

## **Kaláka and Kör: Green money and mutual aid in Hungary**

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### **Abstract**

This article discusses progress in developing alternative currencies in a post-socialist environment, Hungary. It discusses alternative currency programmes developed by Hungarians inspired by Austrian Talentum schemes, and some developed through East-West co-operation between the UK and Hungary. The article reports a number of problems in introducing approaches to alternative currencies that might work well in one environment, but in another may flounder. Secondly, the article examines problems specific to Hungary, and perhaps other post-socialist countries in which civic engagement was discouraged.

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### **Introduction**

Our understanding of how economies move from communist to the market are moving from the shadow of now much criticised neo-liberal, 'big bang' approaches which argue that if the economic fundamentals are got 'right' as quickly as possible, market relations, seen as 'natural' to human beings, will emerge spontaneously. The poor track record of transition economies in the early 1990s, the Russian and East Asian financial crisis in the mid 1990s, and the economic collapse in Argentina in 2001 now show the neo-liberal agenda to have been doctrinaire, involving too much unnecessary pain for those on the sharp end of change. Worse, the promised 'creative destruction' led not to the market nirvana, but to levels of economic performance that at best met those before transition, at worst still much lower; not to mention a collapse of social cohesion, hunger, collapsing services, public health crises and the emergence of gangster, crony or wild capitalisms

We now understand that what is needed are civil society organisations which help people understand what is happening to them, support each other through the changes, and provide feelings of community and connectedness. One such civil society initiative that has sprung up in troubled economic times in countries as wide apart as Argentina, Canada, the UK and New Zealand are green money schemes like LETS, green Dollars - or in Hungary, Kör. Green money is essentially a trading network using a community-created currency created by a group of people, usually green activists, who start with a common commitment to building sustainable local economies with strong feelings of community and mutual aid as an alternative to what they see as an un-sustainable, inhumane and over materialistic capitalist, market economy.

To begin trading, members of the network create a form of currency that they agree to accept from each other. They list members of the networks and the services they want and offer in a directory, paying each other with the currency they have mutually agreed to honour and give value to. The networks build on barter in that reciprocal exchange between partners for each trade is not required. For example, a trader can get another to fix his car, and earn the currency back by providing others with, for example, childcare and help decorating.

For centuries, Hungarians living in villages have practiced mutual aid in the form of *Kaláka*. Houses would be built, new families set out on their life journeys, children would be looked after, and crops gathered in through complex reciprocal arrangements, often based on blood ties. In a largely rural country, these arrangements were not disrupted by a communist regime that largely left the villages to fend for themselves. *Kaláka* in the villages, co-operative housebuilding, and the 'second', entrepreneurial economy took up some of the pressure caused by the failing state economic planning system; but Hungarians also lived a schizophrenic existence in a state that was formally committed to state planning while not acknowledging

either its shortcomings or the state repression required to keep Hungary in the Soviet orbit

In the early 1990s, Hungarian environmentalists who wanted to develop local economies with strong community feeling and mutual aid learnt about experiments with local money. Local Money seemed to provide a solution to concerns they had that Hungary's move to a market economy was destroying communities and community support mechanisms like Kaláka. The first Green Money network in Hungary was Budapest Talentum, while the second scheme was in Gödöllő. Growth was steady, but slow.

As civil society institutions began to emerge and were increasingly supported by western aid agencies to develop a civil society infrastructure, the Hungarian Non Profit Services Association to develop local money schemes in Hungary. I hosted a group of Hungarians on a study visit to the UK in 1999 to learn from our experiences of green money in England, which we called LETS. As a result of this programme, green money circles were started in Szolnok and Miskolc, In the village of Tiszalúc near Miskolc, in Pecs, and in the II. District of Budapest.

Experience was mixed. Budapest Talentum, and Szolnok and Bordány Kör survived through to 2003, if at a small scale, while Gödöllő Talentum; and Miskolc and Tiszalúc Kör did not. Kör's experiences in constructing mutual aid in transition Hungary is illuminating for studies of processes of dual transformation in that some of the successes and failures are specific to the programme concerned, while some issues speak more widely to how institutions are created in dual transformation.

The most successful of the Hungarian green money networks, perhaps unsurprisingly, was Talentum in Budapest. By 2003, it had 150 members, but only a small number were active traders. The main items traded were basic services like gardening, window cleaning, computer work, teaching English, babysitting, but also more esoteric services such as bio farming. Also fairly successful was Szolnok Kör, established in 1999 by members of the Civic Regional Association, an NGO, who had taken part in the UK study tour. Membership grew to 40 or, 50 members quite quickly, with 500-600 wants and offers in their directory of services. They used an empty flat to store their spare clothes which then developed into a charity clothes shop.

Bordány Kör was established by the telecottage organiser who wanted to reward volunteers writing articles for and distributing the community newsletter, setting out the chairs for the community cinema, distributing flyers for local businesses, helping run a youth summer camp, and looking after clients at the telecottage. In 2003 there were 76 members, mostly the village's young people who spent the crowns they earned on the internet, played computer games, or used services like photocopying or sending faxes. But older villagers did not join the scheme as the telecottage was seen as a place for young people, and rather public for carrying out private business affairs. Secondly, while young people joined, they did not exchange services. While they did help each other out with schoolwork, fixing bikes and motorbikes, helping out in each others gardens and the like, they didn't exchange crowns for this. In both Bordány and Szolnok, then, while Kör survived, the extent that services were being traded was

limited. Rather, green money was used to lubricate specific tasks: the exchange of clothes in Szolnok and computer services in Bordány.

The other three schemes did not last. Gödöllő Talentum had more than a hundred members at its height in 2000, but it was closed when the key activist lost interest in a programme did not fulfil his political goals. Miskolc Kör was set up on a housing estate and involved 40 people, but only 10-15 of them were active. However, after a year this key activist then moved to another part of Miskolc and stopped running the Kör, which then faded away. Tiszalúc Kör was, for a time, more successful. The Association of Large Families set up the Kör in early 1999, and by December 2000, there were seventeen members exchanging services in the village with a currency called the Kör point, based on hours. Members met in each other's houses twice a month in what they described as a nice friendly atmosphere involving new members and their children who were mostly incomers to the village.

Kör then remained quite small scale. Obviously, a social network of 150 in a city like Budapest will be more of a loose network of like minded friends who are unable to help each other out much, whereas the smaller networks in smaller places might be denser, deeper, closer networks more able to meet needs. Why did Kör or Talentum not grow? A number of issues were raised.

In particular was the difficulty in persuading prospective members that it was possible to recreate the traditions of Kaláka. The unconvinced saw the attempt as a romantic throwback to a mythical, happy past idyll that could not work in the new conditions of transition economies, in a complex society like modern Hungary. Kör activists felt that the organic, blood relationship of families with little social connection outside small isolated villages had been replaced with 'grab' networks: more diffuse, private, invisible networks that allow those that have them to get ahead. To make them visible, to codify them, as is the case (and a claimed advantage) of green money networks is to remove the specific advantage members of the network have over their economic competitors in an ever changing, unpredictable environment.

Networks were required, but not networks like Kör, fuelled by green, localising agendas. The services Hungarians wanted, access to jobs, contacts, business support, were not available. At the other extreme, those already inside mutual aid networks often regarded Kör as an unwelcome commodification of mutual aid networks that they felt worked better through reciprocity. Green money seemed either superfluous or unwelcome. . People who joined to build community feeling rather than for economic reasons asked why they could not just help each other out as friends.: why formalise it?: "Really good friends help each other anyway, so why charge? Why calculate? ... People start as traders, become friends and stop using points." At times, Kor could seem an alien imposition that at worst *disrupted* traditional coping mechanisms, at best was superfluous.

Another problem was that Green Money was seen as abstract, intangible. People did not understand how it could work: "It seems too alternative ... it seems that Hungarian people also like the things that have a direct value, they give value to those things." One legacy of communism was that people found it hard to negotiate, to ask for help, to work the network. They were used to a more paternalist system where

there was a kind of safety in return for political conformity. Working the new networks required skills that those on the sharp end of transition did not have, and Kör didn't build them.

Those with experience of repression who did feel confident enough to organise or join groups, just being able to freely participate was enough. Freedom was still novel, and the size of the group was irrelevant. In the communist era, they were used to small groups of trusted people, newcomers might not be what they seem. Consequently, the organisers of first network, Budapest, did not feel the need to actively promote their scheme, feeling that a small group of like-minded environmentalists was enough.

All the schemes suffered from a lack of key activists continuing to act as 'engines' for the networks, ensuring that members meet, producing a directory, keeping accounts, dealing with problems, promoting the idea. Activists got jobs, moved town, or got burnt out, and their schemes did not so much fail as fade away.

The attempt at introducing support from the west, through the British Council was similarly limited in its effectiveness. Staff appointed by the non-profit services association also moved to new jobs, and there was little follow up of the projects started. A national network or organisation was not established, something the Hungarian green movement also resisted, feeling that the country was small enough for this to be unnecessary, but which meant that an institutional support structure for green money was lacking. External support did not make up for local deficiencies or a lack of experience in running and developing sustainable civil society organisations.

The experience of Kör was limited but does point to some of the problems of building mutual aid projects in transition economies. Some of the problems were generic to green money and were founded and replicated elsewhere in other countries (the low level of trades, the lack of resources accessible by already poor people, the preponderance of members with a green ethos, the difficulty in getting those outside green networks to understand what can seem rather strange and esoteric). Other problems were more specific to Hungary (an individualistic political culture, a fear of outsiders, trust in family-based solutions) and to transition economies (the break up of networks under a restructuring economy, insecurity, a feeling of runaway change, great unmet need

In the rush to build markets, it is worth while remembering that in 1989 another future was the aim of many involved in fighting for transition, another, more human world closer perhaps to that fought for by the anti-capitalist movement. Hungarians in Kör want to build another, perhaps more inclusive, supportive economy, make a generational turn that will create something new and as yet unknown.