

Bia Kud Chum

A tool for creating strong, self-reliant communities

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The setting is Kud Chum district in Northeastern Thailand. The Green Revolution and the liberalisation of markets has led to community members becoming more and more dependent on externally set prices for rice, their main crop. They have entered a vicious cycle of debt, lost their community forests and indigenous knowledge, particularly in areas such as herbal medicines. As a result, they now face issues such as health problems and an exodus of village youth to Bangkok in search of work.

Various villages 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 organisations such as associations of traditional herbal practitioners, initiatives for integrated agricultural, a community owned rice mill supporting chemical free rice production, cooperative shops, women's producer groups and 'self sufficiency groups'. 'Self-sufficiency groups' aim at healthy production for household consumption, selling only the surplus of their goods. They also promote exchange of labour and tools amongst community members.

Why a community currency system?

In September of 1998, representatives from Kud Chum attended a seminar on community currency systems and self-reliance. They realised the many benefits that a community currency system would accrue: increased production for local consumption and self-reliance in the community; lower dependence on external markets; reduced outflow of money (Thai baht) and other resources from the community; decreased indebtedness as less money/credit is needed; enhanced diversification and sustainability of production; revitalised indigenous knowledge and good social relationships.

This sparked the creation of a local exchange system later named "Bia Kud Chum". In the Northeastern (Isan) language, 'bia' means 'seedling'. The name reflects the aim to develop into strong, thriving communities like small seedlings growing into large trees. As community members in Kud Chum are not very familiar with accounting practices, a user-friendly coupon or notes-based system was chosen.

How it is implemented

A working committee was formed to set up a community exchange system in five villages. It was given three main functions:

- Accounting, which is carried out by elected managers. The managers facilitate the withdrawals and deposits of bia and administration of bia accounts.
- Extension activities to support efficient and balanced use of bia between members
- Monitoring and evaluation of the use of bia.

Group members have a credit limit of 500 bia, which they can withdraw from the "Bia Bank" (this name was abandoned due to lack of permission). Bia cannot be exchanged for baht and no interest is charged on bia withdrawn from or deposited into a member's account. Exchanging goods and services in the participating villages can be done using bia only, using bia together with baht or using baht only, depending on what the buyer and seller agree upon. Activities like community markets and skills training to stimulate diversification of local production were organised to support local exchange.

Bia Kud Chum ... against the law?

The community started to use bia for the first time in March 2000, attracting much attention from the mass media and officials. Some feared the use of bia might violate the law or could be a danger to national security. Some even suggested it could be a strategy to create an independent state. Due to this attention and under pressure from the Bank of Thailand (BoT), the use of the bia was suspended at the end of April, after just one month in circulation.

In July 2000, at a meeting of the Board of the Bank of Thailand, it was 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'. However, the Ministry of Finance (MoF) is considering the case again.

After a lull of 5 months, the villagers of Kud Chum resumed their activities in October 2000.

However, transactions with bia are very limited due to the legal problem.

What's next?

In their efforts to become self-reliant, the five communities have been accused of breaking the law, an accusation that is far from being justified. Even though the Government has announced its intention to encourage the development of self-reliant and strong community economies, the case of Bia Kud Chum shows how it actually prevents this from being a reality.

"Bia" Kud Chum is indeed a seedling that, as it takes root, will help to bring about self-reliance for communities in Thailand. However, before seedlings can become great trees, and before these communities can achieve self-reliance, they will face many obstacles. The drive to overcome these obstacles requires the collective energies of people from a variety of backgrounds, communities, development organisations and government. There is a need to think, learn and explore alternatives together and to support each other in this quest for more just and sustainable economic systems.

Recently, the Thai Community Currency Systems Project (TCCS) held a meeting on community currency in which academics, NGOs, the BoT, the MoF, and the villagers from Kud Chum participated. There is a strong possibility now that Bia Kud Chum will be developed into a research project.

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Email: tccs@loxinfo.co.th More information on Bia Kud Chum and other Community Currency Systems on <http://ccdev.lets.net/>



Community members produced poems and paintings illustrating the local way of life for the bia notes.