crisis, and its members lacked the capacity to develop, on their own, a more robust local currency network that could meet more of their needs. Nowhere have very admirable subaltern local currency networks moved from exchange networks to tools for catalysing new forms of locally-based economic development by stimulating production of new goods and services that would otherwise not have existed (North 2014).

**Conclusion**

Leaving PM’s proposals for wholesale reform of the money issuing process to one side, the proposals discussed above envisage the Euro circulating alongside various national, and regional and local currencies. This is not incompatible with free market ideology (see Hayek 1990). In Hayekian terms, it would enable consumers to choose which currency they wanted to use while maintaining the benefits of a reduction in transaction costs, of transparency in pricing, and the free movement of goods and labour to be realised inherent in the Euro to be maintained for international trade. The Euro would continue to act as a symbol of European integration, while a more diverse system of parallel competing, or complementary, currencies, would avoid the problems associated with a one-size-fits-all Euro given different political, economic and cultural conditions continue to exist as the hoped for convergence has not materialised.

This would essentially be a return to the period between 1999 - the introduction of the Euro as an electronic currency for trade between nations that retained their national currencies - and 2002 - the introduction of Euro coins and notes and the retirement of national currencies. In the 1990s the Major government in the UK had suggested that ‘hard ECU’ should circulate alongside national currencies without the need to move to full monetary union. Such proposals were, though, rejected by the Delors report on monetary union which argued that it would be confusing for consumers, would jeopardise price stability, and would make it even more difficult to co-ordinate national monetary policies to facilitate a greater and more complete union in Europe (Roland 1990). Monetary union would enable price stability to be ensured by greater surveillance of national governments, co-ordinated through the mechanism of the Growth and Stabilisation Pact, managed by the European Central Bank. In this case, the neoliberal, monetarist conceptions of economic management favoured by the Bundesbank would dominate European monetary policy. National currencies would be vulnerable to speculation, and, from the Bundesbank’s perspective, might be used by ‘populist’ or ‘irresponsible’ governments to pursue ‘unsustainable’ policies that would threaten price stability. The memories of German interwar hyperinflation and the claimed benefits of the German post-war *wirtschaftswunder* continue to be influential in this respect, and shape what is and what is not credible.

It also suggests that the EU lacks the capacity for an open debate about development options. It suggests that EU monetary policy is about enforcing the fiscal discipline of the Eurozone (Lapavitsas and Flassbeck 2015) in favour of the core economies and that, the Eurozone crisis is a structural result of an overvalued German/northern European and undervalued southern European Euro (Simonazzi, Ginzburg and Nocella 2013) which benefits elites in Northern Euro and beggars their neighbours (Lapativsas 2012) leading to the ‘development of under-development’ in the European periphery. These elites are not likely to give up their structural advantages, and are uninterested in debating alternatives. In post resignation interviews, Varofakis argued:

 “there was point blank refusal to engage in economic arguments. You put forward an argument that you’ve really worked on, to make sure it’s logically coherent, and you’re just faced with blank stares. It is as if you haven’t spoken. … You might as well have sung the Swedish national anthem” (Lambert 2015)

Given the current ascendency of neoliberal thinking at a strategic level in Europe, arguments for more monetary diversity are unlikely to be persuasive given that in the absence of a pan-European movement to force through change “for now … ideology rules the roost” (Blankenburg et al 2013:471). In monetary terms, a multispeed Europe (Mazier and Petit 2013) is unlikely.

Things do not look more promising at the level of the nation state. We have seen that SYRIZA lacked the political will, and the Greek state lacked the capacity, to enact a managed exit from the Eurozone and embark on a state-led national development policy facilitated by the reintroduction of the Drachma and capital controls, as advocated by SYRIZA’s left (Lapavitsas 2012, Lapavitsas and Flassbeck 2015). Plan B was not acted on, and the Greek people remained committed to the Euro as a symbol of modernity, of their membership of the European community of citizens. Continued EU membership served as a rejection of a Greek history of occupation by the Ottomans and Nazis, the famine and civil war of the 1940s, and the period of military rule which ended just five years before Greece joined the European Community in 1981 (Rakopoulos 2014). A commitment to the EU, and a willingness to do what was necessary to maintain this, was a rejection of negative elements of Greek history. The option of a planned reintroduction of the Drachma alongside continued support for Greece to enable it to recover from the crisis was not on offer (Varoufakis 2015a).

In Greece and elsewhere, alternative currency networks do enable people in economic distress to come together and feel valued, and, in prefigurative ways, develop visions of what could be. While Greek alternative currency networks did not provide a viable alternative to the crisis, they should not be seen in isolation from other solidarity mechanisms in such as barter markets, free pharmacies and food distribution networks (Rakopoulos 2013, 2014; Sotiropoulos and Bourikos 2014), as well as the innumerable kin-based support networks through which extended families pooled their resources and juggled bill payments (Streinzer 2016, forthcoming). However, there are limits to what individuals can produce purely from their own resources, without a wider resource base (North 1999). Apart from the case of German Regional Currencies (North and Weber 2013) and the Swiss Wirtshaftsring (Stodder 2009) and other non-territorial business-to-business barter networks that operate for purely conventional economic reasons. the geographical spaces that many local currency networks circulate in are too small to include the production of enough of the resources necessary for non-discretionary everyday consumption (North 2010a). Only in Argentina, where the nation state does not have a monopoly on money creation, where the form of money has not been stable over time, and where citizens are used to unorthodox ways of coping with regular crises and hyperinflation (Cohen 1998), did we see the large scale use of alternative currencies. While extensive, Argentine barter networks only enabled crisis-hit residents to exchange the fruits of petty household production or recycle things they no longer needed (North and Huber 2004). What is not yet demonstrated is the capacity of community currency networks to *extend* the range of goods and services available on the networks by stimulating new production such that the sustainable, localised and convivial economy that advocates envisage can be enacted in concrete terms (North 2014). The impact of new regional currencies such as Sardinia’s Sardex and So-Nantes, Nantes France is as yet unknown.

We have yet to explore the potential of alternative currencies that are *initially* linked to and/or backed by the Euro but later distinct from it. This could be part of a progressive strategy for a managed breakup of the one-size-fits-all Eurozone, and the re-designation of the Euro as a useful but *parallel* currency facilitating trade and travel between Eurozone members, without constraining local sovereignty. Once a greater variety of complementary, rather than competitive, moneys becomes commonplace, then alternatives to the Euro may become more feasible. Small scale innovations that do not ostensibly threaten the Euro could be ‘niches’ (Seyfang and Smith 2007) in which new alternative currencies at local, regional and national levels emerge. For that, we need more brave, ‘heroic’ grassroots, city-region and regional innovation that avoids the pitfalls of the cranks.

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1. See [www.positivemoney.org](http://www.positivemoney.org) [↑](#endnote-ref-1)