

**PRICES IN PARALLEL CURRENCY:
THE CASE OF THE EXCHANGE NETWORK OF CHANIA**

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ABSTRACT

This paper investigates the prices set within the Exchange Network of Chania and tries to examine what prices are attributed to which products and services, how those prices are set and what they reveal about the values of the goods offered. Moreover, the further aim of the paper is to explore the implications of those prices concerning the function of the scheme itself, within the context of the local economy of the Chania area.

The data have been gathered during regular visits to the open markets of the scheme since January 2012. Therefore, the paper attempts to contribute original research findings concerning prices in parallel currency schemes and study several important issues which arise in multiple currency practice.

Keywords: parallel currency, prices, Exchange Network of Chania, Greece.

CONTENTS:

- 1. Introduction**
 - 2. The question of prices**
 - 3. Methods used**
 - 4. Prices in parallel currency for 10 goods**
 - 5. Discussion**
 - 6. Conclusions**
- Acknowledgements**
- References**

1. Introduction

This paper attempts to contribute to the knowledge we have about the prices set in parallel currency. Despite the statements of general nature concerning the prices in parallel currency schemes, we do not have much detailed information about the actual prices and what those prices might mean for the scheme and for the economy the scheme represents. The question of prices, therefore, needs to be researched in depth so that we understand how a parallel currency works in real terms.

My case study in this paper is offered by the Exchange Network of Chania¹, which is a parallel currency scheme established in autumn 2011 in the city of Chania, at the island of Crete, Greece. The name of the parallel currency is Unit/Monada and it has been established at a nominal parity of 1:1 with the euro currency, which is the official currency of Greece. The Exchange Network of Chania holds an open market every other Sunday where people can transact using the parallel currency, provided they are registered members of the scheme. The rule about price-setting is that people are free to set the prices they think are appropriate for each case.

The findings presented in this paper is part only of the original data gathered from the open markets, called bazaars, of the Exchange Network of Chania, throughout a time span of 17 months. The findings show that there are certain trends already concerning not only the prices but also the entire function of the open markets. On the other hand, more questions are raised to be researched further. The next section will present the question of prices are set in parallel currency literature and section three (3) will explain the methods I used and the issues the data gathering and study involved. Research findings are presented in section four (4) and discussion on findings is in section five (5) if the present paper.

2. The question of prices

Although parallel currency literature shows a clear agreement among the authors that the main aim is to make goods and services affordable to everyone and make the economy really working, the issue of prices remains somehow vague, in the sense that prices are expected to fluctuate freely within a scheme. On the other hand, several research projects have shown that in certain cases inequalities of the mainstream economy are replicated or even reinforced within a

¹ <http://www.diktyoantallagonxanion.net/>

parallel currency scheme, due to the similarity of price rates concerning certain goods and services. However, there is not detailed information about those problems, much less about the exact prices and how those might have been set in previous cases of parallel currency.

The gender bias is a very important axis of such underpricing as Powell asserts¹. Pierret and Bowring are even more specific: redistribution is not guaranteed by any mechanism within a Local Exchange Trading System, while the parallel currency might oblige the most disadvantaged to avoid asking for a wage raise as poverty will still force down their claims². Lee has similar worries about parallel currencies possibly becoming class or occupation biased structures, where capital controllers will keep reaping profits and workers (“low-skilled” labour, care workers, women) will be trapped in a more disadvantaged position³.

Research findings show that the inequalities tend to be reinforced in low-income sectors, although there is no exact information on the pricing process⁴. However, we know from previous research that the local currency earnings for low-income and unemployed members were lower than the earnings received by the employed and affluent scheme members, because the prices and rates received within the scheme were analogous to rates and payments in formal economy⁵. Favouring the most affluent originated in the fact that wealthy scheme members can buy goods and services produced at lower rates than in the formal economy⁶.

From my own research with the Exchange Network of Chania but also with many other parallel currency schemes in Greece, it seems all schemes really stick with the common view in literature that free prices are enough a mechanism to ensure a proper function for the parallel currency⁷. Moreover, nominal parity with the euro currency is also adopted by the schemes. However, this parity choice has its own conveniences and inconveniences. In October 2012, at an open Conference organised by the Department of Sociology of the University of Crete, the schemes of Crete discussed for the first time openly the issues which are created by the parity with the euro currency, mostly the transfer of mainstream pricing to the parallel currency schemes. The discussion has just begun and the schemes have not reached any resolution yet about this issue.

Concerning my own research questions, those are related exactly to an effort trace mainstream pricing patterns which create inequalities or redistribution in favour of the advantaged

¹ Powell (2002).

² Pierret (1999). Bowring (1998), p. 103, 106-107.

³ Lee (1996), pp. 1380, 1384-1386

⁴ Aldridge et al (2001), pp. 567-569, 573-576.

⁵ Williams (1996a), pp. 1403-1411.

⁶ Williams (1996b), pp. 90-95.

⁷ There is only scheme in Greece having set upper and lower price limits. I have not and data on actual prices and how the price limits have affected the price setting process.

members¹. Moreover, if anyone would see an alternative potential in parallel currencies for a fairer, more democratic and more egalitarian economy, this could not be possible without fair prices². Of course, the present paper is more modest in its scope. It just attempts to show actual price patterns and raise questions on how those patterns might affect the scheme economy.

3. Methods used

Given that the Exchange Network of Chania does not keep record of prices which appear within the scheme, I gathered the data myself. I opted for attending the bazaars of the network i.e., the open markets held every other Sunday and I collected information on the goods offered there. Of course, many goods and services are transacted within the scheme in other times and spaces, as many members prefer not to attend the open markets and to perform instead their trading by the use of the online system only. Moreover, services cannot really be provided in the bazaar. Information about prices exists also on the Forum of the Exchange Network of Chania, but I did not use the price information found there, because many of the products are also offered at the bazaar. Moreover many items are advertised at the Forum without any price announced for them.

As a consequence, it seemed that for the first stage of price-setting exploration the open markets would offer a satisfactory insight. Therefore, I visited twenty two (22) bazaars from January 2012 to May 2013 and I collected price information directly from the people who were at the bazaar stalls.

In many cases people were not sure what the prices of the items were, even if they were about to sell those items. It was obvious that they were also experimenting with prices, which means that probably after a couple of years, they might have a completely different attitude or choice of prices, as well. In other cases, they were telling me the general prices, but they were also pointing out that in case of bulk buys, they were willing to offer better deals to the buyers. That means, prices can be even lower than what I was writing down at my notebook.

The issue of quantity and measures was an important one, concerning food or cosmetics. For own-produced stuff, most people did not have usually measured the exact quantity of the product. Therefore, most quantities written down and used for this paper are calculated at an approximation. An important note should be made here: people were not measuring because it was difficult in practical terms, not because they had any intention of cheating. In all cases I randomly asked them

¹ Sotiropoulou (2012a).

² Sotiropoulou (2012b).

to measure quantity of a good offered, it was equal or more than the quantity they had stated it is. Keeping saying less than the probable quantity sold was quite common in the bazaars. Therefore, it is probable that the need for calculating prices with some exactitude might be unfair to all those people who knowingly or not, opt for a very special type of “generous measure”¹ in order to trade in the Exchange Network of Chania open market.

One more important point concerning prices is that the online software the Exchange Network of Chania used till late May 2013 did not accept prices but only prices in whole units or at least prices ending in half unit (0,5). Scheme members, though, have been inventive whenever they wanted their products to be priced in a different way. For example, anyone who wanted to price his fruit as 0.33 units per kilo, priced them as 1 unit per three kilos. That means, many prices used in this paper have been set in this way and then I calculated the price per kilo in order to make prices comparable.

The data gathered was raw and covered all types of goods offered at the bazaar. Some services are also advertised in the bazaar and I kept writing down their prices, but it is impossible to have any picture about prices on services without a questionnaire. For the purposes of this paper, I selected ten kinds of goods which are offered within the network and I tried to combine the price data with the dates of the bazaars I attended to see how the prices are evolving through time. I have not attended every bazaar but the twenty two bazaars I attended cover the entire time span of seventeen months from January 2012 to May 2013. I kept all prices concerning each good intact i.e., there may be several different prices for the same good at a certain bazaar. The people who sold the stuff explained the prices in terms of quality of the product, or in terms of the work it needs to be produced, or in terms of prices in the mainstream economy i.e., the euro currency prices. Price plurality seemed important, not only because it is not possible for me to verify quality or skill and work time needed to produce something, but also because I think this is the essence of the parallel currency: if I stick with an average price at this stage of research, maybe I would miss important information that still has not been crystallised concerning the price setting behaviours.

At this point, I should state that I take all statements about quality of the products as true – just like the general rule of trust and solidarity of the scheme requires. I could also say that any product or service I received personally as a member of the scheme was of high quality and complaints about quality have not been known so far (apart from one case which was mentioned anonymously at a scheme assembly).

In the following section four (4), there follow the graphs concerning the prices of ten kinds of goods, most of them produced by the scheme members themselves. I opted to present only two

¹ Gemmill, Mayhew (1995) pp 81-109.

goods which are sold as second-hand stuff (women's clothes and adults' shoes) although there are many used goods which are sold in the Exchange Network of Chania. The reason is that I thought that for the purposes of this paper two only are enough to show the trend in used goods. On the other hand, I preferred to stick with foodstuff which is produced and traded in the scheme.

4. Prices in parallel currency for ten kinds of goods

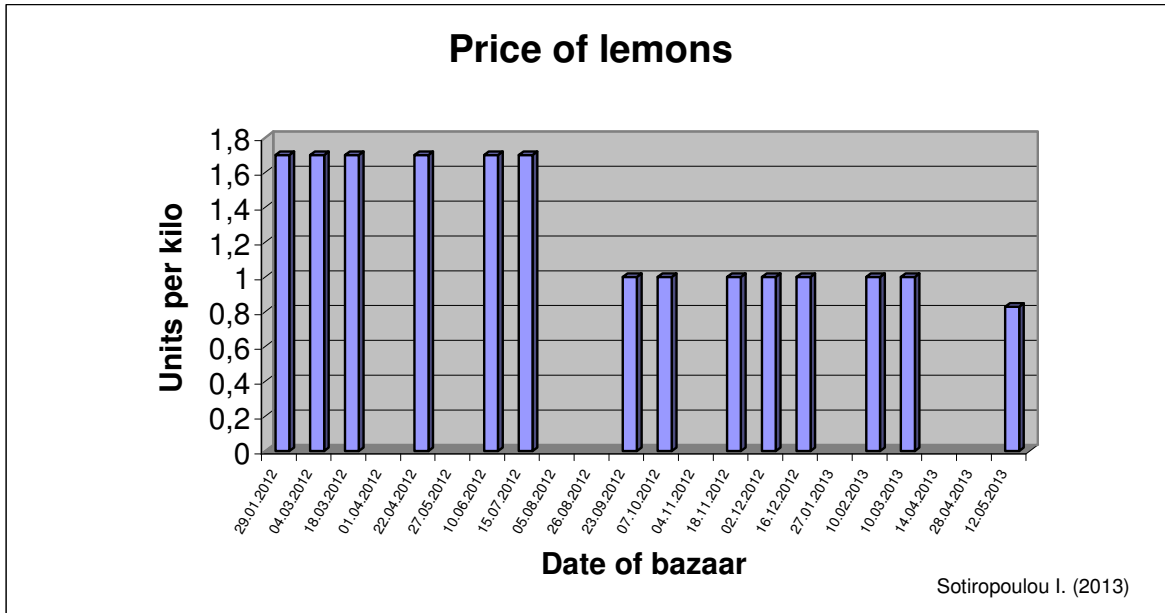
For each good, there is one graph concerning price data gathered. In each graph, the exact date of each bazaar is written, so that it is clear when the data has been produced. In cases where there is no price data for a bazaar, it means that this item was not found in that specific bazaar. It has not been possible to have any data gathered on bazaars I could not attend.

4.1. Lemons

All lemons offered in the bazaars are produced by the scheme members and they are cultivated without the use of agro-chemicals. Lemons are very popular in local cuisine, because they are used in most foods and salads, let alone juices, sweets and jams. Then, it is a product with regular demand.

From the graph, one can see that the price of lemons has been falling during the 17 months of the data collection. In some bazaars there were no lemons. However, one could attribute this to seasonalities of production. Therefore, safe conclusions could be drawn after some years of bazaar performance.

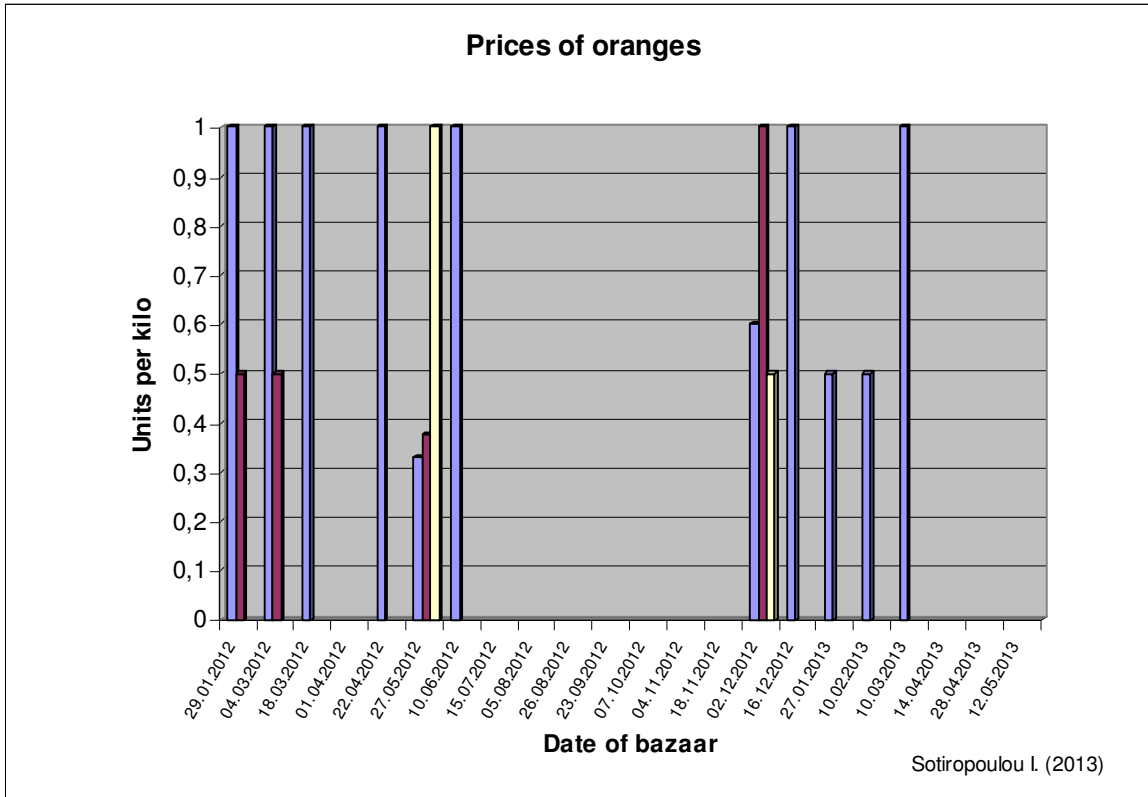
Graph 1: The price of lemons



4.2. Oranges

The availability of oranges in the bazaars resembles more or less the availability of lemons, thus seasonality might explain when oranges are sold in the bazaar. The prices of oranges seem to be steadily varying i.e., there are oranges priced at 1 unit per kilo and oranges priced at 0,5 unit per kilo, or even less in some cases. Oranges are also self-produced organically by the members who sell them.

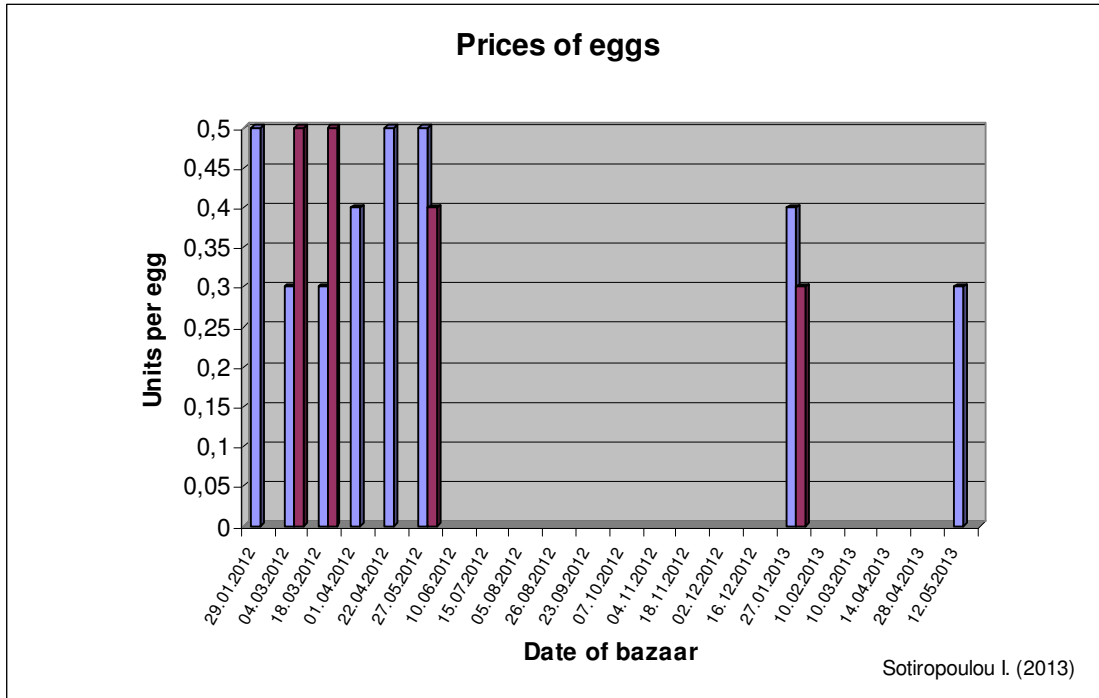
Graph 2: The price of oranges



4.3. Eggs

Concerning eggs, many transactions were made outside the bazaars, as one could see from the scheme online forum. Then, the graph is only indicative concerning the bazaars. To be sure whether the variety in prices in the early bazaars really led to a price reduction after a year, we would need data from other sources, perhaps to gather more data from future bazaars. All eggs are organically produced by the scheme members who sell them.

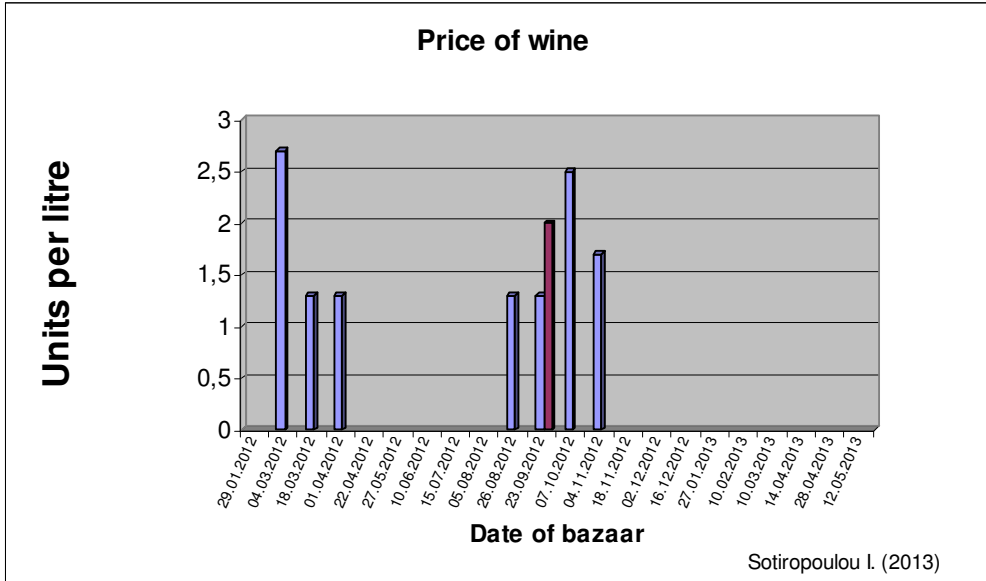
Graph 3: The price of eggs



4.4. Wine

Unfortunately, despite that wine is widely produced in the area of Chania, both in small farms and in households, it was not so common a good offered in the scheme bazaars. One could also attribute this lack of availability probably to low demand: if every household has wine, then probably the wine small producers do not find it satisfactorily remunerating to attend the bazaar, once anybody can buy wine at any other time. Prices are low anyway, which means that for a producer to spend his Sunday in the bazaar, he/she would need to sell many litres of wine to have an incentive to come.

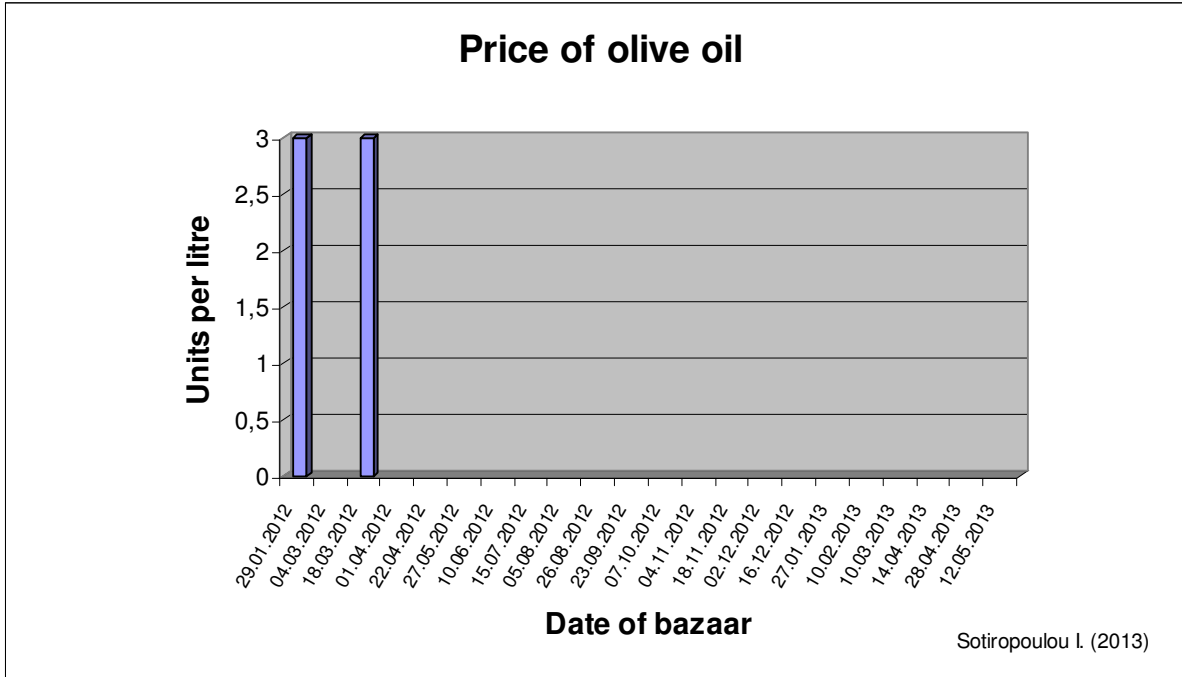
Graph 4: The price of wine



5. Olive oil

The case of olive oil is also indicative of the producers' case. Olive oil as a product appears a couple of times in the early bazaars and then it did not appear at all. Many people were commenting in the bazaars that "we all have olive oil", then they would not buy more. Of course, I have seen demand and offer of olive oil in the online scheme forum, which means that people were trading olive oil without waiting for the bazaar. Particularly for households who would want to buy five litres or more, the difficulty of transport of olive oil containers would make their visit to the bazaar inconvenient.

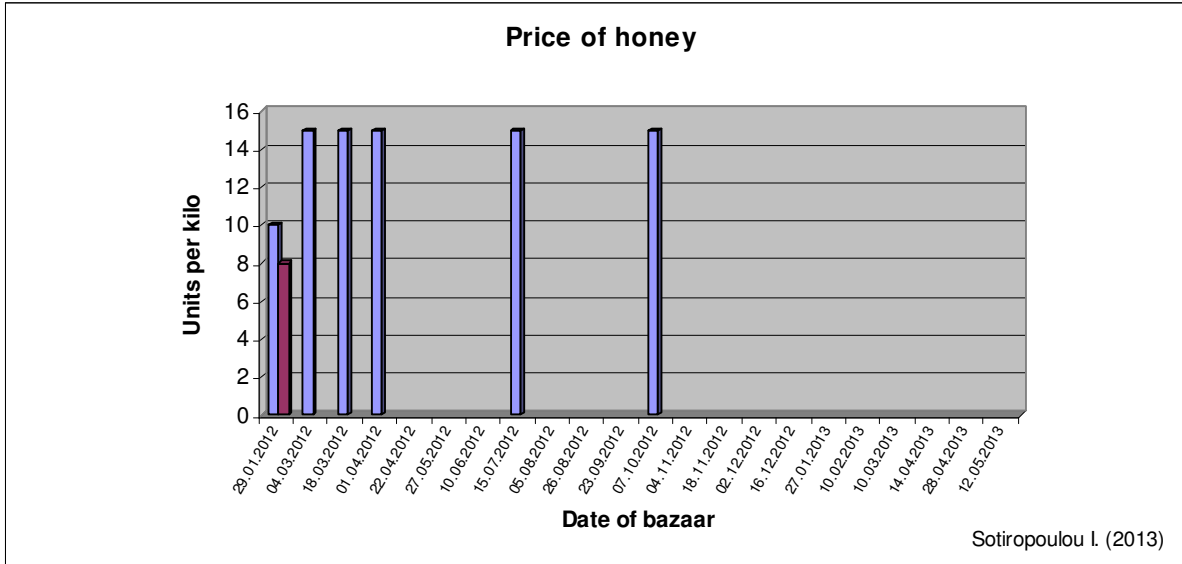
Graph 5: Price of olive oil



6. Honey

Honey is also a very interesting case. In the early bazaars, it was a good regularly offered. However, afterwards, there was only one producer offering certified organic honey, which was more expensive than the non-certified. Even that producer did not offer honey after some time. I do not know whether his stock was over or he did not find it rewarding to sell his honey at the bazaar anymore. Honey has its own seasonality, although it does not deteriorate if stored properly, which means that small producers do not have to follow that seasonality that much.

Graph 6: The price of honey

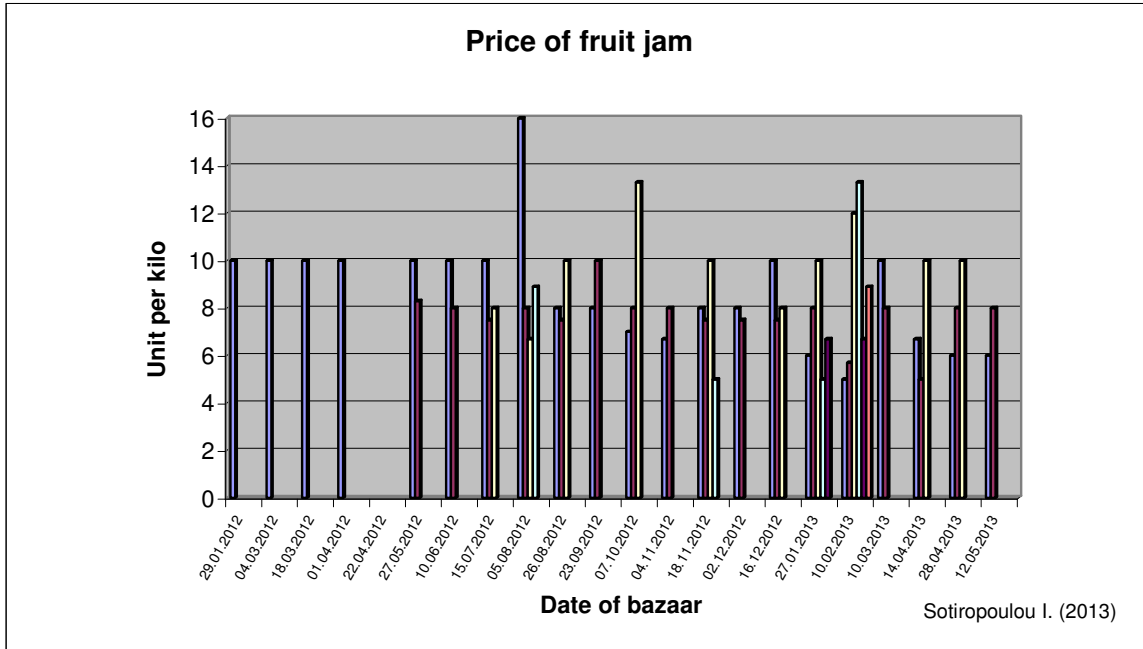


4.7. Fruit jams

Fruit jams are very common and popular at the bazaars of the Exchange Network of Chania. Given that jams are a good way to store fruit which otherwise would not be consumed and at some point it would not be consumable anymore, they form a type of product which every household can produce and any seller can stock in case buyers do not buy immediately. Therefore, there is an extended variety of jams in the bazaar: orange, lemons, grape fruit, citrus, quince, figs, kumquat, rose flowers, apricots, sweet pumpkin, huckleberry, apricot, mulberry etc. Consequently, prices also vary because some fruits need more time to be collected, and some other need special preparation to make the jam. Additionally, seasonality of the fruits affects the availability of the types of jams and consequently their prices.

It is very interesting that jams might have some seasonality, but they are not as seasonal as the fruits themselves. On the other hand, the popularity of this product, and its ability to be stored for long might have given incentives to produce more and even lower the prices, as the following graph shows.

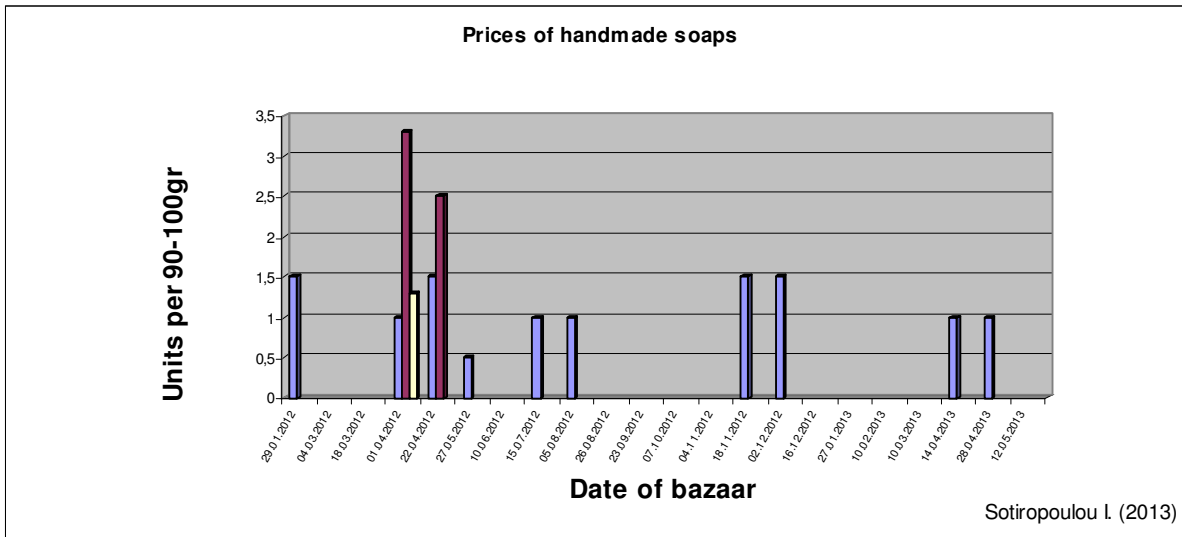
Graph 7: The price of fruit jams



4.8. Handmade soaps

Handmade soaps are available through the Exchange Network of Chania, but they seem not to appear regularly at the bazaars. All soaps are made with natural ingredients. We cannot reach any definite conclusion through the data we have so far.

Graph 8: The price of hand made soaps



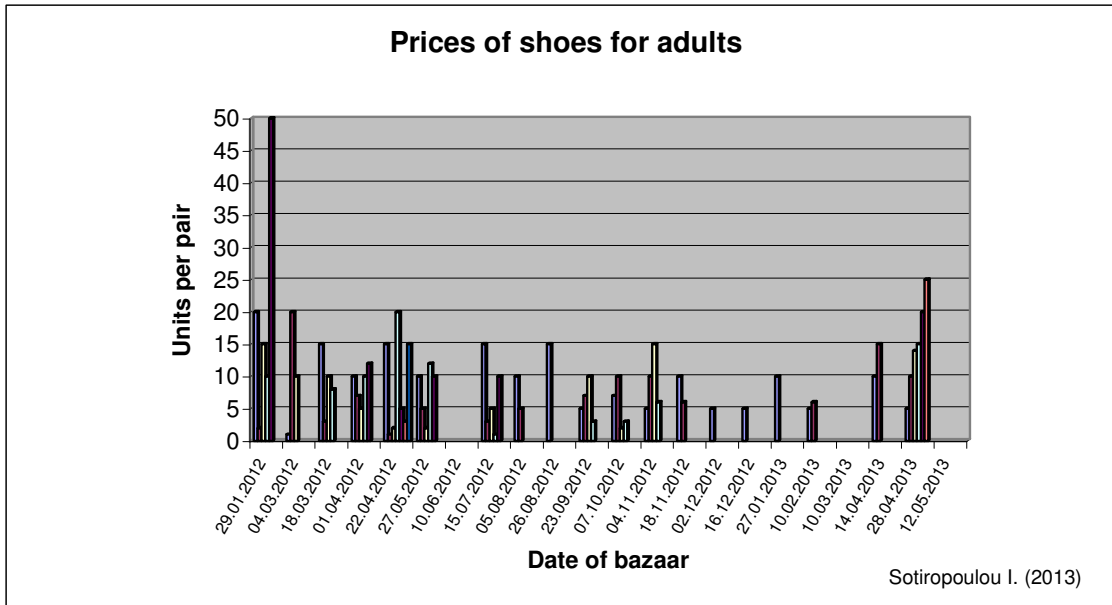
4.9. Used shoes for adults

For this graph, I did not distinguish between shoes for men and women, however each price collected has been annotated for which the shoes might be. Children’s shoes are not included in this graph, as I left all children’s items (like clothes, shoes, accessories, books and toys) for another paper.

It has been observed that for used stuff, prices might vary enormously from prices which are “symbolic”, like 1 or 2 units, to prices which remind of the mainstream shoe-store prices. Quality is not the only argument for the price of a pair of used shoes; neither is always the condition of the item sold i.e., many “new” things might have a very low price. Many sellers just want to get rid of the shoes they do not use anymore, then they sell them at very low prices, while other want a certain remuneration for the shoes they sell, even if the shoes are apparently used.

In brief, used shoes are very regular items offered at the bazaars and their prices vary very much.

Graph 9: Price of used shoes for adults

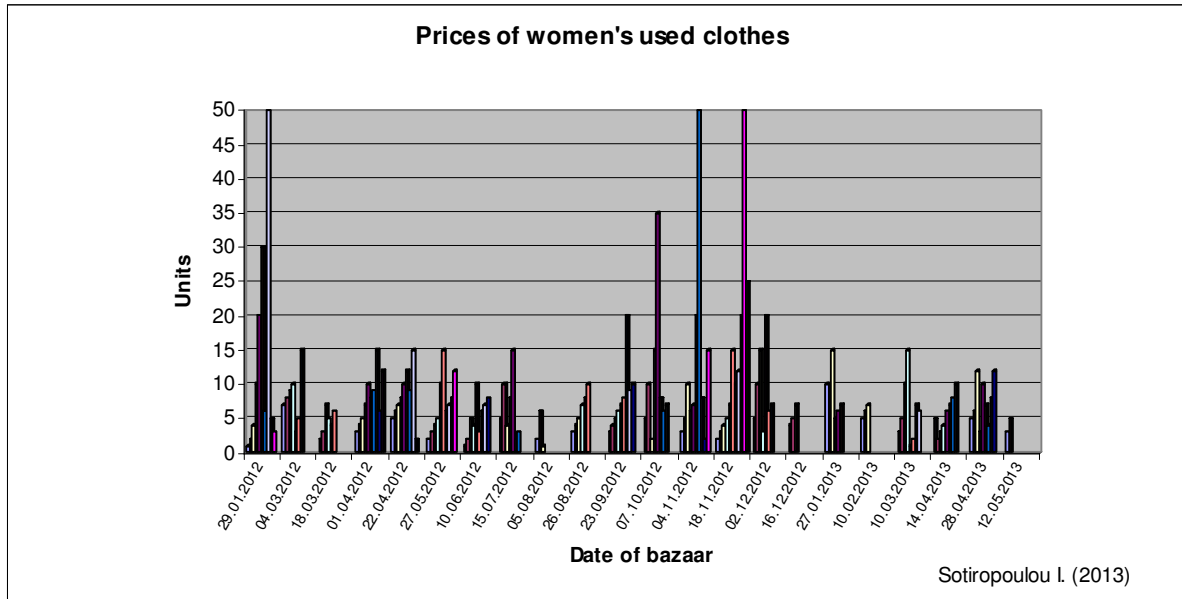


4.10. Used women's clothes

Just like adult's shoes, women's clothes can be found in every bazaar, and the prices are usually low. Prices which are very high usually refer to designer clothes or leather coats i.e., to clothes which have been purchased at a very high price in the mainstream market. Probably, there is some seasonality with clothes and shoes too, depending on the season change. In other words, maybe the availability of clothes and their prices might rise in times of change of season, when everyone decides which clothes needs and does not need for the next winter or summer. At the end, of course, it seems that the variety of prices remains stable at some levels.

Concerning the variety itself, it seems similar to the price variety of shoes. There are sellers who just want to empty their closets and keep prices low to sell quickly and others who want to make some more units out by selling their clothes and prefer to set up higher prices. What is important, is that most sellers give a similar price to all similar items they sell (same price for tops, same price for skirts, same price for trousers) irrespective of let's say, fabric quality or design, in order to avoid detailed pricing for each item. Other sellers prefer to price each item separately, however they still keep items with same price at the same areas, so that they can inform the potential buyer quickly and clearly.

Graph 10: The price of used women's clothes



5. Discussion

Perhaps, it is too early to reach any safe conclusion. However, from the data I have till now, I would assume that there are already some price trends in the bazaars of the Exchange Network of Chania and it remains for future researchers to examine what the trend will be from now on:

a) Used things are regularly offered in the bazaars and at a great variety of prices. Seasonalities in used clothes and accessories might exist, but this does not affect much the availability and the prices of the items.

b) Some locally produced food items are also more or less regularly available at the bazaars, based on the seasonality of their production i.e., the natural circle of producing fruits and vegetables. It seems that their prices are stable or slightly falling through time.

c) Some locally produced food items are available through the network but they are not regularly available at the bazaars. They might be traded through other channels of communication, like the online scheme forum or the e-mails and cell phones of the scheme members, which are free to trade at any time and place they think of as appropriate. The overall trend for most of them is that their prices are low or tend to be stable and/or falling, but if those products are not available at the bazaars one could ask whether the producers are not happy with the prices they can negotiate at the bazaars or whether there are any other problems.

d) In other words, the cost of transporting products (some of them, if cut from the field, would need to be disposed within certain time span) and spending almost an entire day, particularly a Sunday, at a bazaar might be too high for producers to dispose their produce at the scheme bazaar. If this is combined with low demand and/or low prices, then it might be understandable that producers might prefer to sell at other time and place and not in the bazaars.

e) As a researcher, I find the analogy between the availability and prices of foodstuff and used stuff somehow worrying. If one observes the graphs, one would see that at the end, what is always available at the bazaars is the used stuff. Foodstuff has other rhythms of appearing and disappearing from the bazaars. Prices are also a big question, in the sense that food producers sell work they have originally done for the scheme, while clothes sellers sell work which has been integrated into the clothes that have been produced outside the area of Chania, probably outside the country or continent – and this work originating in the clothes has been acquired by the scheme members originally for purposes other than contributing to the scheme and its aims.

f) From what has been observed till now, the tension between industrial goods, not produced by scheme members, and non-industrial goods, produced by scheme members, is present and transcends the entire function of the scheme. In other words, industrial goods are still everywhere and attracting high prices in parallel currency, although the scope of this currency is to enhance local production, direct disposal of produce and small producers themselves.

g) Copying the mainstream prices with a parallel currency is more or less a normal effect, if a scheme adopts any nominal parity with the official currency. The question is what possibilities exist to reverse mainstream valuations of goods and services, or to redistribute value which is transferred to the advantaged people through the mainstream economic and monetary system. How can a parallel currency achieve such an aim or, at least, have prices in parallel currency anything to do with such a question?

Hopefully, analysing the rest of data, and possibly gathering more data in the future will clarify better both the trends of prices and the effects on local economy.

6. Conclusions

My intention in this paper was twofold: first to show what we can learn or question to learn from price levels in parallel currency. Second, I have several questions concerning methodology; parallel currency prices and parallel currency price-setting seems to have similarities, but also great disparities with price-setting procedures in the mainstream economy. How should a researcher deal

with this vagueness and variety of prices? What methods should a researcher use to acquire accurate data and knowledge over the price-setting in parallel currency?

This paper showed that there is vast data in the schemes that researchers need to explore, gather and study. Moreover, it showed that even if it is impossible to quantify economic activity in parallel currency as economists do in the mainstream economy, quantity, and specifically prices are one aspect among many that we need not to ignore in order to have a more global view of the scheme activity. Hopefully, other researchers would also be willing to work on this aspect of parallel currencies to make possible comparison, discussion and improvements.

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