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Could electronic parallel currency ease Greece’s big cash freeze?

By Jem Bendell

Greeks can withdraw just €60 a day *(Image: AP Photo/PA/Thanassis Stavrakis)*

As the cash dries up in Greece, how can economic paralysis be averted? Innovative parallel currencies offer one way to tackle the crisis, says the author of Healing Capitalism

Whatever your views on the causes of the Greek crisis, its citizens made a brave decision to reject more imposed austerity in yesterday’s referendum. Brave, because in the run-up to the vote the country’s banking system froze after the European Central Bank stopped giving it emergency loans.

Greeks are allowed to withdraw just €60 a day and there are fears the banks may run out of cash within days.

As politicians and bureaucrats argue over the way forward, businesses and citizens face a more immediate concern: how to keep trading if money in circulation continues to be restricted or to decline, especially with many credit cards not working.

Many businesses and communities have already been taking matters into their own hands. Since the crisis started in 2009, Greeks in many cities have enrolled in systems that allow them to trade products and services without money, using a metric called a TEM – the acronym is from the Greek for “local alternative unit”.

TEM credits

These systems were launched by volunteers. One TEM is equivalent to €1, but it can only be spent with other participants, and these currencies are only suitable for products and services provided within Greece, not from abroad.

These currencies are local coping mechanisms rather than nationwide systems. Yet there are many options for government-backed alternative currencies to complement the euro.

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