

*Alternative Economic Systems
in Asia:
Challenges of Community
Currency Systems*

Organised by:

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Outline:

Page Number:

| | |
|--|----|
| Executive Summary | 2 |
| Project Overview | 4 |
| Community Currency Systems in Japan Country Presentation | 14 |
| Community Currency System in Indonesia: Problems and Opportunities | 24 |
| A System Of Local Exchange:A Case Study Of Thailand | 29 |
| Opportunities and Challenges: The Case of Bia Kud Chum | 44 |
| Community Currency Systems in Bia Kud Chum Thailand | 76 |
| The Future of Community Exchange Systems in Asia :Concluding Remarks | 79 |
| Agenda of Action | 89 |

ALTERNATIVE ECONOMIC SYSTEMS IN ASIA CHALLENGES OF COMMUNITY CURRENCY SYSTEMS

EXECUTIVE SUMMARY

The Community Currency System (CCS) project organized by the Asian Media Information & Communication Centre (AMIC) and supported by the Sasakawa Peace Foundation (SPF) proved to be a success. Among its most important contributions, the project triggered the start of real dialogue between government officials and the CCS community in Thailand to resolve issues affecting the ban against the CCS initiative in the Kud Chum district.

The project had two major components, research work and the consultation meeting in Bangkok. For three months, researchers/scholars from Japan, Indonesia and Thailand generated information and analysis about the state of CCS in their respective countries, its strengths and weaknesses, problem areas and challenges amidst the forces of globalization, trade liberalization, and financial crisis, and the demands for greater economic self-sufficiency and growth in the region.

In Japan, CCS activities have grown since 1990s as communities endeavor to strengthen community relations. Some 200 CCS projects are now in operation providing mostly services in the area of welfare, healthcare, environmental conservation and cultural activity. CCS proliferation has been due, among others, to the loss of community level relationship among the citizens arising from industrialization and migration from the rural to the urban areas. The Japanese experience indicated that for CCS to be successful the project must have clear goals and must tailor them to the specific needs of the community. The government has not interfered in the creation and operation of CCS as the number is insignificant to affect the Japanese currency and impact the mainstream financial and economic environment.

In Thailand, CCS began in the Kud Chum district in the northeast. Initial workshops to explain the CCS concept started in 1999 with the support of the Thai NGOs, Canadian University Service Overseas (CUSO) and the Japan Foundation among others. Five villages participated using the local currency called Bia to exchange goods and services among members of the community. It showed much promise until the government raised regulatory concerns following media reports about CCS intentions and operations. Investigations followed and NGOs claimed that police authorities used threats and intimidation to discourage CCS operation, which was subsequently suspended. The Bank of Thailand and the Ministry of Finance declared the issuance of the Bia as contrary to existing banking laws. The CCS leaders pursued dialogues with various government agencies to negotiate for the lifting of the ban against the CCS operation. Dr. Apichai, the Thai researcher, is spearheading a movement towards this end. His first recommendation was to change CCS into Community Exchange System (CES) to reduce any misunderstanding. Other proposals have been put forward to ensure that the project does not violate any existing laws, among them: Restrict the local exchange to a local territory, the local currency (Bia) must not resemble the Thai Baht, and must not be used to buy the Thai Baht.

In Indonesia, the CCS initiatives have been in the preparatory stage. Several NGOs held workshops with local communities in West Nusa Tenggara, West Java, Yogyakarta and East Nusa Tenggara from 1999 to 2001. Participants recognized CCS as an alternative to help reduce poverty in the local communities. However, concerns were raised about unclear CCS concepts, unsupportive political situation and policies, limited knowledge and skills to implement and compete against other alternatives, and lack of support from civil societies. To better understand CCS future in Indonesia, it is necessary to look at its national politics and its support for rural community livelihood, the degree of local autonomy and financial support to villages, and impact on agrarian reform.

On February 20-22, 2002, some 23 delegates including researchers and resource persons from the three Asian countries met in Bangkok, Thailand to discuss the results of the research work. Dr. Jose Tongzon of the Faculty of Economics, National University of Singapore, who served as project director, provided an overview, highlighting the rational and importance of CCS, its benefits and challenges.

Delegates agreed that the CCS is an effective toll in strengthening community-based relations. It should compliment not supplement the national currency.

The delegates also recommended some initiatives to deepen understanding of CCS. Among them were to pursue research work on issues such as the various local exchange systems being used to promote self-reliance, mechanisms of CCS to promote sustainable economic development and protect local communities from external factors, and the extent of consistency between CCS and traditional economic structure, among others.

The delegates also recommended that regional exchanges of information and networking among people be involved in CCS be encouraged, that more conferences on CCS involving as many sectors as possible be pursued and that a book containing the consultation documents be published.

They also expressed deep gratitude to Sasakawa Peace Foundation for supporting the project, which triggered a series of dialogue among parties concerned to deepen their understanding of CCS and consider the impact of CCS in local communities such as the experience in the Bia Kud Chum District.

Project Overview

Alternative Currency Systems in Asia: Opportunities and Challenges of Community Currency Systems (CCS): An Overview and Summary Report

By

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The unstoppable forces of globalization, brought about through market liberalization policies and the internationalization of production and distribution, have swept the world. These forces have brought with them enormous economic benefits and opportunities, but have also posed great challenges and risks for the developing countries in Asia. On one hand, globalization has opened new windows of economic opportunities in terms of market access for their exports resulting from a liberalized cross-border trade. Further, it has provided more opportunities in terms of access to capital and technology from transnational firms as the latter allocate their various stages of production and distribution across countries based on comparative advantage principles, which are essential for the developing countries' continued industrialization and economic development. On the other hand, globalization has made their economies more vulnerable to the changes in global economic conditions and has further contributed to the economic instabilities and the existing economic imbalances between and within countries.

The channels through which globalization can have adverse effects on the economies of the developing countries in Asia are their heavy dependence on international trade and the linkage of their national currencies with other currencies especially with the US dollar. For the economically successful countries in Asia, international trade has become one of their main engines of growth and development, but a heavy dependence on it has also come with a price. The economic slowdown, currently experienced by the newly industrializing countries of Singapore, Hong Kong, Taiwan and S. Korea, after posting a recovery in 1999 and 2000 due to the US-led global economic slowdown, which was further aggravated by the September 11 2001 terrorist attacks on the US, illustrates this kind of vulnerability for trade dependent open economies.

The linking of national currencies through the exchange rate mechanism has certainly facilitated international trade and investments and thus contributed to the significant growth in global trade and output for decades. But this linkage has also brought about economic instability requiring developing countries to adopt appropriate and effective policies to deal with its impact. A significant inflow of foreign capital is usually accompanied by a deterioration in the current account, as a rise in domestic demand induces an increase in imports or as the currency appreciates accompanied by a substantial repatriation of profits. It could also lead to inflationary tendencies. The type and size of these macroeconomic impacts depend on the size of the foreign capital relative to the resource utilization level prior to the capital inflow and on the exchange regime adopted. Under a fixed exchange rate regime, the impact is via the income channel. Under this regime the deterioration in the current account is due to a higher level of domestic demand and a rise in international reserves. The extent of this current account deterioration depends on the import intensity of domestic demand and the resulting decline in the price of tradables relative to non-tradables. Further, a higher monetary growth induced by the massive foreign capital inflow could lead to a higher inflation. Under a flexible exchange rate regime, the deterioration in the current account is due to a

currency appreciation. A currency appreciation means, *ceteris paribus*, a lowering of the price of importables and an increase in imports with detrimental effects on export competitiveness.

A persistently high inflation is certainly not good for economic growth and poverty alleviation. A higher inflation means lower degree of export competitiveness and lower investment, and thus lower economic growth. Inflation is also regressive as the poor usually depend only on wage earnings, which is supply inelastic, while the rich can depend on business profits in which the increase in production costs (including wage costs) can be shifted back to the wage earners and final consumers by increasing the prices of their products. Thus, a persistently high inflation not only stifles growth but also contributes to greater poverty and income inequality.

It should be stated that having a current account deficit *per se* is not necessarily bad as it makes sense for growing developing economies to import the necessary capital to increase one's productive capacities. It is only bad when the deficit is driven by consumer spending and when the current account deficit leads to an unsustainable foreign debt that a current account deficit becomes a real cause for concern. It is also bad when it leads to a money supply-caused asset price bubble that then bursts leaving banks with huge bad loans.

Economic instability associated with globalization is further enhanced by the use of currencies mainly for speculation purposes. Money in this case is demanded for its own sake and is traded like any other commodity. The huge amount of speculative money and the speed at which transactions can be electronically effected has led to instability in the exchange rates and resulted in the enormous difficulty for effective domestic economic management. Money certainly has very useful functions in the process of production and distribution. As a medium of exchange, money facilitates the various transactions occurring in the economy. As a unit of account, it facilitates the valuation of goods and services, which makes it easier to carry out exchanges between different goods and services. However, when money is used as a store of value and used excessively for speculative purposes, money can bring some risks and dangers leading to economic instability and income inequality between and within countries.

The Asian economic crisis of 1997/1998 and the current economic volatility to a large extent reflect the influence of exchange rate instability on economic stability and sustainable development. It is now almost a common knowledge that one of the major factors responsible for the recent crisis was the unrestricted flow of capital between countries in the context of a weak prudential supervision over financial institutions. The sudden withdrawal of short-term capital by speculators and short-term investors from their host economies, facilitated by the advances made in the information and communications technology in the context of a weak and inefficient financial institution, has led to a significant depreciation of the host economies' national currencies, which further fuelled the loss of foreign investors confidence in a vicious cyclical fashion. The massive depreciation of their currencies has then led to an economic crisis of untold proportions. The economic and social gains many countries in Asia have built up for decades particularly in the area of structural and social transformation, poverty and income inequality reduction have dissipated within only a matter of two years. Significant poverty and high levels of unemployment have re-emerged as major problems especially for some of the hardest hit economies of Asia such as Indonesia, Thailand and the Philippines. As a result, social and political instability has also afflicted some of these countries,

Although there were signs of economic recovery observed in the years of 1999 and 2000 after the Asian crisis, as indicated by an increase in their overall outputs with more stable currencies, the year 2001 saw another reversal of fortunes. Since 2001 the economic outlook for Asia has again been thrown into doubt with the slowdown in the US economy and continued stagnation of Japan, aggravated by an on-going war

by the US and its allies against terrorism. It can be argued that the economies of Asia will probably go through another crisis similar to the crisis of 1997 and 1998 unless certain effective policies are in place to address the root causes of economic instability,

The most recent case of Argentina's default on US\$155 billion foreign debt and its eventual collapse into economic and political chaos is another example of the dangers associated with globalization. Argentina has been an exemplar of global integration. In the 1990s it has embarked on massive market liberalization by abolishing its trade barriers, opening its capital markets to international money and selling its assets to foreign investors. The opening up of Argentina to the forces of globalization and the introduction of economic reforms under President Carlos Menem have been blamed by anti-globalization activists for the current crisis.

The current exchange system that relies on the use of national currencies has also disadvantaged the rural poor and the less developed sectors in the developing economies of Asia. The rural poor faced with severe financial resource constraints (or lack of liquidity) often have no choice but to borrow money at exorbitantly high interest rates from the rich moneylenders who are usually based in the cities and urban areas. Traders and merchants often make considerable profits from buying and selling the products produced by small and poor farmers because of their weak bargaining power compared with the rich middlemen. Thus,, financial resources tend to move towards the rich and the more developed sectors at the expense of the poor and less developed sectors. Many developing countries in Asia are still adopting highly urban biased industrialization policies, contributing further to the severe poverty and income inequality between their rural and urban sectors.

1.-The role of Community Currency Systems (CCS)

Do community currency systems provide an answer to deal with the negative consequences of globalization among the developing countries in Asia? It has been argued in the literature that community currency systems (CCS) can provide one of the approaches to addressing the problem of economic instability and income inequality by adopting a currency that is free from the negative effects of currency speculation and other destabilizing international factors. By using a currency for transaction purposes only (used as a medium of exchange and unit of account), the currency will not be subjected to manipulation at the local, national and international level. As mentioned previously, the use of money for speculation purposes was partly responsible for the massive investments in short-term and unproductive but high returns activities prior to the 1997/98 Asian crisis. Further, when money is traded in the foreign exchange markets mainly for profits, this can create potential sources of economic instability, as money is sought for its own sake and goes to where there is greater private gain rather than to where there is greater social gain.

Moreover, by adopting a certain currency that is not linked to other national currencies, the community will be able to concentrate on production and other productive pursuits as the purchasing power of their currencies is preserved and is no longer subjected to international influences that are outside their control. It is further argued that there are also other economic and social benefits that can be derived from the use of a community currency. First, a community currency encourages local trading and exchange within the community as it is used only among community members. As a result, local resources do not flow out of the community and thus avoids the possibility of losing the community's wealth and indigenous resources to the outside world while it contributes to the alleviation of the problem of scarcity of national currency as a medium of exchange. Second, this makes the community less dependent on external sources of financing which usually bears an interest. Third, a community currency can be used as a tool to create a learning

process for the community members by increasing the understanding of their own local economy and its linkages with the outside world. Fourth, it can strengthen the social bond and mutual support within the community.

2. Various Forms of Community Currency Systems

CCS is not a new concept but has been adopted in a number of countries for sometime. There are several CCS in North America, Europe and Latin America. In developed countries the emergence of CCS has been mostly out of concern with the social implications of globalization. The deterioration in the informal system of social security and communal support, sheer neglect of issues specific to certain local communities and the loss of personal identity and personal worth resulting from strong pace of industrialization have been considered as the main reasons for the emergence of community currency systems.

Currently, there are 2,000 community currencies in 40 countries all over the world. Apart from the community currencies in developed countries, there are also community currencies in developing countries. In Asia, however, community currency systems have not been widespread. Some communities in Indonesia, Japan and Thailand have experimented on these systems. Among them are the following:

- a) Bia Kud Chum Community Currency System in Thailand
- b) Kusatsu Community in Shiga, Japan
- c) Mendasar and Tri Tunggal Credit Unions in Indonesia
- d) Chiba Machi-Dzukuri Support Centre, Chiba, Japan
- e) Tomakomai-no Shizen-wo Kai (Tomakomai Nature-Preserving Association, Hokkaido, Japan)

Although community currency systems can have different objectives and areas of coverage, they can also share certain features and functions. Generally, all community currencies can only be used in the community where they are created; they bear no interest; and they can be used together with the countries' respective national currencies. There are four types of community currency systems that have so far been practiced: LETS (a mutual credit system, standing for Local Exchange and Trading Systems); HOURS (which employs a tangible representative of money such as notes, coupon, etc. as a medium of exchange), hybrid or mixed systems (combining various elements of LETS and HOURS systems) and Time Dollars (an exchange of hours of work among members).

Transactions in LETS occur in the form of credit and debit account. Established initially by Michael Linton in 1983 in the Comox Valley of British Columbia, this system requires that each member should have his own account for recording all transactions. The accounts always start from zero, and when a transaction occurs, it will consequently change the figure in the account to be credit or debit. The buyer's account will be debited while the seller's account will be credited. All transactions in each account must be reported to the administration office, which is responsible for controlling and examining all transactions. When one's account is zero or debit, it means that he/she is indebted to the community, but he/she still has the right to buy goods and services from the community. Currently, there are approximately 30 communities in Canada, 40 in Britain, 300 in Australia and New Zealand and about 500 in Europe, which are adopting this form of community currency system.

HOURS system was established in 1991 in Ithaca, New York, US by Paul Glover. Under this system each community prints its own local bank notes for transactions. Members can trade with non-members but this system cannot create credit. Currently, there are 50 HOURS-based communities in North America with 1,500 participants with many thousands of million dollars per year.

Under the mixed system, the use of local bank notes is accompanied by record of accounts. The Guelph LETS in Guelph, Ontario, Canada, Tlaloc in Mexico city and Noppes in Amsterdam are examples of communities that have adopted a mixed system of LETS and HOURS. Members can also trade with non-members by the use of a tangible representative of money.

Initiated by Edgar Cahn of Washington D.C. , the Time Dollars system is operated in a form of local bank service. Under this system the members deposit credits in the community's bank in the form of working time measured in hour units. This credit can be used to buy services or receive contributions from other members in the form of working hours. This system is supported by the public and private sector. Currently, there are hundreds of communities in America adopting and operating this system, and also communities in countries including Canada, US, England and the Netherlands.

3. A Summary of Countries' Experiences with CCS

To deepen our understanding of the actual impacts of community currency systems and explore how they can mitigate the negative impacts of globalization and thus become a tool of sustainable development for developing countries in Asia, a study was commissioned by the Asia Media Information and Communication Centre (AMIC) Singapore and funded by the Sasakawa Peace Foundation to assess the experiences of countries in Asia which have adopted some form of community currency systems (CCS). Specifically, the study was aimed at identifying and analyzing CCS in Indonesia, Japan and Thailand, their strengths and weaknesses, their impacts and prospects for the communities in Asia. What follows is, therefore, a summary of the major findings of the study which has benefited from the research work made by professional researchers from the three participating countries in Asia (Indonesia, Japan and Thailand) that have adopted or are in the process of adopting a community currency system, and the contributions from the participants at the consultation meeting held in Bangkok, Thailand on 20-22 February 2002.

The principal paper writers who wrote about the experiences with CCS in their respective countries from the macro perspectives were as follows:

Japan

Dr. Masahiro Kawai
Professor of Economics (currently on leave from the University of Tokyo)
Deputy Vice Minister for International Affairs, Ministry of Finance, Japan

Ms. Asako Shimazaki
Graduate Student
School of Economics, University of Tokyo, Japan

b) Thailand

Dr. Apichai Puntasen
Professor of Development Economics
Faculty of Economics, Thammasat University, Thailand

Dr. Precha Piampongsant
Professor/Chairman of Academic Committee

Ph.D. Program in Integrated Sciences
Thammasat University, Thailand

c) Indonesia

Ms. Budhita Kismadi
Consultant, Indonesia
Mr. Dani Wahyu Munggoro
Social Entrepreneur Fellow
Ashoka International, Indonesia

Mr. Ravrisond Baswir
Director, Institute of Development and Economic Analysis, Indonesia

The other participants, who were directly involved in the introduction and implementation of Thailand's CCS, presented their experiences with community currency systems from the micro and operational perspectives. Others from Thailand's government sector focussed on the risks and challenges facing the CCS within the overall national economic plan from the government perspective. They were as follows:

a) Mr. Wanlop Pichpongsa
Coordinator, Community Currency System Project, Thailand

Ms. Pornpita Klangphukiew
Field Coordinator, Thailand Community Currency System

Ms. Nidhra Thongnoi
Member, Bia Khud Chum Committee, Thailand

b) Mr. Vorathep Vithayaviroj
Bank of Thailand, Thailand

c) Dr. Priyanut Pibooisravut
National Economic and Social Development Board, Thailand

3.1 Bia Kud Chum Community Currency System in Thailand

The introduction of CCS in Kud Chum in northeast Thailand (called Bia Kud Chum) in 1998 was motivated by economic and social considerations. The increasing trend towards market liberalization has affected adversely the community of Kud Chum, as their earnings from agriculture are determined by forces outside their control. As a consequence, the community have suffered from increasing indebtedness, increasing dependence on purchasing food, deterioration in the environment resulting from deforestation and use of chemical inputs, increased labour migration to the cities, drug problems and growing lack of communal spirit. Thus, the objectives of Bia Kud Chum currency system were: to increase self-reliance in the community, set up activities that increase diversity and sustainability, foster good social relations, reduce the outflow of money and resources from the community and save community members' money (*baht*).

After about a month of operation, however, the system faced a legal challenge from the Thai government. The Bank of Thailand and Thailand's Ministry of Finance have questioned the legality of the system, claiming that the system has violated the country's Currency Act and Banking Act. The issuance of *Bia*, which was the name of their currency used, was interpreted as illegal because the Thai government saw this as another currency, which could compete with the use of its national currency, the *baht*. The community in Kud Chum, on the other hand, claimed that the *bia* was never intended to compete with the *baht* nor did they try to elevate it to the status of the *baht*. This controversy started with the distortion of facts by a local newspaper that the community was trying to work for political separation of Kud Chum. While the resolution of this controversy is still to be determined, the CCS in Kud Chum has been banned from using the *bia* for economic transactions.

Despite the legal problem, the system has benefited the community of Kud Chum by achieving the economic and social objectives of the system. Local production and diversification were enhanced, as villagers were encouraged to produce goods for the local market. It strengthened social bonding and community interaction. It helped facilitate the circulation of resources within the community as villagers exchanged their production through the use of *bia* and direct barter and thus contributed to the reduction of the community's indebtedness.

3.2 Community Currency Systems in Japan

CCS has been in Japan since 1995, the year when the first CCS was formed. Since 1999 there has been a proliferation of community currency systems in Japan. There are basically two types of CCS in Japan: those that are supported by local governments and those that are unsupported by local governments. Unlike the community currency system adopted in Kud Chum, which covered mostly goods, in Japan most of the items covered are services. The introduction of CCS in Japan was motivated by the perception that there has been no attention paid to specific local conditions and by a growing realization of the importance of revitalizing local communities. The other motivation was to promote mutual assistance and cooperation at the local levels. The informal system of mutual assistance and the traditional community relationships have been disappearing in Japan due to nationwide industrialization and urbanization.

Unlike in Thailand, CCS in Japan has not met any legal challenge or opposition from the government authorities. This is mainly because they are not yet seen as a serious threat to economic stabilization policies as their activities are perceived to be too insignificant to have any significant implications for the national economy. However, the problem lies at the operational stage as the number of participants in community currency systems is still small with many non-active members. It has been difficult to convince potential participants to accept the concept and mechanism of a CCS. In Japan it is generally believed that any voluntary assistance should be provided for free. Another problem is how to secure personnel and administrative resources for CCS operations. Many groups have reported that the CCSs in Japan have been quite helpful in stimulating community interactions and reciprocal exchanges among the group members. However, the scale is still unknown and perhaps small.

3.3 The Indonesian Experience

The Indonesian paper has dealt only with the experience of introducing the concept of CCS in some parts of Indonesia and the learning process that the local communities in Indonesia went through, the problems encountered and the future prospects and challenges facing CCS in Indonesia. The concept of CCS was introduced to certain communities in the central part of Java in September 1999 through a series of

workshops on the Thailand's experiences with CCS. The most recent workshop on alternative economic systems was held in April 2001 in Maumere, Flores, East Nusa Tenggara.

Through these seminars it was hoped that the participants would learn about the importance of CCS to their respective communities. In general, the participants at the workshops found CCS as an attractive alternative to the traditional and current economic systems but felt that more time was required to have a full understanding of the concept and mechanics of CCS. Traditional economic systems such as the barter system and "Habang/Breung" have existed in Indonesia for generations. There also exist indigenous community institutions such as "Suku", "Moting" and "Gemohing" which have promoted community spirit and self-reliance. The question, therefore, that was often asked was how CCS could relate to these existing alternatives.

The response to CCS as an alternative economic system from various groups in Indonesia was quite positive due partly to the failure of the income-generating programs so far implemented such as the Social Safety Net, Village Cooperatives, Low External Input Agriculture Systems and Rural Development Models. However, there are a number of challenges CCS in Indonesia has encountered in the conceptualization stage: unclear concept, unsupportive political situation and policies, limited knowledge and skills, low ability to compete and lack of support from civil society groups. It is also likely to face further challenges during the implementation stage including the legality question and its consistency with the current policy of centralization of public revenues in Indonesia.

4. A Summary of Policy Recommendations

With respect to the Bia Kud Chum experience on the legality question, it is recommended that:

- a) the government should support and enhance the policies to promote the community currency rather oppose it;
- b) future research should focus on action research for implementing the community currency in various selective communities in many parts of Thai provinces during the National Economic and Social Development Plan (2002-2006);c
- c) there should be a research on ideology of community currency and its function to strengthen the community to be self-reliant, how to link community currency with sustainability;
- d) there should be a study to identify any possible social impacts at the local level;

The discussion based on the paper presented at the consultation meeting also raised the need to consider the suggestions made by the representatives from the Bank of Thailand and Thailand's Ministry of Finance at the consultation meeting to avoid the legal obstacle. Specifically, the government representatives have agreed that the CCS is beneficial to the local communities. However, to be acceptable to the Thai authorities, the adopted currency should not be convertible to the Thai *baht* and that it must not be seen as a substitute for the national currency. The fear that the *bia* would replace the *baht* was engendered by the way the *bia* was designed. It was designed like the *baht* with signatures written on it that resembles the signatures from the Bank of Thailand and by giving it an exchange value similar to the *baht*. It was proposed at the discussion that a different name instead of the "bia" should have been given to the currency. Alternatively, it would have more acceptable to the authorities if the word "exchange" instead of "currency" had been used.

With respect to Japan, it was recommended that:

- a) a more in-depth study into the economic and social benefits to the participants and local communities is required to have a clear idea of these benefits;
- b) an explanation is required for the increasing number of CCS in Japan since 1999;
- c) a description of the introduction of CCS from the political economy perspective;
- d) a list of regional institutions is required to deepen an understanding of CCs.

With respect to Indonesia, it was recommended that the following questions or issues need to be considered to further support CCS development in Indonesia:

- a) How can the government be made to support economic pluralism that enables traditional or local specific economies to co-exist with the national economy?
- b) How can the government be encouraged to support pro-poor development policies that enable communities to develop alternative economic systems that are suitable and sustainable to their situations?
- c) How can CCS be integrated into the initiatives of many NGOs in the context of agrarian and natural resource management reform that is concentrated on local community interests?
- d) How can all supporters of CCS participate actively in information sharing so that it reaches rural communities?
- e) How can the government support the growth and development of local resource management models that guarantee local community security?

5. Lessons Learned for Other Countries in Asia

From the experiences with using community currency systems, it is clear that there will be obstacles along the way in the course of implementation. First, the legal barriers will certainly come in the way as long as a community currency system is seen as violating the existing laws of the country. The experience of Thailand is a good case in point. It is, therefore, important for any country thinking of adopting a CCS to understand thoroughly the banking and monetary laws and find ways to implement a CCS in such a way that it is seen as consistent with the laws of the land. There is a need to promote the benefits and advantages of CCS to get the support from the government and the public. There is a need to make the public authorities aware that CCS is not meant to undermine the national currency but to complement the national currency to encourage more productive activities relevant to the community and to encourage self-reliance. Second, it is important to be clear about the goals to be achieved through a CCS. CCS should not be seen as the end goal but only as one of the means to achieve community objectives. The goals should be tailored to the specific needs and problems of the community.

In this case there is no single model for an effective CCS due to the differences in economic, political and social contexts between communities. Third, it is useful from the political economy viewpoint to get the government involved and consulted before the implementation of a CCS. The unpleasant experiences and

difficulties encountered by the Kud Chum community resulting from the legality challenge of their CCS clearly pointed to the importance of ensuring that the CCS is not perceived to be a threat to national security or to the existing currency laws. For example, had the Kud Chum community consulted on the legality aspects of their CCS before the implementation, much of the controversy and misunderstanding could have been avoided. It is, therefore, important that CCS is not seen as a substitute but rather as a complement to the national currency and that the government can understand the concept and how it can help bring about sustainable development within a community. Fourth, one important factor behind a successful CCS is the presence of trust and credibility at the community level.

Since community currency systems adopt some form of money or exchange not backed by gold reserves or guarantees from their respective national government and there is no legal basis for enforcing contracts between buyers and sellers, it is important that the community has sufficient amount of mutual trust and credibility.

The possibility of printing "fake" community currencies or of free riding by overspending without paying in terms of goods and services will put the system at risk. Fifth, for further development of CCS, additional technical efforts can be useful, such as the intensive use of the internet, promotion of the development and spread of computer systems for CCS and educational campaigns on CCS.

The internet promotes the development of CCS considerably at the preparatory and operational stages by allowing the CCS starters and the public at large to acquire information on the experiences of other CCS groups that have web pages. Efficient software also enables the group to connect the buyers and sellers, manage accounts and settle on transactions.

Sixth, the effective ways of introducing and implementing CCS vary between local communities due to differences in political, legal and social factors. For example, in the case of Thailand there is no question that the legal aspects should have been addressed first accompanied by proper consultations with other relevant government sectors. In Japan, since the government does not want to interfere and since there are no Currency and Banking Acts, the mode of establishing CCS was different. Since Japan is a developed country and faces the problem of deteriorating informal social system, the objective of their CCS is more social and less economic while in Indonesia with stronger informal system of self-reliance but with poorer formal system, the economic considerations will be given a higher importance than the social considerations.

Community Currency Systems in Japan Country Presentation and Open Forum

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COMMUNITY CURRENCY SYSTEMS IN JAPAN

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1. INTRODUCTION

There is a proliferation of community currency systems (CCSs) in Japan in the last few years. Public interest in CCSs, in the news media and among non-profitable organizations, has also been rising. Several researchers in Japan have started to examine the background behind this proliferation and to investigate the roles and functions of Japanese CCSs, particularly in comparison with successful CCSs in North America, Europe and elsewhere, such as the Local Exchange Trading Systems (LETS) and Ithaca Hours.

This paper attempts to summarize the current state of Japanese CCSs, factors behind their recent emergence, lessons to be learned, and challenges for their future. For this purpose, we have first reviewed the literature on, the websites by, Japan's CCSs¹ and then conducted a questionnaire survey. After identifying forty CCS groups through the internet, newspapers and other sources, we sent them the following questionnaires:

- What is the scale of the CCS, in terms of the number of participants, the amount of currency issued, and the number of transactions per year?
- What are the benefits of the CCS to the participants and the local community?
- What are the problems encountered during the preparatory and operational stages?
- What are the conditions for a successful CCS?
- What is the cope for further expansion of the CCS and for linkages and cooperation with others? We have received responses from fifteen CCSs.² Several Japanese researchers have also provided their views on Japan's CCSs in our communication with them.³ The paper is a summary of the analytical findings of the responses to the questionnaire survey and inputs from these experts.

11. THE STATE OF JAPAN'S COMMUNITY CURRENCY SYSTEMS (CCSs)

It is said that there are about two hundred community currencies in Japan, including those at preparatory stages. Table I summarizes important characteristics of forty-six community currency systems (CCSs) that are active in Japan at the end of 2001. The table lists names of community currencies, the areas of currency circulation, names of groups in charge of the CCSs, their objectives, the number of participants, start time, currency forms, and other characteristics. It shows that CCSs have been introduced all over Japan, from Hokkaido to Kyushu.

¹ One can find useful information on Japan's community currency systems in the following websites: Yasuyuki Hirota's website, <http://www3.plala.or.jp/mig/japan-uk.html>; a website of the Ecomoney network, <http://www.ecomoney.net/index.html>; and the Sawayaka Welfare Foundation's website, <http://www.sawayakazaidan.or.jp/chiikitsuka/index.html>

² They include: Coal, Dagah, Garu, Kurin, Kyoto LETS, Mito, Ohmi, Parets, Peanuts, Pearl LETS, Seto, Yoka-yoka, Yufu, Yume-tamago, and Zen.

³ They are: Rui Izumi (Ph.D candidate, University of Tokyo), Munehisa Kasuya (Bank of Japan economist), Makoto Nishibe (Professor of Economics, Hokkaido University) and Yoshiyasu Ono (Professor of Economics, Osaka University).

Many CCSs in Japan started their operations recently. One of the earliest community currencies is "Dan-dan," which was introduced in July 1995 as a copy of "Time Dollars" of the United States. Japan's CCS pioneers, "Peanuts" and "Ohmi," were launched in 1999. Many other CCSs started operations sometime in 2000 or 2001 and, hence, are still at trial stages. Some CCSs adopt "Ecomoney" as their community currencies, such as "Kurin," "Parets Zen" and "Zuka" (see Box 1).

Group organization and objectives. The groups and institutions that manage CCSs in Japan may be classified into two types: citizens' groups and groups organized by local governments. Examples of the former type include "Peanuts Ohmi" and "Dagah" and examples of the latter type include "Kurin" and "Zuka." There are various objectives for CCSs such as revitalization of local communities and shopping streets, promotion of mutual assistance, cooperation, community interaction and volunteer activities, and conservation of environments. The scales of CCSs differ among groups. The number of participants in a CCS ranges from twelve to over five hundreds. The median range of the number of participants is 40-120. In the area where the arrangement allows a community currency to circulate among non-participants, the number of people who actually use the currency is larger than the number of group participants.

Currency forms. There are mainly four forms of community currencies: paper money, coin, passbooks, and due bills. These forms are closely related to the type of currency issuance system each group adopts: "concentrated issue" or "dispersive issue."⁴ Paper money or coin is issued by a group that controls the total issuance of currency. Participants in this type of "concentrated issue" system are allocated a certain amount of currency when they join the group. The central organization can then control the total supply of currency. This system has been adopted by "Dagah Ohmi," "Yume-tamago" and "Zen." In a dispersive issue system, a passbook or a due bill is used by each participant on a voluntary basis when she purchases goods and services. Participants in this system start with passbooks or due bills with zero balances initially, and keep record of incomes and outcomes in the book as they make transactions. This system is adopted by "Coal Garu," "Kyoto LETS," "Pearl LETS Seto," "Yoka-yoka" and "Yufti."

Types of goods and services traded. The types of goods and services that can be purchased by community currencies are often limited in Japan. In most cases, community currencies are used only for voluntary assistance and non-market services in the field of welfare, healthcare, environmental conservation, and cultural activity that are provided by participants. Examples of these include care for the elderly, baby-sitting, house sitting, computer lessons, etc. Some community currencies can be used for the exchange of goods and services produced by participants themselves, thus facilitating barter trade within a community. A few community currencies can be used for partial or full payment of ordinary-market goods and services supplied by shops and providers who are also participants of the group.

Box 1: Ecomoney in Japan

Ecomoney has been promoted by Toshiharu Kato, an official at the Ministry of Economy, Trade and Industry and has been adopted by several groups. A citizen group issues Ecomoney usually under the support by a local government. Most of the groups adopt paper money. When one joins the group, she gets a certain amount of currency and declares types of services she is willing to provide and to obtain. She also receives a list of services each member in the group can provide and wishes to obtain. A member gets in touch with another one for mutually desirable exchanges of services. They negotiate on the price of the service and the date of delivery. Many Ecomoney groups set expiration dates of the currency in order to promote the currency's frequent circulation among members. The members are limited to residents in certain areas. Most Ecomoney groups limit their transactions to non-market services such as care for the aged or children shopping for the elderly, transportation of people, consultation or instruction on various things. They are the type of concentrated issue bills, while in the case of the dispersive issue of mutual credit type, the manager or the manager only keeps record of incomes and outcomes in the account of both the seller and the buyer in passbooks, and the buyer voluntarily issues currencies.

Pricing. There are at least two ways to determine prices in CCS transactions in Japan. First, many groups allow the buyers and sellers negotiate over price on a voluntary basis as in the case of Ecomoney. Some groups provide a rough guideline on the value of a unit of the community currency in terms of the amount of labor time or yen units. Second, some groups set a clear rule to define prices of goods and services on the basis of labor time or yen units, to facilitate trade via community currencies. When set in labor time alone, price cannot reflect other characteristics of goods and services such as quality.

Connecting a buyer and a seller. Connecting a buyer and a seller is important for CCS groups to promote voluntary transactions of services. Many groups produce a list that contains "what I can sell" and "what I want to purchase" of participants and distribute such a list to group members. Furthermore, some CCS groups have coordinators who connect demand and supply. Some CCS groups hold a gathering to promote mutual friendship and accelerate transactions among them. The internet is often utilized for this purpose. "Kurin" has developed a computer-based "matching system." Members of "Como" and "Bunahn" subscribe the mailing list with each other and exchange information on demand and supply of services.

111. FACTORS BEHIND EMERGING CCSs IN JAPAN

1. Theoretical Considerations: National versus Community Currency Systems

Benefits of a national currency system. A currency typically performs three basic functions as a "unit of account," a "medium of exchange," and a "store of value." A national currency clearly plays these three roles simultaneously, and some major national currencies like the US dollar and the euro, also play such functions internationally. It is well known that use of a generally accepted currency, like a credible national currency, facilitates efficient trade of goods and services within the area of currency circulation, by economizing on information and transactions costs. In the absence of such a currency, a producer of good A who wants to consume good B would have to find somebody who wants to sell good B in exchange for good A—a costly problem of double coincidence would have to be solved. In the presence of a currency, however, any producer can sell her goods in exchange for a currency and can purchase other goods she wants with her currency, thereby eliminating the double coincidence problem.

Any market economy has developed an efficient national currency system and the associated banking sector. Various legal institutions have been set up to ensure the sustainability of such a national currency system, including a legal tender system, a central banking system, finality of settlements, and sound monetary policy. Essentially, citizens are forced to accept and use the national currency for economic transactions. Benefits of using the currency are greater if a larger number of people believe that the system works. These benefits include the currency's general acceptability, provision of a common yardstick of measuring value and wealth, economization of information and transactions costs, and anonymity of transactions.

What are the reasons for community currencies to emerge when an apparently efficient, national currency system is at work, as in the United States, Canada, England, Australia and Japan? Non-national currencies sometimes emerged in the past when a national currency system lost its credibility due to hyperinflation (as in the case of the Weimar Republic after the WWI and several Latin American countries in the 1980s), the collapse of the government (as in the case of the Former Soviet Union towards its end), or civil wars (as in the case of Afghanistan recently). But even without these problems, there may be some reasons for the emergence of community currencies. Table 2 compares characteristics of a national currency system with

those of community currency systems as represented by Ithaca Hours and the Local Exchange Trading Systems (LETS).

Table 2. Comparison between National and Community Currency Systems

| | National Currency System | Community Currency System | |
|---------------------------------|---|--|--|
| | | Ithaca Hours | LETS |
| Currency denomination | Japanese yen, US dollar, euro, Thai baht, etc. | Hour 1 hour = 10 US dollars | Green dollar 1 green dollar = 1 dollar (depending on the country and system) |
| Currency issuer | Central Bank | Ithaca Hours Committee | Member |
| Currency form | Legal tender (paper money, coin, bank demand deposits) | Paper Money | Mutual Credit |
| Settlement method | Final settlement through the banking system | No settlement | Multilateral balancing through barter trade |
| Area of circulation | Nation (and for international trade or in foreign countries) | Within Ithaca (no membership required) | Within LETS member community |
| Good and services traded | Any goods and services | Limited goods and services | More limited goods and services |
| Pricing | Market determined | Voluntary negotiation or market determined | Voluntary negotiation |
| Interest rate | Positive | Zero | Zero (or negative) |
| Objectives | Maintaining monetary stability for national economic prosperity | Revitalization of Ithaca's economy and community | Strengthening social networks of members and community relationships. |

Source: Izurni (2000, 2001).

Economic reasons for a CCS. There are both economic and non-economic reasons for a community currency to emerge. The most compelling explanation would be imperfections of national currency system, or its failure to function fully efficiently, such as instability of the currency value due to speculation, inadequate attention to the economic conditions of local communities in monetary policy-making, lack of

adequate supply of currency to liquidity-constrained individuals, and inability to connect potential buyers and sellers of local community-specific services at feasible information and transactions costs.

Advocates of a CCS argue that a community currency can correct these imperfections of the national currency system and supplement it effectively. A community currency can maintain a stable value by insulating it from speculation and the vagaries of a national currency system, can be issued to promote local economic activities, can be supplied to members with only limited access to bank credit, and can connect potential sellers and buyers of community-specific services within a relatively small group of members. Among these, the most convincing explanation would be the ability of the CCS to match demand for and supply of specific services, particularly in the area of care-taking of the elderly and children, mutual help, and instruction. Thus, a CCS can be a useful catalyst for promoting reciprocal exchanges of goods and services that might not be traded in a national currency system, and for restoration of traditional community interactions and relationships.

One must also note that a trade-off exists between the scale and effectiveness of a CCS. If the scale of a CCS is too small, the currency has only a limited function as a tool to supplement the national currency system. To maximize its value, the scale of CCS should not be too small. On the other hand, if the CCS becomes too large in scale, it loses the information advantage of connecting potential sellers and buyers at community levels. To be effective, the scale of CCS should not be too large.

Non-economic reasons. There are several non-economic explanations. A community currency can be a symbol for generating public awareness of the importance of community interactions and promoting reciprocal relationships and good will at community levels.

2. Effects of Experiences in North America and Europe

The developments in North America, Europe and elsewhere have undoubtedly stimulated the recent moves in Japan to introduce CCSs. Earlier successes of LETS (Canada, the United States, England, and Australia), Ithaca Hours (the United States), Toronto Dollars (Canada), SEL (France), Tauschring (Germany), and RGT (Argentina) have stimulated the emergence of CCSs based on exchange and trade, while Time Dollars (the United States), Fairshares (England), and Banca del Tempo (Italy) have encouraged CCSs based on service credit.

For example, Time Dollars was a model for "Dan-dan." LETS has been adopted by several citizen groups, such as "Seto," "Kyoto LETS," and "Pearl LETS." Ithaca Hours has been a driving force for "Kurin" at its preparatory stage. Ecomoney has been developed on the basis of LETS and Time Dollars, such as "Kurin," "Parets," "Yume-tamago," "Zen" and "Zuka.

3. Economic and Non-economic Motivations in Japan

There are economic and non-economic factors that prompted the introduction of CCSs in Japan in the last several years.

Economic revitalization of local communities. The Japanese economy has been in post-bubble stagnation for the last decade and the economic damage has been severer in local regions than in the metropolitan areas. In addition, local commercial areas in traditional, central locations have lost attractiveness and competitiveness in the face of increasing motorization and establishment of large-scale stores in suburban locations. These new developments have motivated local community members and small

shop owners to introduce community currencies to revitalize their businesses and shopping streets. Use of community currencies has been hoped to revive shoppers' interest in declining commercial communities.

Promotion of mutual assistance and cooperation at community levels. It is important to point out that rapid social changes that have taken place in Japan has also contributed to the establishment of CCSs. The collapse of life-time employment, detachment of middle-class salaried people from the corporate system, rapid aging of the population, large public sector budget deficits and debt that are mounting, and greater uncertainty about economic future concerning post-retirement, pension, health, etc., have revealed vulnerabilities of the past economic system that was once so successful in Japan. Traditional family and community relationships have been disappearing throughout Japan due to nation-wide industrialization, urbanization and rising importance of nuclear households. Government and firms seem to be unable to cope with the new pressures coming from social changes. People believe that they can no longer rely on the past economic system or government for securing their economic well being, nor on traditional family and community arrangements for protecting themselves against unemployment, sickness and other types of vulnerabilities. As a result some people began to turn their attention to building new cooperative and mutual-help relations based on reciprocal exchanges in communities. Community currencies are often introduced to mediate such reciprocal exchanges.⁵

It is interesting that some CCSs such as "Como" and "Dagah" have reported that baby-boomers are promoting CCS activities. They reach middle to sliver ages and start to plan their lives for aging. Some of them hope to rebuild relationships with communities and prepare for their post-retirement lives. CCSs have provided good opportunities for them.

It appears that non-economic motivations are more important in Japan, given that many CCSs are also related to non-profit organization activities. Restoration of close community relationships appears a strong motivation behind the recent proliferation of CCSs.

Community currencies in Japan do play certain roles as a unit of account and a medium of exchange for the purchase of limited goods and services within the boundaries of local communities. However, their role as a "store of value" is severely constrained because some of them have explicit expiration dates, they do not bear interest, and the durability of the system itself is uncertain. In addition, none of the community currencies in Japan is convertible into the national currency, i.e., the Japanese yen.

IV. LESSONS FROM JAPAN'S CCSs AND FUTURE CHALLENGES

Though CCSs in Japan are still at early stages and largely **limited to the trade of certain goods and services**, many groups have reported that their community currencies have begun to stimulated community interaction as well as reciprocal exchanges among participants. Trade mediated by community currencies has created new relationships and strengthened existing ones. This has undoubtedly helped enhance mutual assistance, good will, and volunteer activities at community levels. Thus, it is likely that CCSs have had positive impacts on local communities, though the scale is still unknown and perhaps small.

Clear goals. Successful CCS groups emphasize the importance of clarifying the group goal to be achieved through a CCS and sharing the goal among the group members. Some groups failed to maintain CCSs after launching them because of the lack of a clear vision of what objective to be achieved. The introduction of a

⁵ Note that the word "community" does not always mean a geographical area, but is often used to indicate a group of people who share the same interest, concern, social value or philosophy, such as environmental conservation.

CCS itself should not be the sole objective. Support by community members is also essential for a successful CCS especially in the case of a local government-led initiative. It is important to tailor the CCS to the specific needs and characteristics of the community in question.

Trust and credibility. Another important factor behind a successful CCS would be the presence of "trust and credibility" at the community level. Mechanisms to keep a small number of free riders from spending freely need to be put in place. For example, as in the case of "Yufu," every CCS user may be required to sign the "dispersive" notes she issues. This arrangement can effectively limit the over-spending by some and, thus, maintain the system's credibility, because the lavish issuer-spender would eventually be called upon to redeem those notes by performing a service for the bearer. This puts spending discipline on the issuer (see Box 2).

Technical upgrading. For further development of CCSs, **additional technical efforts** can be useful, such as intensive use of the internet, promotion of the development and spread of computer systems for CCSs and educational campaigns on CCSs. The internet promotes the development of CCSs considerably at both preparatory and operational stages. It has enabled many CCS starters to easily acquire information on the experience of other CCS groups that have web pages.⁶ Efficient software for CCSs enables the group to connect the buyer and seller more easily, to manage accounts, and to settle on transactions. It reduces the personnel and administrative costs for operation. To resolve problems and difficulties at preparatory stages, educational campaigns on CCS would also be effective.

Problems. The problem at an operational stage is that the **number of participants tends** to be small with many non-active members. The reason is that it is difficult to convince potential participants to accept the concept and mechanism of a CCS. In Japan it is largely believed that volunteer assistance should be provided for free and that it is not right to talk about money. Therefore, many aged people and enthusiastic volunteers have not bought the idea of a CCS at least initially. It is important to tailor the system so that a large number of people can accept and use it as an effective instrument to promote community interaction, good will, and mutual assistance.

Another problem is how to secure personnel and administrative resources for CCS operation. This problem is common to civil society movements in general.

V. CONCLUDING REMARKS

There are more than forty community currencies in Japan. Most of them started their operations quite recently, between 2000 and 2001, following successful attempts of CCSs in North America, Europe and elsewhere. Some of them are still at trial stages. Their objectives include revitalization of local communities, promotion of mutual assistance, cooperation and volunteer activities, and conservation of the environments.

Given their short history, it is difficult to clearly identify economic benefits of CCSs to the participants and communities concerned. However, community currencies appear to have had positive non-economic impacts by way of promoting reciprocal trade of non-market services and strengthening interaction, solidarity and good will in local communities.

If the scope of goods and services traded under a CCS is to be extended, the number of participants and geographical coverage are expanded, and the community currency can be used for the payment of salaries

⁶ For example, the Ecomoney Network posts "Ecomoney Manual" on the internet.

and the purchase of ordinary commodities, legal problems such as contract enforcement, taxation and accounting may become important. If the bearer of the community currency cannot claim their right, what legal procedures should be invoked to enforce contracts? Should incomes and salaries earned in community currencies be subject to income tax? Should consumption tax be imposed on the transaction mediated by community currencies? How should shops and firms treat revenues and payments in community currencies on their accounts? Will there be important implications for the conduct of national monetary policy? As long as the CCS activity is not large enough, these issues are not so important. But as the weight of CCS activity becomes large in the economy, the question of how to deal with these issues should be clearly answered for healthy development of CCSs.

Box 2: Small Town Bartering: No Yen? No Problem!

Recession-ravaged residents of this tiny hot-springs town found a way to improve their standard of living. Stuck with low-paying and seasonal tourism-related jobs, Yufuin's citizens solved a chronic yen-flow problem by boosting the local monetary supply: they print their own currency.

In Yufuin you can get a taxi ride, buy a bottle of sake, eat lunch, book a train ticket and supplement your wardrobe using a self-generated scrip the townspeople call yufu. "The yen isn't very stable anyway, is it?" says Ryuji Urata, a 38-year-old liquor-store owner who came up with the scheme two years ago. "So instead of being subject to what the national government does, we have our own strong currency." "Strong" isn't the adjective that leaps to mind when one fingers the flimsy funny money. Roughly the size of a business card, the yufu doesn't have pictures of Presidents; it doesn't come in denominations (although by local convention one yufu is equal to 100 yen, or 75 cents.) The only embellishment distinguishing a yufu from a Post-it note is a rendering of the mountains that surround the town of 12,000 people in Oita prefecture on Kyushu Island.

Still, the scrip has value because villagers agree that it does. The system is a form of barter. Residents belong to a club with more than 100 members. Each offers a service provided in exchange for yufu. One woman teaches people how to wear kimonos. An unemployed man gives haircuts. Several townsfolk sell rides in their cars. "in Japan, if you do this kind of favor for someone, people won't accept money," says Urata. "But they'll accept yufu."

Barter allows villagers with little cash to trade labor for life's small necessities. When resident Tetsuro Yamamoto came down with a serious illness and had to be hospitalized last year, the group lavished yufu on him, which he used to pay part-time workers to assist his wife at their restaurant. "The government doesn't give me that kind of help," he says. "Yufu saved my life."

The community's adventure in economics has inspired dozens of other towns across Japan to dabble in their own currencies. In other countries, barter clubs are frowned upon because they can be used as a glorified tax dodge—people don't have to report yufu revenue, for example, or pay Japan's national 5% sales tax. (Yufuin itself doesn't have a local sales tax.) So far, tax authorities in Japan are looking the other way. "This kind of activity is not large enough to attract our attention," says Masaki Omura, a spokesman for the Ministry of Finance. Says Eisuke Sakakibara, the former Vice Finance Minister known as "Mr. Yen": "There's no deep implication to this. If it helps strengthen solidarity in a local community, that's probably good. In the end I think people want real money." Sometimes, though, the pretend money will do just fine. "It's all based on trust and credibility," says Mitsumi Nagai, a Yufuin restaurant owner who accepts two yufu for a 600-yen set lunch. Of course, basing financial transactions on trust instead of the national currency involves certain risks. If villagers can individually mint hundreds or even thousands of yufu, what's to prevent hyperinflation, with the locals carting wheelbarrows of Monopoly money to the neighborhood *izakaya* (bar)?

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Community Currency System in Indonesia: Problems and Opportunities

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Community Currency System (CCS) is basically a currency system developed independently by a group of people with an aim to reduce the dependency of its members on financial transaction based on the used of national money.

Based on the definition, CCS might be look like a contending currency system for the national currency system. This kind of impression is of course far from correct. As a currency system which is only applicable among a specific group of people, CCS has no intention to become a replacement for the national currency system.

The relationship between CCS and the national currency system might be more appropriate to be categorized as a complementary relationship. Meaning, while the national currency system is still being used by the member of the group, especially for external transactions, the function of CCS is basically as an instrument to increase the opportunity of its participant to involve in any financial transactions without relying on the availability of national money.

However, as a complementary currency system, it doesn't mean that CCS has similar characteristic with the national currency system. As a currency system which has an aim to increase financial transaction among its participants, CCS has some characteristic that diametrically differentiate it from the national currency system.

First, the money within CCS is accounted as a public commodity. As a public commodity, the participants of CCS has an obligation to contribute some value of their revenue to the groups as a payment for the benefit provided by CCS.

Second, the functions of CCS is limited as an instrument of measure and an instrument of exchange. With those two functions, the function of money as an instrument to store the value, as a speculative instrument to get profit, and as an instrument of empire, as it is embedded in a national currency system, wipe out from CCS.

Third, inline with the first and second characteristic, interest payment which is become a primary characteristic of the national currency system, fully prohibit within CCS. Although the prohibition of interest has a very strong moral background, in CCS it is primarily prohibit in order to encourage continuous financial transaction among the member of the group.

Based on the definition, the characteristics and the functions of CCS, the success of CCS within a group of people, primarily depend on the capability of its system to achieve the following key success factors. As introduced by Powell and Salverda, the key success factors of CCS includes:

First, the man, which is consist of the pioneers, the administrators, and the participants. The pioneers, the administrators and the participants are very urgent for the successes of CCS. The pioneers are the persons who underlie the foundation of CCS. The administrators is a group of persons who implement and developed CCS. While the participants is a group of people who committed to participate in CCS.

Second, community. CCS can only be successfully developed among a group of people which has strong social cohesion. CCS will become more successful if the community of its participant has a background as a progressive community.

Third, responsive to the real needs of the society. CCS has to be responsive to the real needs which is live within the society. More responsive CCS to the real need of the society, the higher the commitment of its members to participate in CCS.

By understanding the key success factors of CCS, the questions are, what is the problems and how is the opportunity of CCS in Indonesia? Before answering the questions, below is a general picture of nowadays Indonesian economy.

Indonesian Economy

As it has been widely known, Indonesian economy is the most severely attack by the Asian currency crisis. In general, it can be traced from the following indicators.

First, before the crisis, the value of Indonesian Rupiah in compare to US dollar was only at Rp Rp2.500. Following the crisis, the value of rupiah decrease drastically to Rp 10.000, or depreciate at 75 percent In the peak of the crisis in May 1998, the value of rupiah in comparison to US dollar achieved the lowest rate at Rp16.000.

Second, in addition to the liquidation of some banks, a very serious implication of the crisis is in the involvement of the International Monetary Fund IMF as a medical doctor for Indonesian economic remedy. Indifferently with Thailand and South Korea which terminated their contract with the IMF before it come to an end, Indonesia asked for the opposite. Indonesian government had just prolong its contract with the IMF by the end of last year.

Third, a policy that was suggested by the IMF at the beginning of the crisis was the issuance of government bonds which was going to be used to recapitalize the banks and to guarantee people deposits. The aim of this policy is to increase people trust on Indonesian banking sector. As a result, in addition to have a very huge foreign debt (USD 72 billion), Indonesia is also falling down into a very huge public domestic debt (USD65 billion).

A very serious implication of the crisis as it has been experiencing by Indonesia for these last five years, is the implementation of the IMF's austerity program by the Indonesian government. This IMF's generic austerity program can be observed in the implementation of the following policies:

First, central bank tight monetary policy. This policy can traced into the rise of interest in the Central Bank Certificate (SBI) and on the reduction of the amount of money circulates within the society. SBI, which was formerly has an interest of 11 percent, currently stay with an interest of 17 percent. The amount of money circulates in the society which is now at about Rp 130 trillion is going to be reduced to Rp I 10 trillion.

The impact of higher SBI interest rate and the reduction of the amount of money in circulation, nowadays Indonesian banks prefer to forgo its primary role as an intermediary financial institution. They are quite happy now with their interest income which is coming from their deposit in the SBI. It's only about Rp230 trillion out of Rp450 trillion public saving, that is distributed as a credit. As a result, nowadays, Indonesian real sectors is facing quite a serious problem in financing its business activities.

Second, constant reduction in the state budget deficit In the year of 2000, the comparison between the state budget deficit with Indonesian gross domestic product (GDP) was still at 5 percent. Within these last two years, the volume of deficit was decline to 3,5 percent (2001) and 2,5 percent (2002). Based on government plan, Indonesia will arrive at the situation of balance budget or zero deficit at the year of 2004.

Some policies that is implemented by Indonesian government in order to achieve that objective is the rise in taxation ratio, the reduction of subsidies, and the reduction in development expenditure. The problem is, since the government is in a position of under a very huge debt burden, almost 26 percent of government expenditure nowadays is being used for the payment of interest. As a result,, the amount of budget available for the development expenditure, decline constantly. These last two years, the amount of Indonesian development expenditure was only about 3,1 percent and 2,8 percent of GDP.

Over all, the implementation of the IMF's austerity programs seem as it has quite a serious impact on to the society. However, if we look deeper into it, its implication on to the daily living standard of Indonesian people, it is not as serious as imagined. This is primarily has a very closed relation with the following structural character of Indonesia economy:

First, Indonesian economy is a very centralistic economy. That is not only happened in public sector, but also in private sector. Within the public sector, almost 95 percent of government revenue is collected by central government, while in the expenditure side, almost 75 percent of government expenditure consumed directly by the central government. At the business sector, almost 85 percent of credit is circulated in Jakarta. As a result, at the national level, almost 85 percent of money is also circulates in Jakarta.

Second, the volume of Indonesia economy basically is very small. Indonesian GDP at the year of 2000 was only USD130 billion. Meaning, the average per capita income of Indonesian is only about USD650 every year. With such amount of per capita income, the majority of Indonesian people is basically still living in a very low standard of living.

Third, inline with those two structural characteristics, Indonesian economy is basically dominated by the informal sector. Almost 70 percent of Indonesian labor forces work in the informal sector. The amount of business unit that can be classified as a small and medium scale business is almost 99 percent of all business unit.

Problems and Opportunities

Based on the above observation, it is quite clear that basically CCS has a very good prospect in Indonesia. The crisis that is currently ongoing in Indonesian, and the IMF's austerity programs that is implementing by the government is a very conclusive environment for the development of CCS.

However, before observing the opportunities of CCS in Indonesia, below is some problems that have to be consider seriously before developing CCS in Indonesia. Some problems that can be seriously faced by CCS in Indonesia are the following

First, as a currency system, CCS has no legal foundation in Indonesia. Under Article number 23 act 3 of the national constitution, it is very clear stated that "type and the value of money decided based upon the law" While within the Law No. 23/1999 about Indonesian Central Bank, it is stated that "every activities which involves the used of money or having an aim of exchange or payment that has to be fulfill by using money and taking place within the geographical boundaries of the Republic of Indonesia have to be using rupiah money, the exception is only apply if it is stated differently by Indonesian Central Bank regulation." Meaning, legally, the implementation of CCS in Indonesia have to be started by working on the publication of Indonesian Central Bank regulation which can be used as a legal foundation for CCS.

Second, as a currency system, the institutional framework of CCS has also no legal foundation in Indonesia. As we are all aware, CCS is organized cooperatively. The problem is, within the Law No. 25/1992 about Indonesian Cooperative, there is no article which can be used as a legal foundation for the establishment of a currency system cooperative. In other word, in addition of having no legal foundation as an alternative currency system, the development of CCS has also quite serious problem regarding its institutional arrangement.

Third, CCS is not widely known in Indonesia. The only CCS program that I have ever know is the one that is introduced by YAPPIKA in collaboration with USC and CUSO. Since there is no strong legal foundation for the establishment of CCS in Indonesia, YAPPIKA has to work quietly. This is of course become a very serious problems for the popularization of CCS in Indonesia.

Out of those three problems, CCS basically has a very good potential to be developed in Indonesia. The following is some opportunities that can be considered in order to strengthen the development of CCS in the future.

First, there is a strong foundation in national constitution about economic democracy and cooperative. As stated in the explaining part of the Article number 33, "It is the principles of economic democracy in the Article number 33, production is undertaken by all, for all, under the control or supervision of the member of the society. It is the wealth of the people that is the primary, not the wealth of individuals. That is why, the economy shall be arrange as a common business based on the brotherhood principles. Business institution that is fit into it is cooperative.

Second, there is also a very strong foundation within National Guideline (GBHN), which obligates the government to implement the System of Economic Democracy (Sistem Ekonomi Kerakyatan or SEK). As introduced by Baswir (2001), the primary objective of SEK are: (a) the availability of employment opportunities for all member of the society (Article 27 of the Constitution); (b) the assurance for the right of every member of the society to established economic association, gathered, and free of speech (Article 28); (c) the availability of appropriate and achievable educational institutions for every member of the society which needs its services (Article 31); (d) equitable distribution of material capital among the member of the society (Article 33); and (e) the availability of social safety net program for every member of the society, especially for the poorest and children with no parents (Article 34).

Third, Indonesian economic crisis and the implementation of the IMF's austerity program which is among others create the situation of lack in liquidity within the society, will be a very conducive environment for the establishment of CCS in Indonesia. The introduction of CCS will promote the rise of economic activities without inflationary consequences. Moreover, at the same time Indonesia is also facing a very

huge problems of unemployment and poverty. The establishment of CCS will have great contribution in resolving the problems.

In addition to the above problems and opportunities, there must some other problems and opportunities which has also to be considered seriously. However, since there is a legal problem vis a vis a constitutional opportunities, this legal problems should be taking care first seriously before moving forward for the popularization of CCS in Indonesia.

Conclusion

In conclusion, CCS is a very strategic effort provides an alternative currency system for the society. Since it is based on the used of money only as an instrument of measure and as an instrument of exchange, CCS can be seen as a comprehensive solution for its participants in front of so many weaknesses that is embedded in national and international exchange system.

Moreover, since institutionally CCS is implemented through the application of economic democracy principles, the benefit of CCS can be more than a currency system. CCS have to be considered as a strategic agenda for the development of the System of Economic Democracy (SEK) in Indonesia. The dominant capitalist economic system shall be removed for the sustainability of humankind civilization in this planet.

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A System Of Local Exchange: A Case Study Of Thailand

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Introduction

The economic crisis in January 1997 was the most profound and had serious consequences Thailand ever has had since her modern economic history. At the same time, it is an opportunity for the Thai society to seriously reconsider and rethink about the directions of her economic, social, and political development. Both internal and external factors were explained as the major causes of the crisis.

The internal factors were the political system, including vulnerable political parties, corruption was rampant at all levels, managerial and administrative structures were rather inefficient. The liberalization of monetary sector while the exchange rate was fixed induced short-term investment such as real estate, stock market and direct speculation on the value of the baht currency itself. All of these factors finally led to the bubble economy its burst and its collapse. Moreover, Thai businessmen did not pay enough attention to consolidate the local economic base, but trying to make their quick monetary gain from international trade only.

As for external factors, the economic globalization has created no boundary for capital movement. Short term investment aiming for short term monetary gain resulted in enormous capital inflow into Thailand. As the crisis started, both Thai and foreign investors were worried about losing their money, they immediately withdrew and moved their money to where they considered to be safe places overseas. Consequently, it generated the continuous and incessantly outflows of capital. A rapid outflow of money aggravated the financial crisis all over the Asian region. Rapid movement of capital facilitated by economic globalization together with the liberation of financial sector normally result in weakening both monetary and fiscal policies of most nation states, whose main responsibility are to create stable economic environment nationally in the long run. As the nation state has become powerless to prevent its own economy to be affected by external economic fluctuations, the last line of defense is local currency or local exchange at a community level.

The objective of this paper is to describe briefly, the impacts of globalization, economic instability and crises and their impacts on currency systems as already discussed above, theoretical background of the Community Exchange System (CES), a brief description of the CES practiced in some countries, the introduction of the CES in Thailand, difficulties and lessons learned from implementing the CES, applicability to other communities in Asia, and the policy recommendations for further research.

Theoretical Background of Community Exchange System

To understand community exchange, the basic knowledge of the functioning of money is a prerequisite. Community exchange can perform the key roles of any currency as a medium of exchange and a unit of account. If it is well designed, it can even play some roles that the "normal" national currency cannot.

After August of 1971, United States has abandoned its commitment to buy and sell gold in exchange of foreign currencies. Since that day, all of existing money has become pure fiat currency without any backup in gold. However, money can still fulfill its essential task, discussed below.

Firstly, the fiat money is still a medium of exchange. It facilitates economic activities. If money is not existing, most of economic activities will be slowed down or halted.

Secondly, money is a standard of measure or unit of value. It helps to determine various rate of exchanges among innumerable goods and services.

Thirdly, money can be used to store wealth (value). It is the origin of investment and capital. Capital can be accumulated through savings and credit creation of the whole banking system.

Fourthly, money by itself is also a durable commodity. Consequently, it can be subjected to speculation as well as most commodities. More than 95 percent of the total amount of money being circulated at any particular time in the world is being used for speculation, and less than 5 percent is used as the medium of exchanges to trade for goods and services.

There are flaws and conflicts among the tasks mentioned above. In the late 1980s, Paul Ekins (1989) has indicated such flaws in his well - known book "The Living Economy: A New Economics in Making". In chapter 8 of his work, he has interestingly criticized the role of money in the economy. Also, Bernard A, Lietaer has pointed out the flaws and conflicts among various functions of money. Such flaws and conflicts can be summarized as follows.

There is the contradiction between the tasks as the standard of value and that of speculation of money. Money used as a store of wealth has led to creation of money market. In that market, money has been treated as commodity that can be bought and sold in its own right, for profit, through the anticipation for the variation in exchange rates. Huge amount of money in this market and the electronically speed of transactions can lead to great instability of the exchange rates. Such great fluctuation in the exchange rates result in enormous difficulties for domestic economic management of most countries that depend greatly on international exchanges. The fluctuation has generated increasing risk. As a result, money is less effective as standard of value. This risk can also result in the reduction of international economic activities.

Money as a store of wealth is also subjected to inflation, which is amount to the decrease in amount of goods and services that can be exchanged for the same amount of money. This is the hidden conflict between money as a medium of exchange and a store of value. For example, people spend more during the booming while tradable goods are limited in the short run. This is the root cause of inflation. Since money can be viewed as "goods", its price will fall when there is more supply of money compared with others goods and services.

Moreover, national currencies are subjected to manipulation at the international, national and local levels. Capital cities can extract wealth from local communities through their relatively much more wealth. Rich countries can also do the same thing to poor countries. The benefits from such devious activities are limited to a conspicuously consuming minority only.

Also, there is another critic on money as a medium of exchange. When local communities and poor countries do not have adequate amount of money, their goods and services cannot be traded with outsiders or even among themselves. Large-scale of local unemployment will be the result. Local skills and local assets are left to be idle. At the same time, many local needs are unmet, because of the lack of a means of exchange to bring these needs and resources together. As a result, communities or countries will lose almost their entire sovereignty, if their currencies are subjected to manipulation in money market. Consequently, to correct these flaws and conflicts as well as to serve as the last line for self-defense, community exchanges must be introduced. At the same time, the above mentioned flaws and conflicts must also be restricted or eliminated.

Historical background of Community Exchange

The origin of community exchange can be traced back to the age of Babylon and Sumer civilization, 6000 years ago. Communities issued, managed and circulated their own exchanges. In addition to ensuring that the needs of people in the community would be met, the use of these currencies was to protect the community from the possible economic instability.

As economic systems have developed to the current level, the community-based exchange system must also change to suit the new realities without losing its essence while being issued and managed by members of the community themselves. Most systems currently available simply adopt the "zero interest" concept. However, there is also a "demurrage (charged money)" idea inherited from Silvio Gesell, an Argentine businessman and economist. Such concept has considered that money as a medium of exchange should be also treated as a public service (just as public transportation, for instance) and, therefore, a small user fee should be levied on it. Instead of receiving interest for retaining such an exchange, the bearer must in fact pay the interest. The idea is to discourage hoarding of the exchange (money) in order to increase its velocity for transaction. In Gesell's time, stamps were the normal way to levy such a charge. Now, the generalized use of computers in payment and accounting systems, as well as the availability of electronic debit cards, will make this procedure much easier and convenient to be implemented.

In a more recent past, there was Guernsey experiment during 1815-36 when Guernsey State in Britain issued its own notes during the Napoleon War. The notes helped Guernsey State recover from recession. Such concept has been vitalized again in 1970s when many adverse consequences from conventional economic development such as poverty and environmental degradation appear to be evident to most communities concerned. There are many alternative thinkers of that age who has challenged conventional concept, The good examples of such challenge are arguments of Nicholas Goegescu-Roegen (1971) and E. F. Schumacher (1973). While most economists of that time focused on expanding economic activities, Nicholas Goegescu-Roegen in his work "The Entropy Law and the Economic Process" mentioned that "bigger and better" industry always produced "bigger and more" pollution. For E. F. Schumacher, his experience of Buddhism in Myanmar inspired him to write "Small is Beautiful: Economics as if People Mattered" which its name has already manifested the content inside. He argued that from a truly economic point of view, the most rational way to produce is "from local resources, for local needs."

Jane Jacobs, an expert in regional economics, emphasizes Schumacher's point through her analysis of a healthy region as one creating "import-replacing" industries on a continuing basis. A well-developed regional economy which produces for its own needs is possible only when the control of its resources and finances lies within the region itself. Currently, the ownership of land, natural resources, and industry and the determination of conditions for receiving credit have become increasingly centralized at the national

level. Now all but a few large urban areas find that their economic resources are controlled by the people from outside.

Most academic works of Schumacher were designed for actual application. In 1974, E. F. Schumacher asked Robert Swann to start a sister organization to his own Intermediate Technology Development Group. In 1980, Swann established the E. F. Schumacher Society in Great Barrington,

The Community Exchange in Thailand

Exchange of products or barter and labor exchange (long khack) has been practices in Thailand since the ancient time. The local exchanges used in the past were in many forms, Ancient Indian literatures mentioned the used of gold and silver as money for more than 3,000 years ago. In Southeast Asia, "bia " was used as money since the premodern - historic time. For Thailand, in "Srivichai Kingdom" in the South (857 - 1457) already had their own money to be used for transaction, known as "Na-Mo ". It was silver pellet melded in the formed of a coffee-seed shape and labeled with Sanskrit alphabet. It was brought into the Kingdom by Indian merchants. Lan-Na Kingdom in the North used bracelet-shaped money, Tok money and Chinese money. In the Northeast, the merchants from Lan-Chang Kingdom used a bar-shaped money made from various kinds of metals. They also had their own names such as Koo, Hoi, and Lad monies.

The local exchange system was reduced in its importance since the formation of the nation state through increasing centralization and the rapid process of trade with foreign nations, after the conclusion of the Bowring Treaty in 1855. Foreign coins and commodities began to flow into Siam in larger volume since then. Various foreign coins were widely used in Siam including those from Mexico, Peru, Holland, and India (Jeff Powell and others 1999, 5-6).

The new era of currency system in Thailand began after the World War II after the Bretton Woods Agreement met in Bretton Woods, Newshamshire, the United States, Although Thailand did not participate in the signing of the Brettonwoods Agreement right after the War, she agreed to join the gold standard in January 1946. Finally, she also joined the International Monetary Fund (IMF) and World Bank in May 1949. One major purpose of the Bretton Woods Agreement was to peg various currencies with the gold standard in order to facilitate the international trade and protect the creditors from the possible devaluation of currencies of the debtor nations.

Under such arrangement, if any country imported more than the value of their exports

its central bank must intervene by buying back its own currency in order to stabilize the value. If the central bank did not have enough foreign exchange reserve to maintain the value of the national currency, then it should borrow money from the IMF as a temporary measure. The government then must try to solve the problem by raising taxes and interest rate together with its attempt at reducing the expenditure. This way the creditor nations will be fully protected.

New Era of the Thai Currency

At the end of the Pacific War in 1945, Thailand's reserved fund consisted mostly with the Japanese Yen and its value was drastically declined. At the same time, Thailand needed to use large amount of the foreign exchanges to rehabilitate the country from the War. The government ordered the people who hold

the pound sterling or the U.S. dollars to sell them to the Bank of Thailand at the official exchange rates. Exporters of basic merchandise such as rice, rubber, and teak must also sell their foreign currency to the Bank of Thailand at the specified rates. This system of exchange is known as the multiple exchange rates. By so doing the government was able to generate the new foreign exchange reserves. At the same time, prices of farm products were suppressed for the benefit of urban population, whereas transactions of other commodities still followed the market price. Thai Farmers were the net losers from such policy by the Thai Government.

In 1955, the foreign reserve fund had increased adequately for the Thai government to adopt the system of a single exchange rate instead of the multiple exchange rates introduced by the government since after the War. The Exchange-Rate Reserve Fund was established in order to help stabilize the exchange rate in the short-term. This fund had functioned effectively and was responsible for the stability of the baht since then. In 1953, the parities between the baht to its gold equivalent of 0.0427245 gram and 20.8 baht per one U.S. dollar were established. This exchange rate was maintained until 1972 (Bank of Thailand 1993, 139).

An attempt to set the international standard for various world currencies according to a Bretton Woods Agreement had failed since 1972. The failure was due mainly to rapid increase in economic strength of both Japan and Germany, while the United States was in heavy debt due to her full involvement in Vietnam War.

For 25 years after the World War II, Thailand's foreign exchange reserve was mainly the U.S. dollar for the reasons that were considered to be for the advantage of the Thai economy. In the 1980's, Thailand was planning to liberalize her monetary system to encourage more free flow of foreign exchanges with the hope that country would gain by being a financial hub for Southeast Asia. The establishment of Bangkok International Bank Facility (BIBF) was created for the said purpose. Commercial banks were allowed to borrow foreign exchanges and loan them to businesses in Thailand for lucrative profits. By so doing, the whole economy was over spending continuously. Eventually, the economic crisis hit the country in 1997. The baht was seriously devalued to 55 baht per dollar in January 1998.

In 1996, the total amount of foreign fund that flew into Indonesia, South Korea, Malaysia, Philippine and Thailand was as high as 95 billion US dollars. In 1998, this amount was reduced by almost a half-, that was 40 billion US dollars (Jeffery Sachs 1998, 53). This rapid flight of foreign exchanges resulted into the so-called, "melt" down of many economies in the Asian regions especially those who financed their investment through foreign loans. The problem of non-performing loan (NPL) became quite common among the said economies. It was estimated then that one fourth of Thai population would be impoverished in 2000 ("World Bank says 23% of Thais will be poor by 2000." The Nation, Oct 30, 1998)

Revival of the Community Exchange System in Thailand

Because of the economic crisis caused in part by the liberalization of the financial sector in Thailand, it is envisaged that the only way to shield the local economy from such adverse effect of globalization is through the development of the local exchange system. The implementation must be adopted by local people whose lives were affected by such bad experience as well as to learn from the experience from the foreign countries simultaneously.

The Thai Community Exchange System that was the product of the cooperation among the Thai NGOs, Canadian University Service Overseas (CUSO), and Volunteer Service Overseas Thailand (VSO) with the support from Japan Foundation was established to explore the alternative economic system in both Thai

and foreign contexts, with the emphasis on the community's self-reliance. The main purpose was to exchange information of local exchange systems in Thailand and overseas and use it as an instrument for enhancing and empowerment of the community strength. International experiences can be used as some endowed knowledge in order to move further to gain more practical experiences among some local communities in Thailand. The Northeast and the South have been designed as the testing ground for such valuable experience. Workshops and seminars among many Thai academics provided significant issues to be investigated further. The conventional banking system was viewed as a powerful instrument to transfer resources from local communities to the outside world as money has been transformed into commodities directly without performing its useful function as a medium of exchange, one of the major causes of the economic crisis; It was deemed to be necessary to cut the linkage that connects communities to the larger systems. Under such scenario, community would be in much better position to generate its own capital for its own productive purposes. The alternative exchange system would then accommodate the alternative production and transactions, and the alternative market. This situation would lead to strengthening and empowerment of the community.

During the workshop in the Northeast and the South, both the local people and development agents from outside began by analyzing the figures of the family and the community's expenditures. They found with surprise, the severe excess of expenditures over earnings. The analysis provided a clearer picture of the -need for economic self-management, and the importance of making daily, monthly, and annual account of earnings and expenses.

However, many local people felt that the crisis was over and they could get by the way they did in the past. At the same time, most of them did realize that the existing monetary system only served as the factor that mobilized most resources from the communities to the large cities. In the end most of them must survive with only little amount of money and resources. The revival of their culture and tradition was thought to be a crucial part for invigorating the alternative exchange system of the community.

The Rise of Bia Kud Chum

After several seminars and workshops, actual implementation of the agreed idea must be planned. The Kud Chum district was ready to serve as a candidate for such a trial. Kud Chum is a district of the Yasothorn province in the Northeast. Na So is the sub- district part of Kud Chum. Na So is a small community covering approximately 20,000 rai that can be divided into the village location of about 500 rai (2.5%), paddy fields for 15,000 rai (75%) and the community forest for all members to be used for 3,800 rai (15%). Kud Chum is 3 8 kilometers far from the center of the province containing 750 families with 4,000 people

It is the community resulting from immigration of some residents from Ban Pai Srang Chang, Sai Moon district, Yasothorn province, almost 100 years ago. As the existing area had more people that it could feed, people had to immigrate to new area for the settlement. In those days, the means of transportation was mainly by foot from the old area to new one where more natural resources were available.

During the initial stage of settlement, due to the small number of people and richness of the soil, water and forests, the size of land claimed by a family of each settler only ranged from 5 to 10 rai. The main economic activity of Na So villagers was a natural rice farming for only once a year. Besides rice farming, the villagers grew plants and upland crops for their own consumption. Among them were onion and garlic. Other vegetables and plants were collected from the forest. Fishes were caught from the creek, canal and swamp. In general, lives of the Na So villagers depended very much on the abundance of nature.

The way of life of Na So villagers was inextricably related to the people in the community that mostly contained kinship, lineage. People still had a very close relationship to relate to one and the other as one family. They were very helpful and hospitable to each other. They preferred sharing things to other people. This way of living was traditional for most people in Thailand before the penetration of capitalism into village economies. Such pre-capitalist relationship of the people was based on seniority gained through a merit system, and strict adherence to their traditional practices. In the village, there were the seniors who were highly honored, respectable, and helpful. They significantly played an important role in the community. For example, if there were any conflicts among the villagers, the seniors would resolve them through direct, transparent and acceptable judgment. In case of illness, the villagers would go to see the local medicine man who practiced traditional medicine by combining both conventional treatments and ritualistic beliefs. (Kanoksak Kaewthep 2001, 112-116).

Thailand has adopted the development direction of capitalism when she agreed to embark on the First National, Economic, and Social Development Plan in 1961. The main purpose of this plan is to transform Thailand from the so-called "stagnant" agricultural society into be the industrialized one. Such plan had an enormous impact on lives of people in communities and villages all over the country. Definitely, Na So community was not the exception. People of Na So began to use money as their medium of exchange since 1958. Gradually, money had come to play important role accompanied by rapid decline of their natural resources. Amidst the capitalist development, the villagers of Na So lived under a much more difficult condition. They encountered more problems resulting from the fact that they must continue to search for the ways to make money for their living while their natural resources has been rapidly depleted. They could not control their lives that depend much more on external factors.

Such problems existed in Na So community for quite a long time. In 1977, the people of Na So decided to quit producing for external markets and changed their development course to self-reliance. The first activity taken place in 1980 was a savings group in the form of a "store fund". Later, this fund has been further developed into the "Village Development Fund". The fund has been used for various activities such as the formation of a Herbal Medicine Group in 1983, and a Rice Mill for Organic Rice Farming in 1987. The two activities faced many problems. However, their members had very strong determination to overcome all difficult problems until the activities were satisfactory resolved. The two activities were subsequently developed further into more concrete activities such as Pha Pa Pan Mai Project (the collection of sapling to grow as a community forest) for the Northeastern people which was organized in 1989, Forest Conservation Campaign in 1990, the Thai Traditional Health Center at Wat Tha Lad in 1994, etc. These activities were operated under the direction of the community leader, including Pra Kru (abbot) Supa Jaruwat, Po Yai (male elder) Wichit Boonsoong, Po (leading male) Man Sam Si, Po (leading male) Pradit Kaewsai with the NGOs' participation in formulating, planning, and working with local people, a housewife group and a youth group in the community (Kanoksak Kaewthep 2001, 117-122).

The important circumstance that encouraged the Na So villagers to realize an importance of natural agriculture and self-reliance took place in 1990 when Komol Keemthong Foundation had invited Masanobu Fukuoka, a natural agriculturist based in Japan, to come to Thailand. The herb for self-reliance project which was the NGOs' project cooperated with the Herbal Medicine group encouraged the Na So leaders to attend the lecture of Masanobu Fukuoka. Fukuoka suggested to them to adopt the method of natural rice farming that would enhance good health, good environment, and was able to maintain soil condition for sustainability without taking any risk from using pesticide and other chemical products. The leaders agreed with the suggested concept and were interested to apply it in their own farms.

Unfortunately, such activities did not result in a genuine self-reliance for the Na So villagers. After the economic crisis in 1997, they inevitably encountered higher cost of living, their offspring who worked in the cities were unemployed. Their wages were reduced. The crisis motivated the villagers to consult and discuss about creating the economic system that depended less from the outside. At that time, there was a former volunteer from VSO, Mr. Menno Salverda who was Dutch, and the other one from CUSO, Mr. Jeff Powell, who was a Canadian. Both of them had some experiences in working with the Thai NGOs and were interested in the concept of local exchange system. The two had opportunities to exchange views and opinions with various Thai NGOs about the possibility of applying the system to the Thai community. There had been various occasions for talk and discussion with the villagers. Finally, the Thai Community Exchange System Project-TCES has been the result.

In September 1998, there was a seminar entitled "Local Exchange System and Self-Reliance" in the province of Surin. As expected, the villagers from Kud Chum community attended this seminar, and they thought that the local exchange system was a way to assist the community in reducing dependency from external economy and creating an actual self-reliance.

As the Kud Chum villagers were interested in the concept, they started to explore the appropriate design of their own exchange system to suite the need of their community. They also consulted the lawyers on that matter. According to the legal study and discussion, they were informed that it was not illegal for them to create their own exchange system for their own use. After then, they began to set up the rules for using the local currency, including designing "bia " by focusing on beauty and the community's symbol, and organizing the membership system, the clearing house for the "bia " and other necessary arrangements. There was an experiment by rehearsing the role of buyers and sellers using their own medium of exchange. A year later, there was a formal opening ceremony of the TCES in March 29, 1999 (Supapan Palangsak 1999, 3-4). The main purposes of Kud Chum's exchange were to generate productive activities for self-reliance within the community; to exchange varieties of products that were non-toxic, good quality; to reduce buying products from external market to be self-reliance and sufficiency and to generate local savings for their own uses when necessary (Piyantart Proyoorn 2000, 89).

Rules in Using **Bid' Kud Chum

The word "bia" has dual meanings. A legal term of money is also known as "bia", for a Northerner "bia" also means a sapling, the symbol of progress and prosperity. It has good meanings both ways. Bia Kud Chum is designed to be a medium of exchange to be used along with the baht, to exchange for goods in the community such as handicrafts, agricultural products, herbs, products from rice mill and labor services such as haircut, a daily wage for harvesting, etc. The "bia" cannot be used outside Kud Chum community and cannot be exchanged directly with the baht.

In applying for a Bia Kud Chum membership, the Kud Chum Bank's committee must approve the application. As a person becomes a member, he/she is able to borrow the "bia" from Bia Bank of 500 baht per year with interest free. After one year, the borrower must return all "bia " that the person has borrowed to the bank. In addition, a member may want to deposit and withdraw the "bia " . Participate in the training organized by the Bank, express opinions and exercise the person's voting right, and receive necessary help from the Bank.

The Membership of Bia Kud Chum was limited only to persons who lived in Yasothorn province only, Hundred twenty people in five villages, including Soke Khum Poon, Santisuk, Kud Hin, Koke Klang, all of

those who were in Kud Chum and Sai Moon districts were initial members. The bia was started to be used in the temporary market open every Saturday and was to be rotated among the five villages.

The value of Bia Kud Chum depended on the agreement among the members. There was an agreement at that time that one bia worth equivalent to one baht. For example, a hand of bananas was 10 baht, a member could pay eight baht along with two bia. As for the cost of printing the bia, the community received the grant of 30,000 baht from the Japan Foundation Asia Center to print 10,000 papers of bia that worth 3 0,000 bia. The printed bia included I bia, 5 bia, 10 bia, 20 bia, and 50 bia (Supapan Palangsak 1999, 4).

The Outcome of Using Bia Kud Chum

Among 120 members in five villages, there were only 33 persons to use the bia, with a sum of 7,000 bia. Among those 33 persons, not more than 10 used bia in their daily life according to the purpose of the bia. Soon after people started using bia for almost 20 days, on April 19, 2000, the Fact Finding Committee of Bia Kud Chum founded by the Bank of Thailand (BOT), from the Northeast branch sent the officers to collect information about its usage . The investigation was on whether the issue of the bia violated the following legal aspects of money (Supapan Palangsak 199 1, 4).

1. Monetary Act 1958, Section 9 states that any person shall not make, distribute, use or issue any materials or symbol to replace money, without a permission. Section 240 is about money counterfeit. Section 249 stated about making things similar to money

2. Commercial Banking Act 1962, Section 9 forbids persons other than commercial banks from using the word "bank" or other words containing the same or similar meaning.

In addition, there were the officers from the National Security Council and the National Intelligence Agency entering Kud Chum to find out whether the production and the use of the bia is harmful to the national security.

During the investigation, the Bank of Thailand (BOT) requested the villagers to stop using the bia or limit the use to small group within the limited area only. It was subsequently decided by the Bank of Thailand that the bia is illegal. Such decision threatened the villagers. They were afraid that they would be charged for committing some illegal action. Consequently, no one dared to use it again. Some were afraid to bring the bia out of the house, or were scared to admit that they had bia because they were afraid of being arrested.

Legal Considerations

In June 8, 2000, the Bank of Thailand (BOT), Northeastern branch basically concluded that Bia Bank was illegal according to the Commercial Banking Act 1962, Section 9. The question of whether issuing and printing the bia violated the Money Act had to wait for the decision of the Bank of Thailand (BOT) in Bangkok.

On this issue, the Subcommittee on Human Rights Case of the Human Rights Committee, and the Thailand Attorney Association had insisted that the main purpose of this law was to prevent persons to use word "Bank" for other business activities. The Bia Bank that issued Bia Kud Chum did not aim for any business gain. Therefore, the use of the name Bia Bank or other similar word should not be considered illegal. There

was a similar usage of the same word for other activities such as Rice Bank, Cattle Bank and Blood Bank. Concerning the question of issuing the bia paper, the bia was just a symbol determined and created by the people in the community to be used as a medium of exchange for agricultural products, with its aim to solve their economic problem in the community. Its main purpose was not to counterfeit or imitate the banknote. The bia had no similarities to any banknote or money, neither considering from the picture, pattern, colour or words printed on the bia paper. In addition, Bia Kud Chum did not have the qualification to be money or used as money because the bia paper is the document owned commonly by the members. The one who exercised the ownership of the bia was the Committee, the bia could not be transferred to anybody. It could not be used to pay debt or to be speculated as the baht. Therefore, the bia was entirely different from the baht. If the Bank of Thailand (BOT) insisted that the bia was illegal, the Thailand Attorney Association was willing to defend for justice of the local people. The Association believed and perceived the good intention of the villagers in finding the way to solve their economic problems.

For the Thai government who always propagates the policies of both "sufficiency economy and the community economy, if it was sincere to support and enhance such policies, it should order the Ministry of Finance to issue the Ministerial regulations to protect the villagers because they did not oppose any existing laws (Nakorn Chompuchart, an interview on January 12, 2002).

Thai Academic's Views About Bia Kud Chum

The problem of using Bia Kud Chum stimulated many academics to express their views and opinions by presenting their views in many popular newspapers, and expressing their opinions in various public forums. Their views can be summarized as follows:

Professor Dr. Nithi Eiamsriwongse of the Midnight University wrote an article entitled "Bia Kud Chum" in Matichon Newspaper on May 5, 2000. He made a very interesting remark that

"...an operation to escape from money power has conducted in many forms all over the world, however, this does not mean to refuse the role of the central money. It is impossible because there is no community that is able to produce everything by itself. The problem is how to connect its own economy to the national or world economy by not having been extracted its surplus labor and natural resources that serve the interest of commercial bank and external economies. Such process has been experienced through "learning by doing" for a long time. At the same time, to enlarge the local center to be much wider than its natural boundary will result in absorbing or taking the resources and surplus labor from the others. This lesson is one among many of the learning by doing. There is no standardized process or method that can be generally applicable to all communities because each community has its own uniqueness and peculiarity. Kud Chum is the pioneer in this direction that is extremely important to Thailand and the world, in demonstrating its determination to solve its own problems by its own methods. We can see clearly that issuing money for making profit will lead to the disaster, the same way as setting the economic goal for unlimited growth. The fact that there are limited resources in the world, both Thailand and the world must provide a possible alternative in exchange or trade. Such attempt will cultivate peace to the mankind more than the currency invented by the banking system."

Mr. Somkiat Pongpaiboon, A lecturer of the Nakorn Rachasrima Rajhabhat Institute, stated in the discussion of Kud Chum members meeting at Moo Ban Santisuk, Kud Chum, Yasothorn on May 30, 2000 that

"...sustainable development by self-reliance must contain five elements. They are (1) local organization which is the seminal unit of the activity (2) local wisdom that is relatively predominant for not depending only on the activities outside (3) natural resources and environment supporting all necessary living activities (4) mode of production focusing on living, eating, and exchange within the community and with the rest through trade (5) a just medium of exchange. For Kud Chum, it will have all five elements by having the bia to serve as a medium of exchange. Moreover, this bia does not worth only as a medium of exchange, but also contains life, hospitality, and spiritual capital in itself. In the bia that is worth 50 baht, its genuine value in exchange may be only 30 baht, the rest of 20 baht is for generosity or support from others, another 10 baht is paid for an effort of the person who organizes the trade. In other words, the bia value can be flexible according to the system of relationship of the people in the community..."

Mr. Athajak Satayanulak, Faculty of Sociology, Chiang Mai University wrote an article in Bangkok Business on June 9, 2000 that,

"...all attempts of the villagers since the first gathering until there is Kud Chum case does not happen because the need or intention of only one individual. But it is the desire of considerate and collective people in the communities who have come together to solve their own problems. This attempt is important based on a very long social relation system which can be called culture. The gathering of the people in the community in creating new activity to solve their own problems based on the cultural foundation is the creation of flexibility in confronting the new possible problems. This flexibility worth much more than using money to create social safety net adopted by the Thai government according to the IMF's recommendations..."

Associate Professor Dr. Kanoksak Kaewthep, Faculty of Economics, Chulalongkorn University mentioned in the people's meeting coordinating with the organizations that support the local currency on July 7, 2000 at Local Development Institute-LDI that,

In any economic system that has no alternative, the community must depend on the dominant economy. When there are more than one dominant economic system, the community will have the alternative to enhance its own strength due to the fact that economic decision-making will be removed to the community with the emphasis on communal benefit. When the community economy is strong, the national economy will be strong also..."

Many well-known figures supported the Bia Kud Chum concept. Among them was Surak Sivarak. He said that Bia Kud Chum was the form of self-reliance which was in line of the Buddhist ideology. Prof. Dr. Apichai Puntasen, a Buddhist economist, believed that there were several factors to support the strengthening of the community, and one of them was a community exchange system that would help the community to reduce its external dependency. Prof. Sneh Jamarik also believed that any government has no power to stop globalization and capitalism. The only institution that could deter such undesirable forces was the strength of the local community (Interview on January 2002).

Position of Ministry of Finance and the Bank of Thailand to "Bia Kud Chum"

Similar to the HOURS system, the Bia Kud Chum is used to replace money for some transaction in the community. Bia Kud Chum is also an interest-free exchange and it plays an important role in stimulating local production for self-reliance. However, production of tangible representation of money can also be the most important source of the problem.

In the past, there are also many cases of local currencies that have been ruled out because of their tangible representative of money similar to that of Kud Chum. They are wara, a local scrip in Germany, the Worgl stamp scrip in Austria and "emergency currency" in the United States.

Although some of them (Wara and Worgl stamp scrips) were proven to be good for local economy, either the Central Bank or the government prohibited the use of them. In case of wara, the Germany Central Bank, on the basis of its monopoly on currency creation, prohibited the entire experiment. In case of the Worgl, the Austrian Supreme Court overruled it. President Roosevelt also prohibited the use of "emergency currency" in the United States.

Although there was legal problem, the general attitude of many government on Bia Kud Chum was rather positive. In 2000, some government officials mentioned that such local currency would be useful for local people, if its use could be restricted to a small territory of the three villages in Yasothon. Yasothon Governor, Prasongsak Bundet said he did not see any negative effects of the usage of Bia Kud Chum in the three villages and that he also viewed the project as the one that fostered the solidarity and economic independence of the three villages. He also said that the villagers had designated their-villages "Self-sufficient Farming Communities" and are using Bia Kud Chum as the exchange to purchase commodities from each other. However, if more villages started issuing their own money coupons, the practice might threaten national security. Additionally, commercial transactions and commodity exchanges between villages could become confused.

Somlak Jiranburana, an administrator at the Bank of Thailand's Northeastern Region Branch, said that he saw no problem in the introducing of the community exchange system. Somlak also said he saw no threat to the baht, as the use of the community currency was limited to the community level only. Similar to others, Pitttaya Songsawat, of the legal division of the Banks of Thailand said: "In my opinion, the system is not illegal. Furthermore, the Thailand Attorney Association has also come out to argue that Bia Kud Chum is not illegal."

Before issuing of the coupons, the Sokkhumpoon Village Community Fund

Committee consulted a lawyer to determine whether it was legal. The lawyer told the Committee that coupons would not be illegal because they did not bear a royal image. Moreover, the coupons were limited to the use of a particular group of people only. If anyone want to imitate such practice elsewhere they would design their own exchange system. The Community Fund could issue coupons for its members without violating monetary laws if it made clear that the coupons did not represent money, and that they were not similar to bank notes.

However, a source at the Bank of Thailand said that the Committee has violated Thailand's monetary laws. According to the Monetary Act, the Bank of Thailand alone had the authority to issue bank notes to be used as money for the entire economy. Because the Bia Kud Chum coupons had several features that resembled the bank note and have been used as money on the basis of one bia for one baht, the issuance of Bia Kud Chum could be considered as a violation of the Act. There was also another detail in the law that could make the bia note illegal. The law said that no one would use any material or symbol as money without the permission of the Minister of Finance. The other legal topic that was the Bank of Thailand's main concern was the use of the word "bia" because "bia" in a legal term also meant money. This fact would result in the violation of Article 9 of the Banking Act.

In July 2000, at a meeting of the Board of the Bank of Thailand, it was finally concluded that the use of Bia Kud Chum violated Article 9 of the Currency Act of 1958. This article 'forbids anyone from making,

distributing, using or issuing any material to replace currency, except where permission has been granted by the Minister of Finance'. In addition, the Bia Bank was said to violate Article 9 of the Commercial Banking Act of 1962 which 'forbids individuals other than commercial banks from using the word 'bank' or other words with the same meaning'.

During 2000-2001, the Bank of Thailand and Ministry of Finance discussed the issue of Bia Kud Chum for many times. The results remained the same that Kud Chum as a local currency was illegal, and it could be threatening to the country's security. The reasons were as follows. There could be the problem of quality control in production and the after-use quality management. There might also be the problem of fake money. All of these problems could result to some financial loss for the holder of the local currency. If this kind of project spread widely, it could have adverse impact on the national currency system as well as the national security. They suggested that local communities should try other method of community development rather than issuing its own currency. The above statement was the reply of Ministry of Finance on 23 July 2001.

However, there was a hope for Bia Kud Chum when considered positions of government officers from the meeting at The Ph.D. Program in Integrated Sciences, Thammasat University on 15 and 17 January 2002. Mr. Vorathep Vithaviroj, a officer of the Bank of Thailand, mentioned that it was still possible for using alternative medium of exchange such as Bia Kud Chum but such exchange must be kept to the following conditions.

- 1) Such exchange must be restricted to local territory only. It must not be widely used.
- 2) The total volume and value of such exchange must not be too high.
- 3) Its physical appearance must not resemble the bath note.
- 4) The bath can be used to buy this exchange, but this exchange cannot be used to buy the bath.
- 5) This exchange must serve as medium of exchange only but not for legal tender.
- 6) Its unit value should not be equated to the bath.
- 7) The name of this exchange must not be used to implicate money such as "bath, bank, bia or other words that can be interpreted as "money" in Thai language.

In addition, Mr. Vorathep also said that this exchange must not be used for wealth accumulation. He also added that he was willing to volunteer to explain those points to villagers. If the villagers agreed to follow all those points, he would volunteer to explain to other officers in the Bank of Thailand (BOT) that such form of exchange was not -illegal.

Dr. Ekniti Nitithanprapas, a representative from Ministry of Finance, also admitted that the BOT played dominant role in the decision making process of Ministry of Finance. The Ministry simply followed the suggestion made by the Bank of Thailand.

Professor Dr. Apichai Puntasen, Director of the Ph.D. Program in Integrated Sciences, mentioned that the idea of local currency was compatible with concept of the sufficiency economy of His Majesty the King Bhumipoladuyadej.

Dr. Priyanut Piboolsrawut, an officer from National Economic & Social Development Board, agreed with this statement since the Ninth National Economic and Social Development Plan (2002-2006) was designed according to the sufficiency economy concept. However, she added that economic and legal research at both the micro and macro levels were needed for actual implementation of this idea. The examples of research questions could be as follows:

- 1) How much compatibility between local exchange and sufficiency economy concept?
- 2) How can local currency support the grass-root economy?
- 3) How can system be designed?
- 4) The cost -benefit analysis of local exchange.

Dr. Ekniti Nitithanprapas and the other member from the Ministry of Finance also agreed that if this local exchange system has been well managed, it could be used as one of the long term plan for financial decentralization of the Ministry of Finance. All comments from these government officers were warmly accepted by Mr. Wanlop Pichpongsa, TCES , and other NGO representatives.

Recommendations

Based on our study, the purpose of the Kud Chum's exchange was to reduce buying products from external markets in order to support self-reliance within the community. Therefore, the research team would like to recommend the following:

1. The government should come up with the clear policies to promote the community exchange rather than opposing it.
2. Further research should focus on action research for actual implementation of the community exchange in selected communities in many parts of Thailand during the Ninth National Economic and Social Development Plan (2002-2006).
3. There should be a research on ideology of community exchange and its function to strengthen the community to be self reliance, and how to link community exchange with sustainability? whether "green convertible exchange " possible ?

Community exchange system means a totally new kind of self-financing technology. It can bring about a wide scale of social change to the village life. Therefore, it is very important to identify possible social impacts at the local level. We need research activities in this direction.

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Opportunities and Challenges of Community Currency Systems: The Case of Bia Kud Chum

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Contents:

| | |
|--|----|
| Chapter 1: Introduction | |
| What is a Community Currency System? | 1 |
| Chapter 2: Experience of Bia Kud Chum | |
| Study, development and promotion of CCS in Thailand | 3 |
| Background of the community | 5 |
| Alternative and community initiatives | 6 |
| Looking back, and Turning to the Future: | |
| 15 Years of Community Development in Kud Chum | 9 |
| Establishing Bia Kud Chum | 10 |
| Bia Kud Chum ... against the law? A threat to national security!!! | 13 |
| Implementation of Bia Kud Chum | 14 |
| Impact of implementation of Bia activities | 18 |
| Limitation encountered after the Bia system started operation | 18 |
| Reaction from outsiders and impact | 18 |
| Chapter 3: Lessons and Applicability | |
| Lessons learned from the experience of CCS in Thailand | 20 |
| Lessons learned for applicability to other sites | 20 |
| Policy recommendation | 22 |
| Framework of CCS promotion | 22 |
| Are there any other alternative systems that can better address the problems and concerns in Kud Chum? | 25 |
| Chapter 4: Conclusion | |
| CCS as a tool for community development | 26 |
| To establish a new CCS | 26 |
| To promote CCS | 27 |
| Recommendation for further research | 27 |
| References | 28 |

List of Tables

| | |
|---|----|
| Table 2.1: Changes in Kud Chum in the past 15 years | 9 |
| Table 2.2: Number of households and the population of villages where Bia system is operated | 10 |
| Table 2.3: Number of members of Bia system (as of January 2002) | 13 |

List of Pictures

| | |
|---|----|
| Picture 2.1: Map of Thailand | 5 |
| Picture 2.2: Area of Bia Kud Chum | 11 |
| Picture 2.3: 1 Bia Note (front and back) | 13 |
| Picture 2.4: Outflow of Money from Santisuk Village | 15 |
| Picture 2.5: Prevention of the Outflow of Money | 16 |
| Picture 3.1: Framework of CCS Promotion | 24 |

Summary

This paper aims to review the experiences of the Community Currency Systems (CCS) movement in Thailand. It focuses on the case of Bia Kud Chum, a CCS that was implemented in Kud Chum district, Yasothon province. It draws lessons learned from the experiences of implementation of Bia Kud Chum, and also proposes policy recommendations.

It can be said that the starting point of the CCS movement in Thailand is the emergence of the Thai Community Currency Systems Project (TCCS) in December 1997. TCCS basically aimed to introduce CCS as a tool for community development and to support the foundation of CCS in Thailand. The implementation of TCCS can be divided into 4 phases:

First was the study of international cases of CCS, in order to learn lessons from those CCS experiences.

Second was the introduction of the CCS concept and target community selection. Three workshops were held to introduce the CCS concept in the South, the Northeast, and the North. Thereafter, TCCS was contacted by the people of Kud Chum district, Yasothon province, who stated that they were interested in establishing a CCS in their community. As a result of a survey conducted by TCCS staff, it was found that Kud Chum had the suitable conditions to set up CCS, including years of experiences in various self-reliance initiatives, strong community leaders, strong people organisations, and fairly diversified local production. Therefore, CCS was established in Kud Chum.

Third involved establishing a community currency system. TCCS staff began work with the villagers and development workers in the community to establish the CCS. The working committee was formed to design the CCS, including identifying objectives, naming the system, drafting member agreements, and setting regulations for managing the system. The system later became known as "Bia Kud Chum".

Fourth included monitoring, evaluation and dissemination of the CCS experience. The implementation of this phase is not yet complete as the Bia Kud Chum is currently faced with the legal problems.

To understand why a CCS was set up in Kud Chum, one has to look at the history of community development in Kud Chum. In the 1980s, the villagers in Naso sub-district, Kud Chum district, began their alternative initiatives in order to solve their problems. These initiatives consisted of a Community Convenience Store, a Village Medicine Fund, the Association of Traditional Medical Practitioners and Herbalists of Kud Chum, the Development Volunteer Group of Buddhist Monks, alternative agriculture, a Community Forest Preservation Project, an Herbal Medicine Center at Ta Laad Temple, Rice Mill of Nature Care Society, small production groups, and the Hed Yoo Hed Gin (self-sufficiency) Group. Each step of community development the people of Kud Chum have taken has resulted from an evaluation of past experiences and lessons learned. The community development process in Kud Chum started with community business; i.e. the community convenience store. To deal with health problems, the village medicine fund was set up. However, it was found to cause a misuse of medicine. Hence, the role of traditional medical practitioners and the use of herbs have been revived and promoted through the Association of Traditional Medical Practitioners and Herbalists of Kud Chum, which led to the foundation of Herbal Medicine Center in Ta Laad village later on. Then, villagers realised that the use of herbal medicine to cure their sickness was not addressing the root of the problem. It was determined that the cause of sickness came from unsafe food. Therefore, they began to grow chemical-free rice for their own consumption. Then, they expanded the application of organic farming to other crops such as vegetables and fruits. The community rice mill was established so that villagers could cope with their problems, one of them being that they were cheated by paddy traders and rice millers. At the same time, there was demand for chemical-free rice from Bangkok, and setting up a community rice mill served this requirement of processing chemical-free paddy. Moreover, the Rice Mill of Nature Care Society also had a significant role in promoting organic farming in the community. Hed Yoo Hed Gin Group was formed to expand self-reliant initiatives to other spheres. Hed Yoo Hed Gin had sparked interest in non-monetary exchange within the community. After this process, the community of Kud Chum decided they would like to take the next step, and initiate their local exchange through CCS, Bia Kud Chum.

Bia Kud Chum was established in 5 villages: Santisuk, Sok Khum Poon, Ta Laad, Kud Hin and Kok Klang. A total of 14 people from these 5 villages formed a working committee to set up CCS. The working committee selected a note-based system as it was considered most appropriate for the community members who are not familiar with accounting practices. "Bia" was chosen to be a name of the system. In the Northeastern language, "bia" means seedling, which reflects the group's desire that the community develop into a strong, thriving community like small seedlings growing into large trees. With regards to management of the system, group members have a credit limit of 500 bia, which they can withdraw from the "Bia Bank". Bia cannot be exchanged for baht and there is no interest charged on either bia withdrawn or on bia deposited into a members account. Exchanging goods and services in the participating villages can be done in several ways; using bia only, using bia together with baht or using baht only depending on what the buyer and seller agree upon.

The community started to use the bia for the first time in March 2000. Its use attracted much attention from the mass media and government agencies. Some feared the use of bia might violate the law or could be a danger to national security. Some even suggested it might be seen as a strategy to create an independent state. Due to the attention mentioned above, and under the direction of the Bank of Thailand, the use of the Bia was suspended at the end of April, after only one month in circulation.

In July 2000, at a meeting of the Board of the Bank of Thailand, it was finally concluded that the use of Bia Kud Chum violated Article 9 of the Currency Act of 1958. This article 'forbids anyone from making, distributing, using or issuing any material to replace currency, except where permission has been granted by the Minister of Finance'. In addition, the Bia bank was said to violate Article 9 of the Commercial Banking Act of 1962, which 'forbids individuals other than commercial banks from using the word 'bank' or other words with the same meaning'. As a result, the Bia Kud Chum working committee decided to change the name of the system from 'Bia Bank' to the 'Self-reliant Community Development Group'. In July 2001, the Ministry of Finance (MoF) announced that they agreed with the BoT that Bia violated the law and should not be allowed.

Although Bia was used for only about 4 weeks, other core activities have been implemented, for example, a resource flow analysis workshop, a community market, a study tour, and occupational training. Consequently, some benefits to the community have occurred. Local production and its diversification have been boosted as the villagers are encouraged to produce goods to trade at the community market. The above activities provide a forum for community interaction, cooperation and socialisation. As a result, social bonds are strengthened, and the villagers have learned about their village economy. This process has strengthened the role of women in community development as can be seen from the women in different villages actively forming production groups.

From the experiences of Bia Kud Chum, the conditions needed for a successful CCS can be concluded as follows:

- CCS is regarded by community members as a tool to solve their problems.
- CCS has to fit into local context.
- Community members accept the idea of CCS and understand CCS concept.
- Community leaders understand and support CCS. The support of a spiritual leader within the community can also be critical. In the case of Bia Kud Chum, Prakru Suphajarawat, the abbot of Ta Ladd Temple, has played an essential role in supporting the Bia.
- A variety of goods and services are offered to trade.
- CCS has good management and transparency.
- Working committee and members trust each other in terms of system management and trading.
- Implementation of CCS has to be within the framework of the law.
- CCS receives good cooperation from government and private sectors.
- CCS employs a participatory approach to implement its activities. For example, members participate in designing the regulations of the system and workplan.
- CCS needs to have a monitoring mechanism to assess the outcome of its operation and to ensure constant improvement.

In addition, the experiences of Bia Kud Chum also provide a lesson for the foundation of a new CCS. Three factors are required to be taken into consideration:

- legal issues and attitudes of government,
- clarification of doubts and concerns about CCS,
- and the mass media.

It is evident that government agencies are quite sensitive to CCS, where the CCS is regarded as a currency that competes with the national currency. The appearance and shape of the notes,

which are similar to the notes of national currency, have caused skepticism within government. Therefore, note-based systems draw more attention and skepticism from the government, compared to the LETS system. In addition, it is important to clarify doubts and concerns that may be raised by the public and government agencies, thus decreasing the opposition against CCS. The mass media is another essential factor for CCS in terms of promotion to the public. However, untimely news reports and distortion can negatively influence the public, as occurred in the case of Bia Kud Chum. Inaccurate reporting drew too much attention from government agencies and created a negative impression of Bia among the public and government agencies.

The paper suggests that the framework of CCS promotion consist of three elements: study and research, implementation, and dissemination of information. Study and research play a role in drawing lessons and building up knowledge regarding CCS, which will be utilised in implementation and dissemination to the public. The study can be conducted in different stages. Before establishing CCS, the study is conducted to review experiences of other CCS projects in order to utilise the findings of the study in the planning stage. After CCS starts its operation, the research is conducted to draw lessons, evaluate the impact of CCS on the community, and propose policy recommendations. Regarding implementation, this element applies knowledge and the research findings into practice. A pilot project should be used as a trial-run, and depending on the results of the pilot project, expansion of CCS in to other communities should be considered. When a number of CCS are set up, in order to strengthen the work of these CCS, a proper network has to be built up. The network can link these group together at different levels, such as at the national, regional, and global levels. With regards to dissemination, the information derived from research findings, and the lessons learned from the experiences of CCS implementation have to be disseminated to the public and international organisations. Feedback and comments received should be used to improve research and implementation.

Chapter 1: Introduction

Thailand's financial crisis in 1997, which later developed into an economic crisis, has had adverse impacts on various sectors of Thai society, especially financial institutions and business. As a consequence, a large number of employees in financial or industrial sectors were laid off. Among those laid off were factory workers who came from rural villages. Even though rural villages and the agricultural sector were expected to buffer the impact of unemployment, the rural sector has also suffered from the crisis. As members of the family who migrated to work in those sectors were laid off, money that used to be sent home has disappeared. That means a decrease in an inflow of money to the rural sector. At the same time, the outflow of money from rural villages has increased while Baht devaluation has also caused an increase in prices of commodities which are imported, such as petrol and chemical fertilisers. The crisis of 1997 is not the only impact on the rural sector. In fact, the development strategy of the country in the past four decades, focusing on export promotion and industrialisation, has resulted in resources being sucked out of rural areas to sacrifice for the development of the country.

In Thailand there are many sectors which share the same concepts of building up the capability of self-reliance in the community. The government sector, as well as the private sector and NGOs have supported the concepts of community economy, sufficiency economy, as well as strong community, in order to build up the strength in the communities with regards to human, social, culture, local wisdom, economic, and natural resources spheres. Setting up an exchange system in a community became one of the benchmarks in supporting self-reliance in a community. This is because such a system creates the circulation of capital and resources within the community, and reduces the outflow of resources from the community. Furthermore,

it stimulates production that serves a local demand. A tool for creating exchange system, therefore, is required.

What is a Community Currency System?

Community Currency is a medium of exchange which is created by the community. Generally, it has three main characteristics:

- It can be used only in the community where it is created.
- It bears no interest.
- It can be used together with the national currency.

In general, Community Currency System (CCS) can be divided into four categories:

1. LETS, a mutual credit system, standing for “Local Employment and Trading Systems”;
2. HOURS, which employs notes as a medium of exchange;
3. Hybrid or mixed systems, which combine various elements of LETS and HOURS system; and
4. Time Dollars, an exchange of hours of work among members.

CCS can assist to increase self-reliance of rural communities in a number of ways. First, a CCS encourages local trading and exchange among community members, as they can be used only within the community. This leads to more circulation of resources within the community allowing wealth to stay in the community, rather than an outflow of local resources out of the community in order to earn the national currency. In addition, materials, resources, skills, labour and time may be available in the community, but with a scarce national currency, the community members are not able to generate economic activities and exchange. CCS as a medium of exchange can alleviate the problem of scarcity of national currency (a medium of exchange) in the community; hence enabling local trading and exchange. Second, CCS can lead to communities become less dependent on external sources of loans which bear interest. Third, as far as knowledge is concerned, CCS can be a tool to create learning process for the community members; i.e. increasing understanding of their own local economy and of the linkage between the local and external economy. Fourth, the operation of CCS can strengthen the social bond and mutual support within the community.

This paper is written from the experiences of CCS promotion in Thailand by the Thai Community Currency Systems Project (TCCS), as well as from the field work experiences of the authors that worked with the villagers in Kud Chum district, Yasothon province. The paper aims to review the experience of Bia Kud Chum, a CCS in Thailand. In addition, it draws lessons learned, and proposes policy recommendations. Chapter 2 explores promotion and implementation of CCS in Thailand. It looks at the case of Bia Kud Chum, located in the northeast of Thailand. The background of the community in Kud Chum is very interesting in terms of their effort to achieve self-reliance. After a year of preparation, Bia Kud Chum was launched in March 2000. Since then, it has encountered a large obstacle, that being a row of legal problems. As a result, the use of Bia has stopped when the system operated for about a month. Despite the short time of the use of the bia, other core activities of the system continue. The outcome is fairly evident. Lessons learned from experience of CCS in Thailand are pointed out in Chapter 3. Furthermore, suggestions for applicability to other sites are discussed. Policy recommendation for CCS promotion is also presented in Chapter 3. Then, Chapter 4 concludes findings and policy recommendation for further promotion of CCS.

Chapter 2: Experience of Bia Kud Chum

This chapter explores how the movement of CCS in Thailand and the first pilot project of CCS in Thailand, Bia Kud Chum, started. In order to understand why CCS was established in Kud Chum, it requires one to trace the history of community development in Kud Chum. This chapter looks at the motivation which has pushed villagers to practise CCS. In addition, it explains the process of designing the Bia system and how it works. It also discusses the operation of Bia Kud Chum and its impact on the community. Lastly, the obstacles of implementation are touched upon.

Study, development and promotion of CCS in Thailand

The project concerning CCS in Thailand first started in December 1997, known as the Thai Community Currency Systems Project (TCCS). TCCS was a joint effort of Local Development Institute (LDI), CUSO Thailand (Canadian volunteer organisation), Volunteer Service Overseas (VSO) Thailand, and Focus on the Global South. TCCS has received cooperation from many NGOs such as Thai Volunteer Service (TVS), Rural Reconstruction Alumni and Friends Association (RRAFA), Spirit Education Movement (SEM), Thai Holistic Health Foundation, Thai Development Support Committee (TDSC), Thai-Inter Religious Commission for Development, and Children Development Foundation.

The objectives of the project, when it first started, were as such:

- To study alternative economic systems in both the Thai and international context, which focus on the economic self-reliance of communities.
- To facilitate information sharing between Thai non-governmental and people's organisations and their international counterparts, on the role of community currency systems in development.
- To develop and evaluate a community currency system in Thailand which builds upon both the experience of Thai NGOs in community development, and international organisations in community currency systems.
- To disseminate findings with the aim of exploring the potential for a broader application of community currencies in Thailand and in other South East Asian countries.

The implementation of the project can be divided into 4 main phases:

3KDVH, Study of iQMLDWRCEVH s and alternative economic initiatives in Thailand

Between January and March 1998, a study of CCS in North America and Europe was conducted. It looked at the basic concept, objectives, implementation, as well as strengths and weaknesses. Out of this study, a report was released, titled "A Snapshot of Community Currency Systems in Europe and North America"², written by Jeff Powell and Menno Salverda. Furthermore, TCCS explored alternative economic initiatives in Thailand, particularly in the South and the Northeast of Thailand, for example, Savings Groups, Credit Union Groups, Muslim Bank, Labour Sharing (Long Kaek), and Asoke Community (Buddhist self-reliant community). The study led to a clearer understanding of CCS with regards to international experiences and economic alternatives in Thailand. Therefore, the project implementers could see how CCS would be

² For the full report, please visit <http://www.ccdev.lets.net/asia/thailand/snapshot.html>

suited to Thai society and the context of alternative development in Thailand, and devise the proper strategy to introduce the idea of CCS in Thailand.

Phase II: Introduction of CCS concept and target community selection

TCCS organised three CCS workshops in the South (August 1998 in Songkla province), the Northeast (September 1998 in Surin province), and the North (October 1999 in Chiang Mai province), respectively. To organise the workshops, TCCS cooperated with NGOs based in those areas or local academic institutes. The participants consisted of academics, development practitioners, and community leaders. The workshops aimed to increase the understanding of external impact on the community, the inflow and outflow of money and resources, and to introduce the CCS concept and its operation. After the workshops, the participants brought the idea to discuss with their community members. As a result, villagers from Kud Chum district, Yasothon province had an interest in setting up CCS in their community. TCCS staff conducted a survey and had a discussion with the community leaders in Kud Chum. It was found that Kud Chum had factors which were appropriate to set up CCS. First, the community in Kud Chum had years of experience of various self-reliant initiatives. Second, it had strong community leaders and strong people organisations. And third, the community had considerably diversified local production such as a rice mill, women groups producing soya milk, herbal shampoo, and dishwashing liquid, herbal medicine production, and so on. Therefore, TCCS agreed to support the community to set up CCS in Kud Chum.

With regards to the introduction of the CCS concept, TCCS has continuously introduced the concept of CCS to Thai society. TCCS staff have been invited to make presentations and conduct workshops in order to introduce the concept of CCS and its operation by NGOs, People Organisations (POs), academic and research institutes, and civil society groups. Groups that TCCS has worked with to promote CCS include the Assembly of the Poor, National Institute of Development Administration (NIDA), Research Development Institute (RDI) of Khon Kaen University, Bank for Agriculture and Agricultural Cooperatives (BAAC) of Yasothon, and so on. Moreover, another mechanism for disseminating the CCS concept is through the following website: <http://ccdev.lets.net>

Phase III: Establishing Community Currency System

After it was agreed between community leaders and TCCS to establish CCS in Kud Chum, TCCS staff began to station themselves in the community and learn development initiatives and the culture of the community. Several meetings were held in villages in order to introduce the concept of CCS and its operation to villagers and to scout villagers who were interested in joining the committee to set up CCS. Finally, it was concluded that CCS would cover 5 villages, and a total of 14 representatives from 5 villages formed a working committee which had tasks to design CCS: identify objectives, name the system, draft member agreement and set regulations for managing the system. This system later became known as "Bia Kud Chum".

Phase IV: Monitoring, Evaluation and Dissemination of CCS experience

TCCS had planned to conduct monitoring and evaluation of the system after it was launched in March 2000. It aimed to find out the result of implementation of CCS in terms of strengths, weaknesses and pitfalls. Then, the result would be utilised to improve CCS. Furthermore, it would assist in further planning of local production which serves the demand of the community and utilises local resources. In this phase, it was planned to disseminate experience of CCS in

Kud Chum to the Thai public and to international organisations working with CCS. In addition, TCCS looked for a possibility to establish a new CCS if any other communities were interested.

As it stands now, implementation of Phase IV cannot be fully conducted as CCS in Kud Chum encountered legal problem four weeks into its launch. The details will be discussed later in this chapter.

Background of the community

Naso sub-district, Kud Chum district, Yasothon province is located in Northeast of Thailand, about 600 kilometers from Bangkok (Picture 2.1).



Picture 2.1: Map of Thailand

The community of Naso was first settled about 100 years ago. The lives of people were simple and self-sufficient. The natural resources were abundant. Their livelihoods, to a large extent, depended on nature. Jeff Powell (2000) describes the lives of people in Naso:

“Up until the 1950s, outside influence was almost unknown in Naso. Self-reliance was practised in economic, social, political and spiritual spheres. Villagers grew rice, fruit and vegetables, raised livestock, caught fish and forage, wove their own clothing and built their own houses. Hard work and cooperation were essential. Villagers rose at 4 a.m. to begin milling rice for the day by hand, before heading out to the fields or forests to gather food.”

Thailand introduced the First National Development Plan in 1961, which aimed to industrialise the country. The Plan affected communities all over the country, including Naso. Since 1961, money has increased in importance to the people in Naso. They began to trade by using money (Kanoksak Kaewthep, 2001). The liberalisation of markets had led to community members

becoming more and more dependent on externally set prices for rice, their main production crop. The villagers had entered a vicious cycle of debt, lost their community forests and indigenous knowledge, particularly in areas such as herbal medicines, and as a result faced things such as health problems and an exodus of village youth to Bangkok in search of work.

In the 1980s, the villagers in Naso began to solve the problems they were facing. As a result, a variety of alternative initiatives have been practised.

Alternative and community initiatives

Various villages in Kud Chum district and nearby districts have over 20 years experience in trying to alleviate the problems of debt and achieve self-reliance. Their efforts have led to the formation of many active community organizations which focus on different issues including economy, environment, culture, religion, and health. The alternatives and initiatives of the villagers are listed below:

Community Convenience Store

In 1980, villagers and community leaders of Sok Khum Poon village formed the group and shared the revolving fund to establish a community convenience store where daily-use commodities were sold in the village. The store was run by villagers. At the end of the year, dividends were distributed to the members. It can be considered that this is the starting point of operating community business. Thereafter, the idea of a community convenience store has been adopted and practised in other villages.

As a number of community convenient stores had been founded, in 1998 there was an idea to establish a Community Convenience Store Network Center. The Center aims to be a wholesaler to distribute goods produced locally and from external markets, and to be a center that provides consulting services in management and accounting matters. Therefore, in 1999 the Community Convenient Store Network Center was established through the cooperation of 48 community convenience stores in Kud Chum and Sai Moon district, operating as shareholders.

Village Medicine Fund

In 1982, with support from a health worker of a district hospital of Kud Chum named Chujira Mitdhrwong, the villagers of Sok Khum Poon set up a village medicine fund to which each person contributed 10 baht. The initial fund balance was about 1,200 baht. The reason for setting up the village medicine fund was that villagers had difficulties accessing medical care. In those days, travelling to the district hospital in Kud Chum was very difficult due to the poor condition of the roads. After the fund was set up, basic medicines were purchased to sell to villagers. As a result of the availability of medicine in the village, it was found that villagers abused it. They bought unnecessary medicine. Caused by lack of understanding, they took the wrong medicines, which consequently led to allergies and side effects. In addition, medicine was expensive when compared to their earnings. As a result of these problems, people began to doubt whether or not the village medicine fund was beneficial to the villagers and solved their problem. The lesson learned from the village medicine fund led to a revival and promotion of the role of traditional medical practitioners in providing health care services to villagers.

Association of Traditional Medical Practitioners and Herbalists of Kud Chum

A health worker of a district hospital of Kud Chum, Chujira Mitdhrwong, coordinated with local teachers, traditional medical practitioners and people who were interested in this issue to found the Association of Traditional Medical Practitioners and Herbalists of Kud Chum. The Association was founded on 12 March 1983. It aimed to revive the role of traditional medical practitioners and promote the use of herbs in medical care. This would promote self-reliance in the health care of villagers by utilising local wisdom and local resources; i.e. herbs. The Association received support from an NGO called Herbs for Self-reliance Project and a government agency, the Thai Traditional Medical Institute. Almost 70% of the members were from Naso sub-district and became core members who actively worked for the Association. The activities of the Association consisted of:

- providing of knowledge on herbs,
- promoting the use of herbs,
- encouraging herbal growing in villages,
- organising study tours to exchange knowledge with other traditional medical practitioners and herbalists in other areas, and
- holding training on herbs for Buddhist monks in Kud Chum

The outcome of the promotion of the use of herbs was fairly successful. For example, in Sok Khum Poon village, villagers have reduced the use of modern medicine and replaced it with herbs. In 1982, expenditure on modern medicine within the village was at 12,000 baht, whereas it was at less than 3,000 baht in 1986.

Development Volunteer Group of Buddhist Monks

In February 1984, the district hospital of Kud Chum held training on “Herbs and Primary Health Care” for Buddhist monks from Kud Chum and surrounding districts. This training created momentum in the role of Buddhist monks in community development. It was the starting point of Buddhist monks getting more involved in community development. For example, many monks brought herbs to grow and breed in their temples. Some temples established herbal centers which have played an important role in traditional health care of the community. In 1991, monks who were active in community development activities formed a group called “Sangka Asa Pattana” (Development Volunteer Group of Buddhist Monks).

Alternative Agriculture

Apart from the revival and promotion of traditional and herbal medicine, in 1986 villagers wanted to expand their self-reliance initiatives into other aspects, particularly the economic aspect. Moreover, they had learned that health problems were still persisting, even though both herbal and modern medicines were available in the community. One of the main causes was thought to be the consumption of chemical-contaminated food. It was found that the use of chemical inputs in their farms was common. Therefore, some of the villagers began to adopt alternative agriculture such as organic and chemical-free farming, in order to produce rice which was safe for them and their families.

Community Forest Preservation Project

The Association of Traditional Medical Practitioners and Herbalists of Kud Chum played a leading role in promoting plant herbs and other plants in the common forest of 80 rai (12.8 hectare). The objective was to preserve this forest and build up a common consciousness of forest preservation. In 1990, this forest was announced as a preserved forest, known as “Nong Kaen Preserved Forest”. It was under the protection of 11 villages of Naso sub-district. The forest preservation activity has expanded to other sub-districts. For example, in 1999, the Association of Traditional Medical Practitioners and Herbalists of Kud Chum bought the Dong Por forest of 21 rai (3.36 hectare), located in Suk Kasem village, Noan Pley sub-district, to be a community preserved forest. Moreover, Sangka Asa Pattana Group (Development Volunteer Group of Buddhist Monks) has played a leading role in preserving the forest. The Group has cooperated with villagers to revive and preserve the forest in 7 villages.

Herbal Medicine Center at Ta Laad Temple

As a result of the foundation of the Association of Traditional Medical Practitioners and Herbalists of Kud Chum in 1983, traditional health care and the use of herbs had been revived and promoted in Kud Chum. In 1990 the Herbal Medicine Center was established at the Temple of Ta Laad village through the cooperation of the local community (Prakru Suphajarawat, the abbot of Ta Laad Temple, and villagers), and outsiders, consisting of the Public Health Office of Yasothon and Herbs for Self-reliance Project. The activities of the Center consisted of developing a pilot herbal garden, collecting and distributing herb varieties, herbal sauna service, producing herbal medicine, promoting herb growing as a supplementary source of income, and providing knowledge of herbs.

Community Rice Mill

The community rice mill was set up in 1991. It was named “Rice Mill of Nature Care Society”. The shares of the rice mill have been held by villagers in Kud Chum and Bangkok residents who would like to support the farmers to run their own rice mill. When the rice mill was first established, it received assistance from NGOs, Herbs for Self-reliance Project and Friends of Nature Society. The rice mill aims to promote organic agriculture and to produce organic rice. The rice mill can produce Thai Organic Jasmine Rice (Hom Mali Rice) to be exported to Europe. The benefits of operation of the rice mill are as follows:

Increase in villagers’ income. The farmers can sell their paddy at a better price when selling to the community rice mill. The farmers are not cheated by the middlemen.

Job creation. The rice mill has created more jobs in the community; i.e. villagers are employed to work for the rice mill.

Create learning process of running business to villagers.

Small Production Groups

In Naso and surrounding sub-districts, small production groups have been active in producing various goods to sell in local and external markets. For example, the women’s group of Santisuk village has produced soya milk and sold it to the community members since 1996. In 1999, they began to produce herbal shampoo and dishwashing liquid. The women’s group of Sok Khum Poon village has woven natural-colour cloth since 1996.

Hed Yoo Hed Gin Group

Through their experiences of practising organic agriculture, the villagers have not diversified plants in their farms. In some cases, they grow solely rice. This shows that the capacity for self-reliance of the villagers is still limited. Therefore, Hed Yoo Hed Gin (Self Sufficiency) Group was formed in June 1998, aiming to initiate self-reliant activities in economic, health, environmental, spiritual, cultural, educational, and political spheres. The Group consists of 15 households from 5 villages which are the same as the area of the Bia system. Hed Yoo Hed Gin focuses on the healthy production for household consumption first, selling only the surplus of their goods. They also promote the exchange of plant varieties, labour (long kaek), and tools amongst community members.

Looking Back, and Turning to the Future: 15 Years of Community Development in Kud Chum

Due to a long effort of development to achieve self-reliance, the seminar on “Looking Back, and Turning to the Future: 15 Years of Community Development in Kud Chum” was held on 4-5 September 1999 at Por Dang Agriculture Collage in Yasothon. The participants of the seminar consisted of representatives from 11 villages in Kud Chum and people from nearby districts, monks and local development workers. The seminar aimed to review and assess development experiences of Kud Chum, and to search for a future strategy.

After analysing the changes in the community in the past 15 years, positive and negative outcomes were found, as shown in Table 2.1.

Table 2.1 : Changes in Kud Chum in the past 15 years

| Positive Outcomes | Negative Outcomes |
|--|--|
| Improvement of basic infrastructure and public services (e.g. roads, electricity, water supply, school, health center) | Increasing debts |
| Availability of modern technology and equipment (e.g. agricultural tools, televisions, radios, automobiles, and motorcycles) | Diminishing capability of self-reliance |
| Development of people organisations | Increased dependence on purchasing food |
| | Deterioration of nature and environment, resulting from deforestation and use of chemical inputs, which have caused a reduction in sources of natural food |
| | Increase in labour emigration |
| | Villagers cooperate less within the community and are more selfish |
| | Drug problems |
| | Villagers are more tense |

In the seminar, the participants pointed out the 4 most serious problems that they were facing now and may continue to face for the next 10 years. These problems include debts, environment, drugs, and conflict. After that, they analysed which group is most successful in solving the debt problem: Hed Yoo Hed Gin Group. This is because the activities of Hed Yoo Hed Gin focus on controlling expenses on daily consumption and reducing dependence on external market that

they themselves have no control over. Furthermore, the participants suggested expanding its local exchange activity.

The outcome of the seminar shows that the villagers consider 'local exchange' as an effective mechanism in resolving their indebtedness which is considered as the most serious problem in the community. With the realisation that community currency systems could help facilitate the development of local exchange, CCS therefore was chosen by people in Kud Chum to strengthen their process of community development.

In sum, each step of community development the people of Kud Chum have taken has resulted from an evaluation of past experience and lessons learned. The community development process in Kud Chum started with community business; i.e. community convenience store. To deal with health problems, the village medicine fund was set up. However, it was found to cause misuse of medicine. Hence, the role of traditional medical practitioners and the use of herbs have been revived and promoted through the Association of Traditional Medical Practitioners and Herbalists of Kud Chum, which led to foundation of Herbal Medicine Center in Ta Laad village later on. Then, villagers realised that the use of herbal medicine to cure their sickness did not address the root of the problem. Instead, the cause of sickness came from unsafe food. Therefore, they began to grow chemical-free rice for their own consumption. Then, they expanded the application of organic farming to other crops such as vegetables and fruits. The community rice mill was established since villagers would like to cope with their rice problem. They were cheated by paddy traders and rice millers. At the same time, there was demand for chemical-free rice from Bangkok, and setting up a community rice mill served this requirement of processing chemical-free paddy. Moreover, the Rice Mill of Nature Care Society also had a significant role in promoting organic farming in the community. Hed Yoo Hed Gin Group was formed to expand self-reliant initiatives to other spheres. Hed Yoo Hed Gin has sparked an idea of non-monetary exchange within the community. After this process, the community of Kud Chum decided they would like to take the next step to initiate their local exchange through CCS, Bia Kud Chum.

Establishing Bia Kud Chum

In September 1998, representatives from Kud Chum attended a seminar on "Community Currency Systems and Self-reliance" held in Surin Province. The participants from Kud Chum brought the idea of CCS to discuss with their community members. Then, they contacted TCCS and showed their interest in having CCS in their community. TCCS staff therefore conducted a survey and had a discussion with the community leaders. It was found that Kud Chum had the proper capability to set up CCS. It was agreed that CCS would be established in 5 villages: Santisuk, Sok Khum Poon, Ta Laad, Kud Hin, and Kok Klang. These 5 villages have 537 households and a population of 2,700 (Table 2.2). The following are favourable factors for setting up CCS in these 5 villages:

- TKHFRP P XQW KDGover 20 \ HDVRI H SHUHGFH in YDURXVHD -UHDQWDMHV
- ItK dWRQJ and dedicated FRP P XQW GDGHU/DCGWRQJ SHRSGRUJ DQVDIRQV
- TKHFRP P XQW KDdFRMLGHDD GYHUVLHGBFSURGXFWRQ/XFKDV aUHP LORP HQ 's JURXS/SURGXFIQJ VR DP LOKHUEDKDP SRRDQGGVVKZ DVKIQJ OXIGHUEDPHGFIQH SURGXFWRQDQGV RQ
- The villagers demanded a new tool to deal with their current problems, particularly debt.
- These 5 villages are the area of operation for Hed Yoo Hed Gin Group, which shares the same idea of non-monetary exchange.

- Community leaders have accepted and supported the idea of CCS.

Table 2.2: Number of households and the population of villages where Bia system is operated

| Villages | Sub-district | District | No. of households | No. of Population | | |
|---------------|--------------|----------|-------------------|-------------------|--------|-------|
| | | | | Male | Female | Total |
| Santisuk | Naso | Kud Chum | 30 | 74 | 72 | 146 |
| Sok Khum Poon | Naso | Kud Chum | 97 | 288 | 294 | 582 |
| Ta Laad | Naso | Kud Chum | 59 | 154 | 151 | 305 |
| Kud Hin | Kam Mad | Kud Chum | 155 | 354 | 382 | 736 |
| Kok Klang | Phai | Sai Moon | 196 | 436 | 454 | 890 |
| Total | | | 537 | 1,306 | 1,353 | 2,659 |

With TCCS staff stationed in the community, a variety of activities concerning CCS were implemented as follows:

Introduction of CCS concept in the community

From March to August 1999, TCCS staff cooperated with development workers who had worked in the community to introduce the concept of CCS through meeting, informal discussion, and role play. Many groups in different villages participated, for example, community leaders, women groups, Hed Yoo Hed Gin Group, staff of the rice mill, staff of Herbal Medicine Center at Ta Laad village, youth groups, Buddhist monks, and community convenience stores.



Picture 2.2: Area of Bia Kud Chum

Designing CCS

After introducing the concept of CCS and its operation to villagers, a total of 14 people from 5 villages who were interested in CCS formed a working committee to set up CCS. A working committee had worked on the design of CCS, including identifying objectives, naming the system, drafting membership agreement, and setting regulations for managing the system. The details are as follows:

Objectives of Bia Kud Chum

Social

- To increase self-reliance in the community and to lower dependence on external markets
- To set up activities that increase diversity and sustainability
- To create good relationships between people in the community

Economic

- To reduce the outflow of money (Thai baht) and resources from the community
- To save community members' money (baht)

Implementation Process

Selection of the system

A coupon system (or NOTES-based system) was considered most appropriate for the community when compared to other systems, particularly those based on accounting. As community members in Kud Chum are not very familiar with accounting practices, the coupon system was seen as more user friendly and easier to understand.

2. Why the name “Bia Kud Chum”?

From a wide variety of suggestions it was agreed that bia should be the name of the trade medium of the community currency system. In the Northeastern (Isan) language, ‘bia’ means ‘seedling’ and it reflects the communities’ aim to develop into a strong, thriving community like small seedlings growing into large trees.

The design of the bia notes

Community members produced poems and paintings illustrating the way of life and local customs and traditions of villagers in the northeast of Thailand. Schoolchildren joined in a competition, after which a selection of their work was made for the screening and printing of the bia notes.

Managing the bia system

The bia working committee performs three main functions
Accounting, which is carried out by elected managers of the ‘Community Self-Reliance Development Group’, formerly known as the Bia Bank. The managers facilitate the withdrawals and deposits of bia and administrate the bia member accounts.
Extension activities to support efficient and balanced use of bia between members
Monitoring and Evaluation of the use of bia.

The use of bia

Group members have a credit limit of 500 bia, which they can withdraw from the “Bia Bank”.

Bia cannot be exchanged for baht

There is no interest charged on either bia withdrawn or on bia deposited into a members account

Exchanging goods and services in the participating villages can be done in several ways; using bia only, using bia together with baht or using baht only depending on what the buyer and seller agree upon. For instance, to buy one bag of soya milk, they can pay 5 baht, 2 baht and 3 bia, or 5 bia.

Membership

Only members of the five mentioned villages are allowed to become members of the bia system.



Picture 2.3: 1 Bia Note (front and back)³

Translation of Poem:

“We come together to build up a new society.
 We start saving, and it will bring about happiness in the future.
 Let’s grow lots of vegetables.
 The surplus after consumption will be sold in our community.”

Activities were organised to support local exchange:

- A Community Market is held in three villages. Each village has a market day once a week; on every Friday, Saturday, and Sunday respectively.
- Additional skills training for community members takes place in order to support such things as the diversification of local production to meet local demand.

Bia Kud Chum ... against the law? A threat to national security!!!

³ All samples of Bia notes are displayed at <http://ccdev.lets.net/asia/thailand/bianotes.html>

The community started to use the bia for the first time in March 2000. Its use attracted much attention from the mass media. However, distortion of news reports occurred. Thai Rath Newspaper reported the news of Bia Kud Chum in mid April 2000 that Bia Kud Chum had expanded to 5 districts. Moreover, it reported that a teacher who lived in another district expressed that this might be a sign to create an independent state. As a result, officials from district and provincial government offices, police, military, internal security, the Prime Minister's Office and the Central Bank of Thailand were among those to visit the community to investigate the Bia system. Some feared the use of bia might violate the law or could be a danger to national security. Some even suggested it might be seen as a strategy to create an independent state. Due to the attention mentioned above, and under the direction of the Bank of Thailand, the use of the bia was suspended at the end of April, after only one month in circulation. At that point in time, there were 120 bia members of which 33 had withdrawn about 7,000 bia from the Bia bank.

In July 2000, at a meeting of the Board of the Bank of Thailand, it was finally concluded that the use of Bia Kud Chum violated Article 9 of the Currency Act of 1958. This article 'forbids anyone from making, distributing, using or issuing any material to replace currency, except where permission has been granted by the Minister of Finance'. In addition, the Bia bank was said to violate Article 9 of the Commercial Banking Act of 1962 which 'forbids individuals other than commercial banks from using the word 'bank' or other words with the same meaning'.

As a result, the Bia Kud Chum working committee was forced to suspend the use of bia and decided to change the name of the system from 'Bia Bank' to the 'Self-reliant Community Development Group'.

7KH YI O U H V solicited the help of the Law Society of Thailand to support them in submitting a letter requesting the Minister of Finance to review their case. D Q T X H M I R Q ing Z K W H U it is necessary in W H F D V H R I % I D . X G & K X P V R D V N S H U P L V M R Q U R P W H) I Q D Q F H O I Q V M U \$ I V U U H F L Y I Q W H O W U W H) I Q D Q F H O I Q V M D V N H G R U W H R S I Q R Q R I W H % R 7 R Q % I D . X G & K X P D J D I Q 7 K H % R 7 V H O D N M U R W H) I Q D Q F H O I Q V M V D I Q W D V D L V I O U D D Q G L W H S U D F V F H V R I & & 6 L V Z I G H V S U H D G L W F R O S V H P D F D X V H G D P D J H V R the V F X U W R I W H O D V R Q D F R Q R P \ 7 K H U H R U W H % R 7 V X J J H W V e R W H) I Q D Q F H O I Q V M D V N D V K R X O C R E M U L Y H Q S H U P L V M R Q to operate , Q X O K H O I Q V W R I) I Q D Q F H O R) D Q Q R X Q F G W D W H D J U H G Z L W W H % R 7 W D W D Y I R O W e K H O Z D Q G K R X O C R E M D O Z H G H Y H M R X J K W H U H D D H G W D M D . X G & K X P L V D Q C C R Y D V H I Q V M V H R I W H F R P P X Q W Z K I E K , L S U C F I S B I K H J R Y H U P H Q M R X O V X S S R U W

In Kud Chum, after stopping their activities for 5 months, in October 2000 the villagers decided to continue their activities: organising a community market, using bia, and conducting participatory economic analysis in the village. However, the amount of bia used is very limited or even none is used in some weeks. One of the main reasons is that the villagers are scared due to the legal problem.

Implementation of Bia Kud Chum
 As of January 2002, the number of Bia members has reduced to 99 (Table 2.3). Some members quit because they are afraid of being arrested.

Table 2.3: Number of members of Bia system (as of January 2002)

| Villages | Sub-district | District | No. of Members | | |
|----------|--------------|----------|----------------|--------|-------|
| | | | Male | Female | Total |
| Santisuk | Naso | Kud Chum | 10 | 18 | 28 |

| | | | | | |
|-------------------------|---------|----------|----|----|----|
| Sok Khum Poon | Naso | Kud Chum | 7 | 8 | 15 |
| Ta Laad | Naso | Kud Chum | 5 | 5 | 10 |
| Kud Hin | Kam Mad | Kud Chum | 3 | 6 | 9 |
| Kok Klang | Phai | Sai Moon | 14 | 17 | 31 |
| Non local of 5 villages | | | 3 | 3 | 6 |
| Total | | | 42 | 57 | 99 |

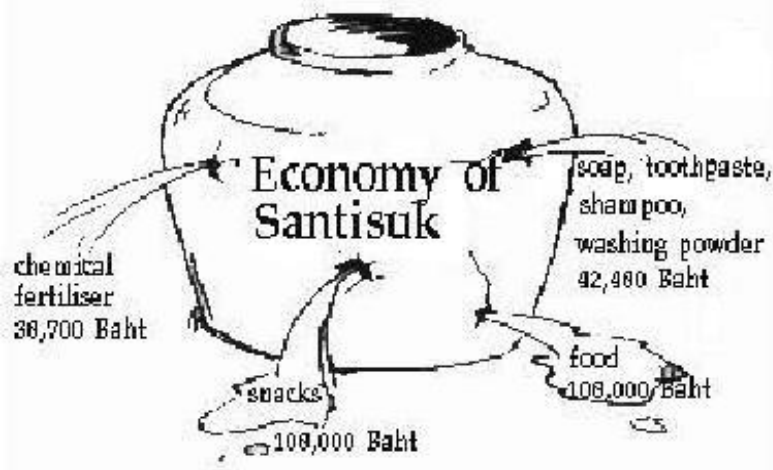
Note: Non locals are the development workers who work in Kud Chum.

Despite the legal problem which caused suspension of the use of bia, other core activities of the group have carried on.

Resource Flow Analysis Workshop

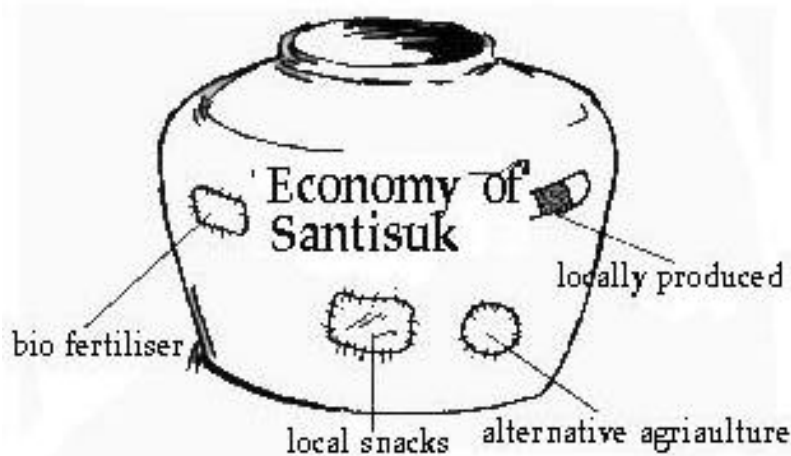
In cooperation with RRAFA, Thai Holistic Health Foundation, Nature Care Society, and TCCS, the resource flow analysis workshop was held in Santisuk village in October 1999 (Picture 2.4). The participatory workshop gave an opportunity to villagers to gather information of their resources, incomes, and expenses at household and village level. In the workshop, villagers would see the picture of incomes, expenses, and an inflow and outflow of money and resources of the community. It assisted them in analysing their problem and developing solutions. The two-day workshops in another four villages were held during February and April 2001. The results of the workshops showed that generally their expenses exceeded their incomes. This situation caused them to become indebted. In the workshop, the participants were encouraged to brainstorm to find their way out of this situation. The basic solution proposed is to reduce their expenses by producing for their own consumption (Picture 2.5).

Picture 2.4: Outflow of Money from Santisuk village



The above picture displays the economy of Santisuk village. It shows four major categories of expenses within the village: Snacks, food, chemical fertiliser, and soap, toothpaste, shampoo,

and washing power. It is interesting to note that one of the major expenses is on snacks for children amounting to 108,000 Baht which is equal to the amount spent on food.



Picture 2.5: Prevention of the Outflow of Money

To prevent the outflow of money from the village, the villagers must decrease their expenses by producing items normally purchased from outside, for their own consumption. For snacks, instead of having snacks produced from a big factory, children should be provided with snacks which are produced locally. In fact, women in the village are skilled at making local snacks. If they make snacks for children in the village, and even for surrounding villages, the village can reduce the outflow of money. For food, the villagers could practise alternative agriculture, which leads to the diversification of farming activities. Consequently, the villages would have access to various kinds of products, including rice, vegetables, fruits, fish, eggs, etc., for their household consumption. With regards to chemical fertiliser, the villagers could produce their own bio-fertiliser by using their farm waste. Moreover, it also assists in environmental preservation. For soap, toothpaste, shampoo and washing powder, if the villagers would produce these items for their own consumption, they would also reduce their expenses.

Introduction of Bia system in the community

To introduce the Bia concept and its operation to non-members, the meeting was held in Sok Khum Poon village in April 2001. The role play was conducted to allow the participants to understand how the Bia system works, as well as its benefits. The participants are women in the village. The reason for targeting women is that some are sellers in the community market and some are buyers.

Community Market

A community market is currently held in three villages once a week: Kud Hin village on Friday; Sok Khum Poon village on Saturday; and Kok Klang village on Sunday. The objective of the markets is to create an opportunity for villagers to trade locally. Consequently, resources will circulate locally. The community market was first organised when Bia Kud Chum started in March 2000. At the beginning, bia had been used in the market. Due to legal problem, villagers stopped organising the market for 5 months. After 5 months, the villagers agreed to open the market again in October 2000. The use of bia in the market was rare. In some cases, direct barter is employed to trade among villagers.

Goods traded in the community market are not in a large quantity. Generally the market is opened in early morning at 6:00 or 7:00 a.m., depending on sunrise in different seasons. It lasts for approximately 30 minutes to 2 hours. The income earned in the market of each seller ranges from 5 to 200 baht. A number of sellers in the market range from 2 to 20 persons, depending on a season. An average number of buyers are at 20 persons. During rice farming season, the market is not opened as all villagers are occupied with work on the farm.

The products offered in the market are detailed as follows:

Local products

Snacks/Sweets: Thai dessert, fried Banana ,coconut jelly, sweet sticky rice in bamboo, and rice crackers

Fruits: banana, mango, guava, papaya, and pineapple

Vegetables: melon, morning glory, galanga, chili, beans, lemon grass, eggplant, bamboo shoot, long green bean, tomato, etc.

Food (fresh and preserved): fish, frog, shrimp, corn, grilled chicken, duck egg, meatball, steamed bamboo shoot, curry and fermented fish

Others: traditional pillow, mat, and betel nuts

Non-local products

Clothes, Plastic items and accessories, and sticky rice containers

Study Tour and Occupational Training

In order to acquire additional skills to diversify local production, in April 2001, members of Bia system attended a study tour to visit “In Pang” Center, a people organisation in Sakonnakorn province. Activities of In Pang Center that the participants visited are integrated farming, production of snack and fruit juice, and weaving group.

Training was held as a follow up of study tour, in Santisuk, Ta Laad, Kok Klang, and Sok Khum Poon village. It was organised for villagers who did not join the study tour.

In November 2001, three members from Santisuk village received training on mushroom growing at Wang Noi district, Khon Kaen province. After this training, they have begun to grow mushrooms on their farm.

Local production is constantly promoted and supported in the community. As a result, small production groups have been established:

Sok Khum Poon village

Local Wisdom Revival and Conservation Group producing rice wine and raising ducks, consisting of 21 members

Hammock weaving group producing hammock, consisting of 5 members

Ta Laad village

Weaving group producing traditional cloth, consisting of 5 members

Women group growing vegetables, consisting of 4 members

Women group producing snack, consisting of 3 members

Santisuk village

Mushroom group growing mushroom, consisting of 6 members

Weaving group, a group of five elderly persons, weaving scarves

Kud Hin village

Vegetable group growing vegetables

All the groups have received support from the Micro Enterprise Fund of Bia system, except for the weaving group of Santisuk.

Micro Enterprise Fund

The Micro Enterprise Fund aims to support local production by providing investment loans to production groups. The Fund of 50,000 baht is managed by the committee. The committee is composed of three members of the Bia working committee and one representative from each village, selected by the members. Only Bia members are eligible for the Fund. In addition, when products of the group supported by the Fund are sold in the community, the group is obliged to accept bia at a reasonable proportion.

Impact of implementation of Bia activities

The impact of the use of the Bia is difficult as it was used for only a short period of time. However, even though Bia was used for only about 4 weeks, other activities have been implemented. As a consequence, some benefits to the community can be seen as follows:

It has encouraged villagers to produce goods to exchange at the community market. Moreover, goods offered in the market have diversified. In other words, local production and its diversification are boosted.

It has provided a forum for community interaction, cooperation and socialisation. As a result, the social bond has been strengthened. For example, the community market creates a space for community socialising. The villagers have an opportunity to talk, discuss, exchange their views on a particular topic, while the villagers have come to sell and buy goods in the market.

It helps to facilitate the circulation of resources within the community, as can be seen from the fact that villagers exchange their production through the use of Bia and direct barter.

Villagers have learned about their village economy and the flow of money through Bia activities such as a resource flow workshop and a CCS role-play.

It has strengthened the role of women in community development, as can be seen by the fact that 50% of the members of the Bia working committee are female. Moreover, women in different villages have formed groups to produce goods such as cloth, vegetables, and snacks.

Limitation encountered after the Bia system started operation

Members who participate in the Bia system from the beginning still have insufficient understanding of key concept of the system.

Bia still not used everyday. Used only at the community market.

Local production has not diversified enough. The variety of products offered in the market is limited.

A considerable number of members lack understanding of the system. They do not know how to use Bia, where they can use it, which commodities they can use Bia to trade for, and with whom they can trade with.

Reaction from outsiders and impact

A large number of local and national government agencies mentioned earlier have visited the community to find information about Bia Kud Chum. The Bia working committee was questioned by them. Even before the investigation of the Bank of Thailand, some local government officials threatened villagers that Bia was illegal; they would get arrested if they used bia (legal issue discussed further in Chapter 3). Some would like to buy bia as a gift for their friends and chiefs. Some just asked for it without paying. Some saw bia as an illegal item. For example, a police officer went to the village and asked to buy bia from villagers. This is the same method that they use with drug dealers while undercover and ask to buy drugs. The unprecedented phenomena of influx of government agencies to the community has created some results:

- Bia working committee was scared of being arrested when government officials visited the village and said that bia was illegal. Some of them resigned.
- Some members quit from the system. Some do not go to the community market. Some have sold their bia.
- Villagers who are not members of Bia system were also scared, particularly the elderly. Some elderly stayed at home and kept doors and widows shut. Villagers in general did not go to the community market, as the market was regarded as an activity of the Bia system.

• Other core activities of the system were stopped in the first three months after the Bia was launched, as the Bia working committee had to give information to government officials. For some days, they had 6 visitors. Therefore, they had no time to do any other activities. Moreover, at that time, villagers did not want to get involved in any activities of the Bia system.

Chapter 3: Lessons and Applicability

This chapter draws the lessons learned from the experience of promotion and implementation of CCS in Thailand, and Bia Kud Chum in particular. It examines conditions for a successful CCS. Moreover, it draws lessons learned from the experiences of Bia Kud Chum for application to other sites in Thailand and in other countries. Three points are raised: First, the legal issue, which is the critical point in the case of Bia Kud Chum; second, clarification of doubts and concerns on CCS; and third, the role of mass media. It also proposes policy recommendation for CCS promotion.

Lessons learned from the experience of CCS in Thailand

Since February 1999, when the process of setting up CCS in Kud Chum began, about three years have elapsed. Lessons from its implementation can be drawn.

Conditions for a successful CCS

From the experience of Bia Kud Chum, the conditions needed for a successful CCS can be concluded as follows:

- CCS is regarded by community members as a tool to solve their problems.
- CCS has to fit into local context.
- Community members accept the idea of CCS and understand CCS concept.
- Community leaders understand and support CCS. The support of a spiritual leader within the community can also be critical. In the case of Bia Kud Chum, Prakru Suphajarawat, the abbot of Ta Ladd Temple, has played an essential role in supporting the Bia.
- A variety of goods and services are offered to trade.
- CCS has good management and transparency.
- Working committee and members trust each other in terms of system management and trading.
- Implementation of CCS has to be within the framework of the law.
- CCS receives good cooperation from government and private sectors.
- CCS employs a participatory approach to implement its activities. For example, members participate in designing the regulations of the system and workplan.
- CCS needs to have a monitoring mechanism to assess the outcome of its operation and to ensure constant improvement.

~~/ HW/RQV/ODUHGIRDSOFEIDON VRRMHLVWV~~

The experience of Bia Kud Chum can provide a lesson for applicability to other sites. To establish a new CCS in Thailand or in other countries, there are three points that need to be considered.

Legal issues and attitudes of government

CCS is quite a sensitive issue in the eyes of government agencies. The government's point of view is that the existence of other currencies, other than the national currency, cannot be allowed. In other words, the central government regards creation of CCS as a currency that competes with the national currency.

The name "Bia" is also another point that concerns the government. "Bia" in Central Thai language refers to money. Despite the clarification that has been made that "Bia" used in Bia Kud Chum in the Northeastern language means seedling, confusion has occurred. Some can easily

take it for granted that this is an intention of people in Kud Chum to issue their own money. Consequently, they are suspected of creating an independent state.

The appearance and shape of the Bia note has also caused scepticism that they had the intention of making Bia to resemble money or the baht note. Moreover, it has been implied that the two signatures of Prakru Supajarat, the abbot of Ta Laad Temple, and Buathong Boonsri, representative of Bia working committee, on the Bia note resemble the signatures of the Finance Minister and the Governor of the Bank of Thailand on the baht note. This reinforces the view that people in Kud Chum are trying to issue their own money. Consequently, it upsets the government agencies, the Bank of Thailand in particular, which is responsible for issuing baht notes.

To ensure Bia conform to Article 9 of the Currency Act of 1958, a suggestion from a staff of the Bank of Thailand is detailed as follows:

Do not include the terms “bia”, “baht”, “money”, and “bank” and any other words which refer to money.

Appearance and shape of the note must not similar to the baht note.

Do not print the words “bia”, “baht”, “money”, and “bank” and any other words which refer to money on the note of the system.

Do not compare the value of bia against baht.

Community currency is to be used as a medium of exchange only.

Community currency has to circulate in a limited area.

It can be seen that the first three suggestions deal with name and appearance, to which the Bank of Thailand appears quite sensitive. There is also a suggestion that perhaps the term “currency” in community currency system should not be used, as it creates confusion.

It can be concluded that from the experience of Thailand, note-based systems draw more attention and scepticism from the government, compared to the LETS system. In addition, the use of the terms “currency” or “money” is a sensitive matter with the Thai government.

Clarification of doubts and concerns about CCS

The idea of CCS is rather new to Thai society. When the concept of CCS and the experiences of Bia Kud Chum were presented on several occasions, including in meetings with officials from the Bank of Thailand and the Ministry of Finance, questions and concerns, mainly regarding its negative effects, were raised.

From the experiences of dissemination of information of CCS and Bia Kud Chum, the following are frequently asked questions:

- Why Bia? Are there any other initiatives which lead to community self-reliance?
- Will there be any effects on the monetary system and economy if CCS like Bia are practised widespread?

- What is the backing of Bia?
- Who will be responsible for the damage if Bia collapses?

Therefore, to promote CCS, it is important to address the concerns and doubts from the public and government agencies.

Role of mass media

Mass media is a double-edged sword. On one hand, it can be used for creating understanding within the public. As such, mass media can be seen as an important element to promote CCS. This was evident in Argentina, where news of the Global Barter Network is constantly reported both in television and newspapers. On the other hand, it can draw too much attention and, in some cases, cause distortion. The latter has happened with Bia Kud Chum.

Even though some newspapers have reported the story of Bia Kud Chum in a positive way, one of the Thai most popular newspapers, Thai Rath, distorted the news. As a result, it has created a negative impression of Bia within the public and Thai government agencies.

Therefore, to establish a new CCS, it is important to deal carefully with the mass media. News regarding CCS must be reported in a timely and accurate fashion.

Policy Recommendation

Before discussing policy recommendation, the government has to answer the big question. Do they agree with CCS? If the answer is yes, discussion on policy recommendation can continue. In fact, CCS is quite important at the policy level. It can be an alternative to mainstream development. It can create a buffer for the community to reduce external negative impacts. It strengthens grassroots development and increases the bargaining power of the community. It encourages circulation of resources within the community; hence, wealth stays in the community.

The strategy to promote CCS is to support the capable communities in establishing CCS with a mode of operation which is appropriate and fits into the local context.

Framework of CCS promotion

From the experiences of TCCS and Bia Kud Chum, there are three key elements which constitute the framework of the project: study/research, implementation, and dissemination of information. Before introducing the concept of CCS in Thailand, TCCS conducted a study on the international experiences of CCS to examine different types of CCS and the strengths and weaknesses of each system. Then, TCCS held workshops in different regions of Thailand, aiming to introduce the concept of CCS. After the site of the pilot project was selected, CCS was designed and implemented. Thereafter, TCCS has planned to disseminate information of the CCS experience to the Thai public. At the policy level, the same framework can be applied to promote CCS (Picture 3.1). These three elements are mutually supporting.

Study and Research

This element plays an important role in drawing lessons and building up knowledge, which will be utilised in implementation and dissemination to the public. To promote CCS, the study to review experiences of CCS implementation should be a starting point. With the results of the study available, the strategy to promote CCS could be devised more effectively. When CCS is established and starts its operations, research is required to draw lessons and evaluate the impact on the community. Therefore, any new CCS which will be established in the future can benefit from this research. The research findings can also propose policy recommendations for CCS promotion.

Implementation

This element deals with the implementation of CCS. It applies knowledge and the findings of the research into practice. Before the pilot project implementation of CCS in a suitable community can begin, the results of the study or research on experiences of other CCS can be utilised in the planning and implementation stages. For the pilot project, research is required to study the outcomes and impacts of the project. The findings of this research can be used to improve the system itself and to provide lessons for others. The next step is to expand the foundation of CCS in other sites. When a number of CCS are established, the network should be built up to strengthen the work of those CCS. The network can be linked at the national, regional and global levels.

Dissemination

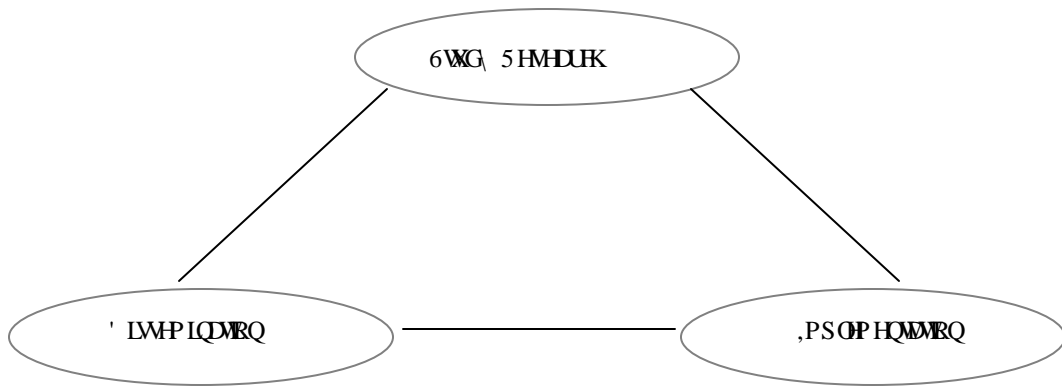
This element has a role in disseminating information of research findings, lessons learned and experiences of CCS to the Thai public and international organisations. Moreover, it should be a two-way communication. Feedback and comments should be used to improve research and implementation.

To realise the framework of CCS promotion, institutions which are responsible for the implementation of these three elements are required. For example, TCCS has played this role at a pilot scale. To enlarge the scale to the national level, other institutions, including government agencies, academic institutions, and NGOs, have to participate. Government institutions, which are involved in the issue consist of the Bank of Thailand (BOT), the Ministry of Finance (MOF), the National Economic and Social Development Board (NESDB), the Community Organizations Development Institute (CODI), and the Thailand Research Fund (TRF).

The TRF can play a crucial role in supporting research, to deepen analysis and critical understanding of CCS locally and internationally. The NESDB can incorporate CCS as a tool for increasing the self-reliance of the community into their plan. CODI can introduce the idea of CCS, and support the implementation of CCS nationwide through their branch offices all over Thailand, along with the POs and civil society groups they are working with. The BOT and MOF can provide advice on behalf of the government in order to facilitate the implementation of CCS, so that it may be carried out smoothly, and without any legal obstacles.

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Picture 3.1: Framework of CCS Promotion

Are there any other alternative systems that can better address the problems and concerns in Kud Chum?

Similar questions have been frequently raised, and have become more relevant as the Bia has encountered legal problems. Some, including the Bank of Thailand, even suggested that the villagers to scrap the Bia system and to find other ways, which conform to the law, to develop their community.

It is difficult to say whether any particular system is better than Bia Kud Chum. One reason is that the Bia was used for a short period of time, making it difficult to evaluate the impact of the Bia on the community, and also to see the weaknesses of the system. Therefore, one cannot compare the results of the Bia Kud Chum with the initiatives already existing in the community or any other alternative initiatives.

In fact, to achieve a self-reliant community, a variety of tools are essential in the process of community development. One tool cannot deal with all of the problems faced by a community. Over 20 years of community development in Kud Chum, the villagers have been initiating various alternative systems to solve their problems. Each tool chosen by the people of Kud Chum has resulted from an evaluation of past experiences. Bia Kud Chum is another tool for community development, which was recently developed by the people of Kud Chum.

Chapter 4: Conclusion

This chapter summarises the findings of the research and policy recommendations. Moreover, it also proposes recommendations for further research.

CCS as a tool for community development

Based on the experiences of community development in Thailand, a variety of tools for community development have been used and are familiar to Thai society, including alternative agriculture, occupational training, savings groups, community business and so on. CCS can be considered as a new tool for community development in Thailand. CCS was first initiated in Kud Chum district, Yasothon province. To the people in Kud Chum, CCS was chosen as a tool for solving their problems, debt in particular. The working committee, coming from 5 villages, worked hard to design the system so that it fit into their local context. As a result, they have incorporated their culture into the system.

With regards to the outcome or benefits resulting from Bia Kud Chum, one cannot focus only on the impact of the use of Bia. It is still too early to determine benefits of the use of Bia Kud Chum, as the period in which the Bia was used was too short and the situation is unusual due to the legal problems. However, if one looks at the whole process of establishing Bia Kud Chum and the core activities of the Bia group, including the introduction of the CCS concept, the resource flow analysis workshop, additional skills trainings, and the community market, some results are evident.

The resource flow analysis workshop has raised the awareness of the villagers regarding the situation of the economy of their family and the village. As they had become accustomed to buying things including some items that they could produce on their own, like vegetables, they were having to earn even more money in order to live and maintain their quality of life. For example, many villagers put all their emphasis on only their main crop, rice, in order to sell it to

earn extra money. To increase their yields, chemical fertilisers and insecticide were used. However, this increased the cost of production. During the non-farming season, they would go to the city, where jobs are available. With the thought of earning money first in order to buy everything for consumption, the villagers had overlooked their own self-sufficiency, whereby they produce for themselves, thus reducing their expenses. The resource flow workshop encouraged them to produce for their consumption and sparked the idea of exchange among themselves in order to reduce their expenses and the outflow of resources and money from the community. As a consequence of additional skills training through study tours and occupational training, and with the support from the micro enterprise fund, small production groups have been established. Furthermore, the community market which is opened every week has created an opportunity for the villagers to trade their goods, and a forum for community interaction, cooperation and socialising.

To establish a new CCS

At the community level, a number of conditions are required to ensure the successful implementation of a CCS. First of all, CCS has to be accepted by community members that it is a proper tool to deal with their problems. Second, community members and leaders must understand and support CCS. Third, a newly established CCS should fit into the local context. And fourth, a variety of goods and services should be available for trade in the community.

From the experiences of Bia Kud Chum, in order to introduce or promote CCS, three points need to be considered: legal issues and attitudes of government, clarification of doubts and concerns about CCS, and mass media. Legal issues need to be clarified before establishing a new CCS. Otherwise, it can become the major obstacle in the implementation of the project. At the same time, doubts and concerns about CCS in terms of its negative effects, which are raised by the public and government agencies, have to be addressed. Last but not least, to ensure the smooth implementation of CCS, accurate and timely news reports are important.

To promote CCS

The framework of CCS promotion is composed of three key elements: study and research, implementation, and dissemination. The study and research will assist in drawing lessons and building up knowledge regarding CCS. The study can be conducted at different stages:

Before establishing CCS, a review of experiences of other CCS projects in order to utilise the findings of the study in the planning stage.

After CCS starts its operation, a drawing of lessons learned, an evaluation of the impact of CCS on the community, and policy proposals and recommendations.

The results of the study will be beneficial to the implementation of a new CCS. The pilot project implementation of a CCS in a suitable community is essential in this framework. Research on the impact of the pilot projects is essential in order to draw lessons learned, which will be needed in establishing new CCS sites. Thereafter, the expansion of CCS in other communities can begin. Then, to strengthen the operations of CCS, the network of CCS has to be built up at the national, regional and global levels. Information gained through research findings and experiences of the CCS should be shared to the public, locally and internationally. Their feedback can be used to improve the works of research and implementation.

Recommendations for further research

This section suggests the theme of further research to support the movement of alternative economic systems. Further research should be concerned with the global monetary system, its impacts and alternatives. For example, research can be conducted to look at the trend of financial liberalisation, its impacts, and recommendation of alternatives.

At the community level, action research should be conducted to study the impacts of CCS and draw lessons learned. It is important to stress that the process after having finishing the research is also crucial in supporting CCS promotion. A public forum for interested people and a meeting with government agencies should be held to present research findings, and feedback and comments should be shared amongst the participants.

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Remarks by:

Pornpita Kiangphukiew
Field Coordinator, Thai Community Currency Systems Project

Today, I want to share with you the background of how Bia kud Chum started and what kind of activities we have undertaken.

Bia kud Chum could be traced back as early as 1980 about 20 years ago. We started realizing that the traders were making more money while members were becoming poorer. So we started establishing a cooperative shop, promoting self-reliance. We looked at some merchandise goods. In 1981 we embarked on another project to set up a medicine fund and a health fund that will provide health services in the area with assistance from the local district hospital. This health fund helped us provide access to western medicine but we still had to purchase medicine from outside. We spent about 30,000 baht just for the medicine, considered a huge expense in those days. Another problem was that some villagers were allergic to western medicine.

Reflecting on the problems of the huge expenses to purchase these western medicine and of the allergy caused by these medicine, we came to a conclusion that we would set up a traditional medicine club for the village knowing fully that locals had the wisdom to use herbs and traditional medicine. The club promoted the use of herbal and traditional medicine, including massage. We organized activities to try to get the people to help themselves secure medicinal assistance. They went up to the mountains in order to find herbs for remedial purposes. For the first year, the villagers spent less for the purchase of medicine, from 30,000 baht to 10,000 Baht. Through a learning process, they realized the advantage of preventing the illness, instead of waiting for the disease to worsen and spend more money on the purchase of medicine. They tried to find ways of preventing a disease and of consuming healthy foods.

Ten years ago, Masano Pokoka, a Japanese national farmer, a pioneer in national farming came to visit Thailand, particularly our village. National farming refers to organic fanning which does not use fertilizer or chemicals to till the land. Inspired by Mr. Pokoka the villagers embarked on this national farming which became more acceptable in Thailand. In tilling the land they didn't apply chemicals but used fertilizer. Pokoka on the other hand didn't even use fertilizer. The villagers started using integrated fanning, a kind of farming that enabled farmers to grow different foods in lands where they grew rice without using toxic chemicals. Some farmers used chemical fertilizer that were non toxic. They called their produce non toxic rice and started informing consumers in Bangkok and elsewhere to buy this non-toxic rice.

The rice milling is a tedious process of taking the shells of rice from the paddy rice. Traditionally you have to bring your paddy to the rice mills, many of which are in large quantity. Some millers tricked the farmers in measuring the volume of rice milled. This practice some way pushed the farmers to put up their own rice mill. Later, they built their own rice mill and embarked on other efforts to try to reduce or stop the use of chemicals for all kinds of foods. We further found out that relying on selling rice was unstable so they diversified their livelihood and formed this self-reliance group. The idea was to diversify the income generating activities. The six main objectives of this self-reliance groups were:

1. To achieve economic sufficiency that enable them to produce enough for their consumption and depend less on the outside.

2. To protect the environment so that activities are not detrimental to nature.
3. To ensure health of the people. Instead of running to the doctor all the time they find ways to prevent illnesses by exercising and consuming healthy food.
4. To educate the young generation to love and understand their community and understand their wisdom.
5. To be more aware of community rights
6. To revive the traditional culture.

In reviving traditional culture we had in mind looking at traditional ways of earnings livelihood Two things come to mind:

1. Barter system which has been traditionally practiced.
2. Collective farming. In the olden days neighbors will come and help in one plot of land and they bought it with another plot without charging anything. So they tried to revive this collective farming. Later on they found this simple bartering system was not convenient enough because what the others have before hand, the way of bartering was not that smooth. The task to revive the bartering system came at the same time with the arrival of the Community Currency System, the Thai CCS . We felt that CCS project would be appropriate and would enable us to achieve our goals. The villagers heard about CCS in Sept. 1998 and in early 1999, the project proponents come to conduct training workshops.

The self sufficiency group was formed in late 1997. During that time they held seminars to evaluate community development efforts. One of the most prominent findings was that even though they had many projects to help address health issues, property issues and so on, the main problem of indebtedness persisted. It became worst as the solution to address this problem was the emphasis on the bartering system. About 14 villagers participated in the seminar and suggested more concrete action. They formed a team and proposed to experiment on community currency system focused on five target villages whose members mostly belong from the self sufficiency group. The seminar for the reflection was held in 1999. Kud Chun has a long history of involvement by NGO's, many of whom helped the villages. There was also involvement of governmental officials in some projects. In our latest seminar the community analyzed the outflow and inflow of resources and how to plug the holes. Role playing was also used as one the techniques to make the villagers understand.

We also organized the informal discussions with many groups in the villages, sharing information about this community currency system, until the villages felt confident that they could handle it. Finally they started it and put up a working committee to carry out the task of implementing this community currency system. Unfortunately most of the members were women and they decided to set up rules by which members have to abide. For example members could borrow at most 500 bia a year and they have to return it by year end. This bia is not convertible to Bath and there is no interest incurred in the use of bia's.

The working committee assignments can be categorized into four areas:

1. Bia Bank- managers deal with the withdrawal and receipt of bia returned.
2. The promotion of the use of Bia and the promotion of diversification of production
3. Public relations activities
4. Monitoring, evaluating and suggesting improvements.

We started to announce to the people to apply for membership and they launched it on the 29th April 2000 after Bia has been used for fourteen days. The CCS and Bia became headline story nationwide in one of the popular tabloids in Thailand. The newspaper reported that a group of villagers separated on their own

and used Bia currency in five districts instead of five villages. The tabloid liked to destroy by changing or adding words. The story became a big public controversy and led to serious investigation by the officials who were more interested in what media reported and its impact on their activities. After that there were serious intimidation. Truck load of army men came in and the villagers were very scared. The army men pretended to show interest on how to use the national fertilizer and many intelligence officers also came in. When the villagers had their meetings, these officers had someone to stand nearby and try to listen to the discussions. Even the head of the sub-district who had nothing to do with the activities attended the meeting organized by the villagers because of the news report.

The committee members engaged in co-op group activities have been together for many years and have been active since 1973. In the 1970's communist insurgency was a problem in Thailand. The area was consider a pink area, and people in the district were considered radical and non-conventional. The grouping has been quite strong in the beginning. First they formed cooperative shops to minimize the role of the middle men. They had their health fund for health services, and set-up their rice mills. As an umbrella organization, we were also a nature conservation club. Working together for many years, the members initiated the seminar fund with the help of some NGOs and governmental officials.

The officers were free to walk in and around the villages, even directly intimidating and threatening some villagers to give the Bia. The Bia became a memorabilia that people tried to collect. Even teachers asked some of the students living in the village to collect bia. Some villagers sold the Bia to some banks. An officer from the Bank of Thailand and media men went to the village for two months inter-viewing them five to six time a day and this got in the way of the villager's daily chores. Some of the leaders were brought to the police station for questioning. The villagers were very scared. They thought that their leaders would face arrest and that they would suffer the same fate.

The rumors spread around causing divisiveness among the villagers. Some thought that they were cheated by their leaders and were so scared. There were rumors that leaders had been arrested and were due to be executed. The monks who were involved in the CCS project were disturbed. They had to stop the use of Bia and later re-opened on the 28th September 2000, allowing people to withdraw Bia. We then started to count how many Bias had been circulating. In September 2000 there were about 43 people who withdrew the Bia and there was about 5300 Bia circulated in the village. In fact after the intimidation and the re-opening of the Bia some members quit and new members joined. Of the 120 members, 43 members withdrew their Bia.

I would liked to end my speech by stressing the three objectives of use of Bia, number one, it is used for an economic purpose. Bia can be used in combination with Baht and by using Bia the villagers can save the Baht, the national Thai currency, to service their debt. Number two, the use of Bia helps to reduce the outflow of resources. Number three the use of Bia helps promote the diversification of the income generating activities that we believe will bring about wealth for the community. The use of Bia provides social benefits by strengthening community relationships, and enhancing the feeling of trust or usual trust among villagers. For example, they disallow anyone who has no backing to withdraw the Bia. This also helps to create a kind of reciprocity. The use of Bia helps environmental conservation. For example Bia cannot be used to buy chemical fertilizer, only natural fertilizer. Some villagers are happy because the use of Bia helps combat drug abuse because you cannot use Bia to buy drugs. These are some objectives set by the villagers. It's a trial and error initiative but the villagers believe they may be able to achieve the goals.

The Future of Community Exchange Systems in Asia Concluding Remarks by:

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**Remarks by Dr. Ekniti Nitithanprapas
Office of Economic Finance
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Frankly before joining Dr. Apichai project, I knew nothing about the Bia Kud Chum because I was involved in the macro-economic policy level at the Ministry of Finance. However, I think it's very good idea that Dr. Apichai and other officials are here because we can all understand the CCS system, help promote the CCS system, and help study the real benefits of the CCS system. After joining the first meeting with Dr. Apichai, I made some theoretical study on this issue and I understood more the real benefit of the CCS. In my view we have to divide the analysis into two parts. The first one is the legal part, the second one is the rationale behind the CCS. The reason I say this is because in Thailand we have different legal system compared to Japan. The Japanese government is not going to intervene in the CCS system as I understand. But in Thailand we have legal rules that do not allow a community to have its own currency. That's why in our case we have to deregulate the action. I think this is the first comment. If you want to

get into detail in this part of legal act, I think we have to consider how many acts or laws are involved with the CCS. In my view, I think it involves two acts. One is the Currency Act and the other is the Banking Act. I think for the first one, some of you may know that we are changing the Bank of Thailand Act and Currency Act. In that case, there is another way that we can change this Act. If you think that the concerns that Dr. Apichai presented earlier that you cannot commit to the act, or I don't know where to change the act. But I think this may not be the only way to change the Act. If the criteria that Dr. Apichai mentioned earlier is not opposed to the main idea of the CCS, I think there should be no problem even the current act that we are using so in that case I think there is no problem. In the case of Bia kud Chum, the problems came from issuing the notes that look similar to the Baht. The currency issuing needs two signatures. I think this is not the real issue of the CCS. We can change the notes. It's not going to change the real concept of the CCS. I think if you commit to the real system of CCS without doing any illegal things there should be no problem. The second issue that I think we need to focus on is the rationale for the CCS. I think the ban against the Bia kud Chum was a result of the legal violation not because of the rationale behind Bia kud Chum. Bia kud Chum itself has its own logic and benefits, but no one has ever clarified it. It is part of our job too to clarify to the people, even to the officials or to other people to understand this concept. Since joining the project I have understood more the benefit of this CCS. I still hope our workshop and further work would help all of us to show the real benefit of the Chum and if we can implement CCS successfully then we can transfer the knowledge to other countries. The other point is that now we are in the process of changing the environment in Thailand. This involves the physical decentralization. This concept is parallel to the concept of CCS. Luckily I was in the project of physical decentralization in the Ministry of Finance Research Institute. I understand that power of people starts from each person. It does not emanate from the government. Each person gives his right to the government but the trends have changed, the power to the government, so the government has centralized its system. Now we are in the process of decentralization which can accommodate Chum system. Another issue is the government's focus on the community. We have the village fund which supports activities in the village. And promotes sufficient economy in the village. If CCS system or Bia kud Chum or any other means can integrate with the village fund or any other project it will help in terms of facilitating the village activities. I have a question for this presentation. The first one is how local currency can reduce the debt. I would like to explain a little bit more. The second question is the resource flow analysis. I did not see the link between Bia kud Chum and outflow of economy. Is there an outflow of money outside the community? I did not see the logic of how Bia kud Chum can help the community reduce its debt. Looking at the picture I think if you don't want resource to outflow from the community why don't you just produce your own product and use the product? It is not related to Bia kud Chum.

The point I would like to make is that CCS or Bia kud Chum has a lot of benefits. This is an excellent product that we have to clarify. For example, about the link between Bia kud Chum and debt. The clear benefit of Bia kud Chum is another form of social safety net. I think this is the main benefit of CCS in my mind. I mentioned to some people that in European countries they have formal social safety nets but in Southeast Asia they have informal safety nets. I think CCS maybe between the two ends of the formal and informal. To some extent I think we all agree that we cannot reject globalisation. Maybe CCS maybe a means, not the only means, to promote a self-sufficient model.

In Thailand, I think Kud chum district has been developed for quite a long time before CCS was introduced and I think this is the key success of the CCS system. The second point, the legal issue also because this is the major obstacle that we have had experienced in two years in the Kud chum district. I think the problem in Thailand started with the miscommunication between local people and authorities. In Indonesia, you have the legal concept which is very similar to the currency. We have brought the officials in the beginning, you can look into detail of the Act and I think you can introduce CCS without doing any illegal and still keeping

the profit of CCS. I don't think any official will disagree with the concept of CCS if they really understand it without doing any illegal action to the law.

It seems to me that the problem do not come from the BOT or the MOF. I think if Bia kud Chum is covered by the law, we will have no problem. And I think we all agree with that. We should tell Dr. Apichai to invite military men in this forum, I think it would be useful. I think so far there would be no problem if we follow the Act.

Remarks by Mr. Vorathep Vithayaviroj
Bank of Thailand
Thailand

I came here on my own, not as a representative of the Bank of Thailand. What I have known is that many years ago we had a community currency in Kud Chum and we called it Bia. The word Bia in Thailand means money. For example, when we are talking about interest we call it Dok Bia. It means that some money rise from the fund that we loaned from somebody. The government is worried that we will create another kind of currency in the community or in some regional part. Mostly they will refer to the legal. For example, the current law says that nobody can make anything like the currency in the country. It warns that the kud churn community cannot have any kind of currency to replace the money that we use in Thailand that we call Baht. As far as I know, the community in Kud Chum just wants to help themselves. They just want to have some exchange, some symbol to help them because mostly they lack money. And right now the government tries to improve and help solve this problem through the village fund. This fund provides one million Baht to every community. This is the policy that the government tries to address in order to solve community's lack of money. This is the policy that the government tries to help people in the rural areas. Also I think the money will not be enough. They will not be enough to support the people in the community. Also the problem is if they have no money and they want to have something to exchange, how can they have the symbol to use instead of the money. For example if they have some rice and they also want to exchange some corn and some medicine, what can they do if they don't have money. The important thing is that if you want to use some media like currency in the village, we cannot value that currency equal to the money in the country. For example in Kud Chum, you take the value of the Bia as one Baht as one Bia. At this moment, the government refuses to accept this concept. If you want to use any symbol instead of currency, we can call something different from Bia because it's similar to Baht to money. You can use any name not Bia, that is the first priority we need to do. The second one, we need to make the value not equal to the money that we use in Thailand. For example one Baht equal to one Bia, we used to compare it like that, we try to avoid it. The third way, we need not use this kind of symbol. As I know, Kud Chum tried to spread the Bia to all of the village in Yasothon I think this is not limited only to Kud Chum community. In Yasothon we have another currency instead of Baht. This kind of action the government cannot accept so we tried to limit the uses of this symbol. As in community or something not separate that it used to be. The main important thing is that we cannot use this symbol instead of the money. For example we will not use the Bia. Use this kind of symbol to exchange with the Baht in Thailand. We will not accept this exchange, this will be limited. It will deny that the symbol of this kind is not currency. We will not announce that we can use this kind of in money to pay back the debt. You can use instead as equivalent of merchandise but not to pay back debt. If we can do all of these, I think that it will explain to the government that this is not the kind of currency that will go against their currency law.

**Remarks by Dr. Silapom Buasai
Thailand Research Fund**

It might not be so interesting to try to link the adoption of CCS with the stages of economic development in the country but it might be interesting to analyse why that country adopt that system in response to what phenomenon they have been thought. If they have been through economic crisis or the background of their country has a strong community ties that they want to strengthen like for example in Japan. I also do not quite agree with Dr. Piyanut that CCS is new, that local currency system is new. If we change the word currency into exchange system its not new at all. People in local area trade things in a barter system, they use to trade rice with salt or fish with vegetables. They have been more familiar with that system than the money system. I think the suggestion is quite like in Indonesia. I was in Indonesia and in a local community, not a very strong one, they weave baskets and they sell it for 15 Baht a piece and asked if they do mass production they would say no if its farming season even for 100 Baht a piece. They don't care about money, money is not the only thing they want. If they grow rice they can have food for the whole year. If they sell things like that, no matter how much money you have, you spend it. Perhaps the campaign of the government in Thailand, maybe the money going down to the villages is not what they want. When we are talking about currency system and money only, its not really the thing that would serve their need. For Thailand, I think adopting the philosophy of self sufficient economy will be more apt and at that if we are going to adopt some form of exchange system in order to protect local communities from disturbance, in the sense it's a protective shield or what you might call self immunity and also a means to strengthen the relationship among production unit within the community so they can be more self reliant. In this sense, this is where I feel like I have come up with a research question that I know what to do next. I would think of this issue not as a community currency system as an exchange system to promote self-reliance of local community. The objective would not only be the promotion of mutual assistance but also to promote local self sufficiency in which local production units can have more transaction among themselves and how much money they are bringing out and bringing in. this exchange system would be only an alternative for this objective. In fact doing the promotion of mutual assistance can be done in other means. If we want to try CCS, then why not. The research question will be if it can really shield the community from external impact of whatever crisis happening outside or money market or whatever. And what are the possible negative consequences that can result from adopting this CCS. Plus at the operational level, like counterfeiting. Or at national level whether it disturbs economic stability or whatever.

If I remember it correctly, Bia kud Chum was geared towards this concept of local currency to promote self reliance but has not been able to move further than that because of the situation then was not stable legally on how the Ministry of finance and BOT review in Thailand. But that could also be not a dead end. They can still invent other forms of exchange system that could achieve the original objective. Therefore what we really need to think is what are those objectives especially for the Thais, if were are going to explore the possibility and forms of local exchange system that could promote self-sufficient economy. I think at the policy level they wholeheartedly agree with that.

**Remarks by Dr. Priyanut Pibooisravut
National Economic and Social Development Board
Thailand**

First of all, I would like to go to the characteristics of development stage of Thailand so that you know when Thailand's paper with regards to CCS it can be put nicely. Under our philosophy of development (2002-2006) we are moving towards the principle of sufficiency economy. Sufficiency economy emphasizes moderation, reasonableness and self-immunity of our development path and the system too. As I mentioned yesterday that after we have been encountered the economic crisis so we have to come back to think. What we can do is to create self-immunity for our country. For example, the good governance issue or CCS will be viewed as one type of immunity for the community level because with the globalisation environment the world will be connected not at the national level but at the community level as well. So we cannot protect ourselves 100 percent. We keep our health in very good shape but we're also exposed to bacteria and catch cold someday but we should do the best to keep protecting ourselves. Moderation based on our experiences in the past is that we have over consumed, over invested or mismanaged in terms of investments as well. So moderation is that we can put the word atomisation of your economies and use different terms from different perspectives. We may be able to borrow but it has to be within the constraint that we are able to pay back in our lifetime, long-term atomisation process in terms of dynamic, atomising Just short term. We have to think about the factors and conditions before we make a decision. Comparing to rationality which is a more narrow concept this is more like we have to think about factors, conditions, all the constraints and optimising that terms. So this is what it means by reasonableness. It's more like expanding beyond budget constraints. We have to think about our social constraints, like environment constraints. These are just the principles that I mentioned. It hasn't been elaborated in terms of actions plans. It is still our office duties to put it in action plans. The objectives are: to reduce poverty, and to sustain our economic recovery. We're still not out of it yet we're still at the edge and we still have to struggle with our recovery. We don't think we can do that well as the past, we need a strong and sustainable recovery from the crisis. The third one is to strengthen our social foundation because if you link more in our plan for community development, this includes the environment too. Our experience in the past is that our development progress has been associated with natural resources deterioration. So we have to try to recreate that environment in terms of preservation or reforestation. And good governance in all 3 levels at the government level, public sector reform and civil service reform and this is part of the reform that we will go over for 5 years, corporate governance, we have done so much after the crisis but that hasn't been enough. And then the last one is community governance because Thailand is going to go through a process of decentralization and if we are not going to prepare the committee well in terms of governing themselves, I don't think the process of decentralization will benefit the community if there's no preparation in the committee level. These factors can just give a background when we are going to put the CCS in our big picture in development in Thailand.

In terms of principles, first is that we have to see whether or not CCS be consistent with our development or not. If it is not, then we just cannot support it. So we have to go to the principles first then actions later. From the biggest principle which is sufficiency economy, all these elements implies that we are going to emphasize more on the self-reliance of the country and of the committee level. It doesn't mean that we are not going to import and export. It has different meaning from self-sufficiency. Self sufficiency means that we produce everything and we are not going to conduct trade or exchange with other communities, we don't mean that. Self-reliance means that we have to do our best, and first rely on ourselves first. This is totally different from self-sufficiency. The first level is that sufficiency economy in terms of our self, family and we have a development on new agricultural theory or sustainable agriculture in Thailand. We have developed in terms of industrial for so long but the majority of the people still rely upon agricultural sector so we have to think about the sector in our development path. We have to be self reliant in terms of what we use whatever we have first, not thinking about importing.

We have to go back to what has been done in the past. In the past decade, during our boom period we depended so much on import. In finance or even in rural sector so we just come back even technology, Thailand has been developed based on import technology so much that we cannot rely on ourselves anymore. So one of the strategies, we have to think about how we can utilize what we have first and try to build up on what we have. For example, science and technology or local wisdom. Why don't we try to bring our scientists or technicians to build knowledge on top of what we have first. All of these has come after we have reflected in the past and brought us to our crisis. We focus more in the past on production. Within this framework, any balanced economy always has to have two sides of the coin which is production and financial as well. The community would like to develop your own self-reliance. In terms of some percentage where you can create the self-immunity for the community. For this local exchange fits well in that philosophy. The second one, the community development strategy. What Kud Chum is doing is that this is one type of means that community people use to develop activities within the activity so that people can get together and start to establish the storage of social capital. We have to start from somewhere and each community has its own different condition and factors both external and internal. Understanding the conditions of the villages and may think about maybe this is activity that the villages can start with towards creating a social capital and strengthening the community. We can see it as one of the tools and that the magnitude of this is so trivial compared to the currency in our country and if you can solve the technicality of the legal issue then I don't think that we have objections from the DAAC in terms of strengthening the community. For any community activity to happen, you need a strong leader or a change agent. In this case, I have recognized the change agent came from outside, it can be any it is fine. Many communities in Thailand have not come up with activities by themselves. It has been created from outsiders. How to internalise that? How to enter the community and how to train community people to understand this issue perfectly so at the end of the day the community can be self-reliant. Not that whenever something happens you have to call somebody else from far away because that will not be sustainable development for the community. It may be a process of creating a strong leader. This is one tool to create more discussions among villages and to expand production and trade in communities. To sustain this program you have to link with all the activities. The design of the program, it is well designed. I think the community can go through the process themselves with some change agents from outside to provide some knowledge how to go about it. How to prevent the faking of money for instance. If its only one person who has a fake Bia then it may not be that big to create a fake Bia. If one day the amount will be increased then you have to take these things very seriously. How can you prevent some powerful group people to control the issue in the community? These are issues that community people need to think about to sustain their activities. This is all about designing the program. Good governance seems like you have been well informed among the communities and committees

From my listening yesterday, I found it very intriguing that CCS has been started in the West first. If you can give the background first, the history of CCS and how it started in Asia. In Japan, CCS only has 5 years of history. If you can put this history into the perspectives and that there is history of CCS in the world. I think people will not think that it's a new doctrine. Then I think people will have less fear of CCS. The second one is that I don't know if there has been particular study in the link of the development of CCS with any community or any country. Our experiences in the past is that when we do anything and we just import, any tools, ideas put in our country without thinking about the conditions surrounding, we are at fault because it doesn't fit with the development of the country and of the community. Look at the trait, value or volume of the community or the country, or the cultural background and this will help us understand how we are going to apply CCS in our own context. These kinds of studies will help us a lot.

The more formal sector has been developed then the more tendency CCS can be developed. But it can also be reversed that the more informal sector then the higher tendency the CCS can be initiated but may

not be able to maintain. If you put all these in a concept paper, it will give strong contribution to development theory.

**Remarks by Alec Bamford
Program Coordinator, Asia
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On Dr. Kawai's presentation, it's far better than any overview I have read of the situation in Canada or in the UK because community currency systems are largely hidden in those countries. The problem of regulation basically hasn't come up because nobody spotted it to a large extent. The degree to which most people in these countries are completely unaware of the existence of community currencies cannot be exaggerated. Recently, a new Canadian ambassador to Thailand, this ambassador has a ph d in economics from London School of Economics, he's been in Thailand before and I mentioned that CUSO was involved in the community currency project in Thailand. "What is a community currency system?", he asked. I started to explain and I explained we had run into a problem with the Bank of Thailand and Ministry of Finance who had said that in their opinion the system in Thailand is illegal. He said it has to be illegal, it's impossible to have another currency. But in Canada you've got them, and he said no we don't. I had to get the papers and show him that yes they do. So that is one problem we are facing that these things do exist and they are existing largely underground because they are initiatives of marginalized groups in society and occasionally extremely well educated groups some of the systems in North America are by university people and found out and deliberately set out to get these systems. But what I really like to do is to place what we've heard today in perhaps a larger context that were hinted a number of points in the paper and that is where do community currency systems fit in the view of economics? It was mentioned that one of the failings of the national currency system is that policy cannot accommodate local conditions. This is a problem that is clearly getting worse. We've just seen the birth of the Euro now is going to be set for Europe, not for individual countries. You see economies dollarizing more frequently. Again, the ability for anyone to make decisions that are sensible for each locality is being reduced. We have a reduction of democracy in policy making. And, if we think in terms of your economic activity, when I came to Thailand, the big department store, well now central department store is far renowned and now we have foreign institutions. This makes me feel more remote as a customer of these organizations from the economy. When I buy something I don't know where my money is going anymore. Unfortunately, my doctor ordered me to stop drinking beer but before then I had the choice of buying beer from 2 choices. One is from a supermarket chain and another is from a Chinese local comer store. The supermarket would offer various discounts to induce me to buy there. But to them I am nobody. I'm just a consumer, they didn't know me and they didn't want to know me. The family store would tell me -Oh I'm ever so sorry but I have to charge you a bit more this time because the distributor is squeezing us. They've increased the price that we have to pay. Once in a while they would say okay you've bought your 3 bottles, that would be 105 Baht. So I'd get a 100 Baht note and they would say "That's alright." They automatically give me a 5 Baht discount, and then ask about my family. They want to know me. And we've got to make a distinction about the economic system that you have with different players and I would like to put community currency system in the middle of a system that is going to the extreme. At a one extreme your economic relations with strangers. This is me going into the supermarket, this is where I have no power, I'm just a number. I am just someone who has a behaviour that they will take the time to study so they can squeeze maximum profit out of me. Amazon was caught selling the same book to different people at different prices because their customer relations business has discovered that they could get more out of this person and this person. Equity just doesn't matter its how much money they can get from strangers. At another extreme is

the family. You don't buy and sell, you give. You're not motivated by self-interest, you're motivated by self-sacrifice. It's quite different. You're still allocating resources and there is still economic relations within the family but they're motivated by quite different rationale. And in the middle, there was something. One of the papers of the Thai CCS project was the Death of Reciprocity. If you look at traditional community economics in Thailand you see economic relations based on reciprocity. It's not a family where everybody is using the same pocket effectively and it's not a system between complete strangers where you try to take the best deal possible and you don't care about the person because you don't know him. It's a system of a community. What we are seeing as one of the effects of globalisation is the break up of both those extremes. The extreme of dealing with strangers, those strangers are getting farther and farther away from you. Family is breaking down. Industrialization in Thailand was one of the worse things for the Thai family. So many families, even now in Bangkok, that are not together. They can't live in the same place because they are just not together. And in the middle. That's where we have to create economic relationships that aren't family and not strangers. They're economic relationships between people you know, people you care about, people who you will trust and who will trust you. CCS is one mechanism for creating that level of economy.

I do have now a lot of hope because there is a thing called post autistic economics movement, a revolt by economic students in Europe initially. The study of economics has become far too narrow and it needs to break out of its very blinkered view of relationships.

When we started working on CCS in Thailand, we were breaking some of the major rules in development work, the kind of things that we criticize the world bank for, for example. Normally we would say that any activity we conduct should be in response to a felt need coming from the communities we're working with, our target population. In the case of CCS, we are never going to get a Thai community coming up to say could you please help us form a CCS because the concept is totally unknown. In a sense, we have to bring in a completely new idea. We were bringing in an idea that was completely new to Thailand and somehow we have to get over this problem of getting the local communities to buy into, to recognize that this is something that they may want to be involved in. And we didn't come in really with a view that we want to do CCS. What we were doing was trying to respond to an analysis of the situation that we've come to from our previous work. Most work for the last 10 to 20 years in Thailand has been in agriculture. We've been supporting alternative agriculture. The Ministry of Agriculture, until recently, has been promoting industrial chemical-based market oriented agriculture. We knew there were problems with that in Canada. We knew there were alternatives to that. There were already people in Thailand who were doing it when we wanted to support the existence of an alternative that Thai farmers could choose if they wanted to. And we were running into a problem that we could show farmers what the problem was. We could take them to see actual alternatives in practice and a lot of farmers said, yes I understand it and I would like to do it but I'm debt and I can't see how with my debt I can move into that system.

I was visited by a group of farmers in Sipadan who were on land reform project where they have to borrow from bank of agriculture and government institutions to buy their land that has been allocated to them by the land reform and they had, with the encouragement of NGO and some government officials, started an alternative production system and they were under severe pressure from the DAAC to switch to mono-crop sugarcane because the DAAC was looking at their production system and saying we don't see how you can pay your loan to us. Go back to what we consider unsustainable agriculture. So we were in a situation where we felt that the agricultural problems their reliance on chemical-based agriculture, could be solved on a technical sense, it can be solved on an extension sense where farmers can understand it. But it was being blocked by an economic problem, the economic problem was debt. And this has been around in our heads for a while and has never been analysed very seriously and in 1997, the roof fell in.

We had a national economic crisis and we started looking at what was happening in rural areas and what were happening to the people we were working with and NGOs. And the repercussions were being felt right down to the village and fairly fast and to a large extent. During the 10 years of boom in Thailand, there was a trickle down effect. There were some benefits that got to the rural economy. But when the economy collapsed there was an avalanche, just came straight down and wiped out a lot of credit unions in the villages. There was severe pressure. These people have never done anything to contribute to the crisis but they were seeing the effects. Then we started thinking there must be something we can do at the grassroots level economically. We're a foreign volunteer agency, that constrained what we can do. One, we can't set policies in Thailand. We can talk to people and we can offer alternatives but we can't tell them what to do. So first of all, we have to offer an alternative, and we have to rely on expertise that is available in Canada. The only volunteers we are allowed to have by the Canadian government are Canadians. And we knew that in Canada there are two types of activities going that we felt might address the problem.

Our analysis was that if you think of Thai villages, as an economic unit why are the villages so poor. Until industrialization in Thailand the wealth of this country was created on agricultural exports. The wealth of Thailand was created by extracting those resources from rural villages. Now the wealth of Thailand is built on industrialization, the agricultural sector doesn't figure so highly in macro economic planning. Maybe now its time to disengage that. Maybe we can sort of think of the agricultural sector for its own sake not as a way of feeding money into Bangkok. What were the mechanisms that were in place that were basically saying okay you farmers produce the surplus and we take it. How can we stop this taking? How can farmers protect themselves? We thought of two mechanisms that were extracting resources from the village economy. One was money system via interest bearing debt. We thought CCS was an interesting thing to look at if only because it doesn't bear interest. Another words, your debt will never get worse and that makes it manageable. The other thing we looked at was the marketing system. The more a fanner is exposed to the market the more the fanner is exploited. The markets are not geared to the benefit the farmer. Is there a way we can protect the farmer A)From the market system B) the money system? The money system we've got CCS it's in operation in Canada. We can get somebody who can work on that. The other is the market system, how can we protect the farmers. We are trying to do that from a community shared agriculture system which is another idea that we are trying to introduce to Thailand, maybe it's not relevant here.

One of the things we started looking at is the more traditional economic systems that existed. We discovered that the villagers were trading and also buying goods from the outside but that trade was governed by the rules that the community themselves set up. For example, when outside traders came in to sell things to the villagers, the traders weren't allowed to stay with the villagers or eat with the villagers. That's a way of keeping your culture intact from foreign influence. And secondly, when the traders traded with the villagers they had to trade with all the villagers at the same time in the open. No secret deals with playing off one person against the other and those rules are extremely interesting to me. The WTO would be horrified of its restrictive trade but the system then protects the village against the market power that the traders have. The traders are professionals and they know how to cut a good deal and the farmers don't. The farmers have to find a way to protect themselves in some other way. In those days the farmers have the power since the farmers have the rice. Kud Chum was producing high quality rice and a surplus that was interesting to outsiders who wanted to come and buy. When we started we weren't trying to say CCS is what we want to do. We were saying okay this is the problem, this is an alternative that we think may help. When the NGOs were interested, we used the NGO as vehicle to talk to the communities. And then it was a matter of saying which communities are interested in us and which communities do we think are in the best position to do. For various reasons, it's not typical. We were thinking of one pilot and then

other people would learn from it, So we thought a Muslim community would be interesting and they would have an obvious interest and they wouldn't be typical and would hamper our efforts of extension later on. We looked at a number of communities in Thailand and kud chum seem to be the one that fits the criteria.

Admittedly we walked into a minefield and didn't know what we were doing. We did take legal advice before we implemented the project from the Law Society of Thailand because we knew there were difficulties with CCS in other countries but not so much from the point of view that the whole idea was illegal but from the taxation point of view. A lot of jurisdictions have looked at CCS quite closely if it is a tax evasion system and we did take legal advice in the sense that we had a lawyer and got advice that it wouldn't cause legal problems. We also made informal contact with the Bank of Thailand and we were told that they didn't think there was any problem. It wasn't the Bank of Thailand or the Ministry of Finance, the legal problem came after a media problem. It was a political problem that became a regulatory problem. Therefore if we solve the regulatory problem, I myself am not be confident that we have solved the political problem.

This idea of where the CCS fits in the stage of development of course in the West these days they don't talk about stages of development. Other parts of the world has stages of development, the West is beyond that now. What I would look at are two things. One is there are traditional currency systems and there are now attempts to revive these. You would be talking about a traditional currency systems which have lapsed with the advent of the national currencies and national economies and are now being revived. The other thing that would make the study quite difficult is that community currencies are not well known. The idea superficially is quite crazy. When you look at the development of community currency in the recent past it almost always sparked not by the economic conditions that apply but by the fact that the idea has spread. Community currencies get into town by someone who brought it in, from Thailand it goes to Indonesia. That's the other thing that might be interesting to look at is not so much the economic development but the political situation. We look at the possibilities of learning from the Thai experience in Laos just like we tried in Indonesia. And it was our opinion that it was not going to play because of the political structure so that will be another thing that affect where CCS spring up or don't spring up. The other thing is that a lot of CCS are found where economic collapse. In North America there were a lot of CCS that started during the depression but did not survive for exactly the same problem in Thailand, regulation. They were too successful.

This is the political problem that I was referring to this morning. In all the discussions that I've heard about all this, I've never heard from BOT and MOF that the CCS is a bad thing. They all agreed that the objectives are quite fine. The worse I heard people say is that they see dangers in the project and they fear that they have a role to protect the villagers from the villagers' own good intentions to which I would say we all got a mother we don't need the government as our second mother. If the villagers are going to make the mistake let the villagers take the repercussions. There is one thing that I think the central authorities that is regrettable and you can see it from a parallel case, something that was going on at the same time as the Bia Kud Chum controversy. When the BOT first went to Kud chum, they immediately said we need to consider this, it is possible that the project is illegal and while we consider you must stop. At the same time there was a controversy at the wastewater plant and this was a plant that was constructed with the money from the ADB. The ADB has rules about environmental impact assessment and community participation. The villagers of Kumban pointed out that they have never been consulted and that there was no environmental impact assessment and the ADB and government said those are interesting points and we will consider if they are true. But while they consider the project goes on but in Kud Chum they have to stop. That shows the attitude of government that in terms of villages, we know best. Now the real problem is where did this controversy start? Who provoked it? We had no expectation that the Bia kud Chum

controversy would end up in the front page of the Thai newspaper. And it wasn't the BOT or MOF that put it there. The quotation was from a teacher three districts away, we don't even know how that teacher knew about it. We cannot understand why that teacher was quoted as using an expression like "free state". This was the exact terminology that was used 30 years ago by the government against what they call the communist insurgency. It seems the evidence all points to the fact that somewhere in the national security apparatus in Thailand, somebody knew what was going on and decided to stop it. Legally, they have no leg to stand on. So they plant misinformation on a newspaper they knew has a reputation for exaggerating news and then BOT has to go in and has no choice. From then on it was the villagers talking to the BOT and MOF that they were not breaking the law and it's a good thing. The problem is with whoever it was in the security apparatus who started it all. The problem is that they do not operate in any transparent manner whatsoever. These are the people responsible for intimidating the villagers, which is an illegal act, its unconstitutional. The BOT cannot guarantee legality. Now they got support and prepared to go ahead. The villagers now ask the Law Society so what happens if I get arrested because that's what they think will happen. If they get arrested using Bia, that will not be a problem. They will be granted bail immediately and that case will be like the first one where the weights of public opinion came down heavily on the side of villagers. Whoever arrested them would be putting themselves in a very silly position. But these people don't play by the rules. What will stop them from planting amphetamines in the village and arresting somebody? That is the political problem.

For me, in order to find out what one's motivation is you have to get inside their heads and try to figure out how they think. And when I come to the security forces in Thailand, that is beyond me. There are a few things we can think of. The Internal Security operations command which is one of the organizations who intimidated the villagers, is one organization whose reason for existence has long disappeared. This is an organization desperately seeking a role in life otherwise somebody sometime are going to say why are we spending money on you people? So if we don't know we have to work with the fact that we don't know. What can we do? What we can do is have meetings like this and get the information out as far as possible and basically establish the credibility of the villagers so that when something happens nobody's going to believe that the villagers are doing something evil.

AGENDA OF ACTION

Twenty-three delegates from Japan, Indonesia, and Thailand participated in the consultation meeting on "Alternative Economic Systems: Challenges of Community Currency Systems" held on February 20-22, 2002 in Bangkok, Thailand. The Asian Media -Information & Communication Centre organized the meeting with funding from the Sasakawa Peace Foundation. They discussed the findings of the research work on community currency systems (CCS)/community exchange systems (CES) in Asia, looking at the strengths and weaknesses, threats and opportunities in the region. They agreed that CCS/CES is a useful tool to promote self-reliance within a community, but can only be used as a complement to the national currency system. They recommended the following agenda for future action to deepen understanding of CCS/CES:

I. Research Issues to be Pursued:

1.Can CCS/CES promote sustainable economic development and protect local communities from external factors?

2. What are the positive and negative consequences of CCS/CES from the operational and conceptual levels such as taxation and fiscal policies, regulations, economic, political and social issues?
3. What are the enabling and disabling conditions that will lead to/ impede the emergence of CCS/CES, looking at the experiences in developed and developing countries?
4. To what extent is CCS/CES consistent with the traditional. Economic structures?
5. What are the various local exchange systems, which are used as means to promote self-reliance? (Undertake studies on four sites in Thailand and Indonesia.)
6. What are the similarities and differences between national and community currency systems in terms of objectives, modes of operation and impacts? (Definition/logic of CCS/CES and role of outsiders in planning, organizing and implementing CCS/CES).
7. What are the costs and benefits of CCS/CES from the local, regional and national levels?
8. What are the effective modes of presenting CCS/CES to make it understandable and accessible?

II. Group Initiatives

1. Request SPF and other relevant institutions to fund further research. Part of the campaign is to educate funders and use more acceptable language.
2. Encourage dissemination of information to relevant institutions in countries where CCS/CES is non-existent such as the Philippines and Laos, and where CCS/CES exists.
3. Pursue the prospect of a book publication.
4. Encourage regional exchanges of information and networking among people involved in CCS/CES in and outside Asia.
5. Pursue translation of CCS/CES documents.
6. Pursue more conferences on CCS/CES involving as many sectors as possible.
7. Write a news article on the findings of the CCS/CES consultation meeting (in a positive way and citing the Japanese experience).