

European Social Forum 2003

Report: Money moves the world,

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Speakers :

Stephen DeMeulenaere (Canada), Asia coordinator, Strohalm
Miguel Yasuyuki Hirota, (Japan),

Heloisa Primavera, (Argentina)
Alexander Woitas, (Germany)

Rapporteurs :

Daniel Herlaut (SEL of Paris)
Joël Seguin (SEL 93 Paris North Suburb)
Maurice Belorgey (SEL of Paris)

□ **Stephen DeMeulenaere's Speech:**

Worldwide vision of the local monetary systems + use of video documents.

Canada

Stephen explained us the experience of the 2nd LETS (Local Exchange Trade System) historically created in Canada after the one of Vancouver. It has 150 adherents currently, but the exchange of services is there minimal because of an inflation in "units" of the LETS. That inflation had been provoked by a mistake of management : too many bonds of exchanges have been created to pay the members that managed the LETS. However a local exchange system can function for a long time only when the sum of the debits is equal to the one of the credits, that is to say when the units of the LETS exchange themselves in counterpart of one returned service or a good exchanged and don't come from an "ex nihilo" monetary creation.

The offers of services proposed by the association were taken of assault by the mass of the administrators of the LETS that tried to sell their bonds. They have thus created a distortion between the supply and demand of services within the LETS and so a serious trustworthy crisis.

On the one hand, the situation generated inequalities between some very rich and very poor people ,on the other hand because of the loss in value and credibility of the currency, the enterprises left the system.

The solution: The costs of working (administrative costs) in unit of exchanges are strictly compensated by a mechanism of withdrawals from the accounts of each adherent (classic imposition system, demurrage, taxation on every exchange, no matter the mechanism used but it must withdraw units enough to valorise and to pay the whole administrative work done by the adherents)

Latin America

In Latin America, different countries adapted this system to their economic and social context.
In 1998 in Mexico City, there was a communal currency project called Tlaloc.

In Argentina, in Buenos Aires, Bernal, a group of about ten people constituted a group of "Trueque multiréciproco". They used " creditos " as a means of exchange. The network quickly spread out to the country and became the Red Global of Trueque (one estimates to 6 millions people the participants to the network).

In Asia,

In Thailand, there was the introduction of a community currency (still operational) in rural area. The government tried to stop it, it is still working but not using the name "currency" nor "money". They endured an economic crisis, they understood that it is necessary that everybody can create a currency in case of crisis. This system had the support of a Buddhist monastery, one can see a simulation game that they organized on the website : www.appropriate-economics.org.

In Papua (New Guinea)

In Papua New Guinea, the traditional currency took the shape of big necklaces of small shellfish and enabled the community to live in monetary autarky which means "without using the national currency". This currency fulfils the criteria of divisibility and durability. Indeed, one can break the necklace to shorten it and to decrease the value of it or on the contrary to connect several of them: the value depends on the length of the necklace and the number of shellfish. One measures in breast strokes (distance from the navel to the end of the arm).

The currency is manufactured and is managed by the women of the community. The society is matriarchal, these are the women who give money to the men, whereas men manage the religious and magical aspects of the community.

The community does a strong social control of the currency and it is so integrated in their norms that if someone come to manufacture money outside of the system, there would be a war between the families.

When someone dies, the deceased's money is put back at the community. This system allows savings. Women create the currency for the weddings (dowry) and for the funeral.

This currency has more value than the national currency because it is strongly linked with the life style of the population. For example, this money enabled the construction of a church.

This currency can be changed into dollars.

The government realized then that the equivalent of a million dollars in communal currency circulated between these 80 000 people. This great amount of transactions makes the community currency stronger than the national one (in paper). The national accounting doesn't take into account this currency nor the wealth created thanks to it, and therefore these populations are considered as very poor people.

However, thanks to this system, the natives are as rich as the white people who live in Papua. This is an exception in the southern countries.

The economists don't believe neither in this currency nor in the SEL.

And even, the Christian church opposes this system since they considered it as a primitive practice. But are these people, who do not stick with the World Bank's point of view, as primitive as one may imagine ?

Today, the population would like to create a bank for this currency, that is accepted by the authorities. The government is considering the possibility to pay for the taxes with this currency of shellfish.

□ Miguel Yasuyuki Hirota'Speech (Japan)

The situation in Japan is related by Miguel Yasuyuki Hirota, whose mail is : mig@lime.plala.or.jp

The pioneer movement in Japan took place in 1973.

Two projects:

1. One system, called "Volunteer Labor Bank" was born in Osaka, Western Japan and is used among housewives.
2. Another project is called Fureai Kippu, supported by Sawayaka Foundation . They created a currency to express the feelings of friendship and thanks.
There are some 300 groups mainly dedicated to the care of elderly people or to domestic work (housewives).

In 1999, a TV show about Michael Ende was broadcast to let the audience know SM systems like Ithaca Hours. This program had a big impact in Japan and gave rise to dozens of SMs.

Another pioneer was Toshiharu Kato who proposed so-called "ecomoney" inspired by the English LETS. Ecomoney's goal is to reduce the cost of the welfare sector. It is issued by the municipalities.

There are several methods of transaction.

Case 1: Peanuts(Chiba) which started in 1999.

The experience of Chiba

Kazuhiko Murayama visited LETS in Great Britain. He thought that the LETS were meant for poor people and he found it necessary to adapt the system for Japanese people's socioeconomic needs since in Japan the majority belongs to the middle class.

Close to Nishi-Chiba station lies the Yurinoki, a shopping street.

The social money increases the sales of the local trades and improve human relationship.

The card uses the format of a post card. The association updates all transactions in a notebook of account.

Case 2: Dan Dan

In Sekizen, Ehime almost half of the population is 65 years or older. Therefore Heron Kubota introduced the "Time Dollar," naming it "dan dan", that means "thank you" in the local dialect(not in standard Japanese). Each one receives 20 dan dan coins, each coin is worth half an hour's received service. The system improved the communication within the population and between the generations

Case 3: Yufu (Yufuin, Oita)

The economy of this town is based on the tourists and the military bases. The good of exchange have been created to preserve a partial autonomy.

Case 4: Coal (Omuta, Fukuoka)

Omuta, once prospered by coal mining, has the most aged population of all the cities in Japan with more than 100,000 inhabitants. The social workers created bonds called " coal" to promote the mutual aid among the population and are trying to use it to stimulate local businesses as well.

Case 5: Fuku (Nahatsu, Oita)

These are vouchers issued to encourage small local shops.

Case 6: Yuro (Beppu, Oita)

Beppu is very famous for its hot springs that welcomes elderly and rich people. A ticket, called Yuro, has been created to promote local tourism. 1 Yuro corresponds to 100 yens and it enables the rest of the population to take advantage of services of the spa.

Case 7: Hanako (Kawanabe, Kagoshima)

It is a mutual help that has been created within a mental hospital to help patients. This help consists of offering some services but the proposed quantity remained weak.

The main difficulties in Japan lie in the lack of communications among SM users, users' uneagerness to contact some unknowns for any fee-based service and the lack of communication between the different existing systems in the country.

□ **Heloisa Primavera 's speech (Argentina)**

The situation in Argentina is related by Heloisa Primavera: heloisa@alliance21.org

Heloisa is in favour of the privatization of money to be independent from the legal tender, the peso in Argentina. In 1995, 23 neighbours created a network of Trueque (barter) in Buenos Aires. In 1997, 30 000 people participated in this experience. In 1999 the network gathered 100 000 people in Argentina, but also spread into other countries as Brazil, Uruguay, Colombia, Ecuador, or Chile. The network reached 6 millions of people.

In 2001 Argentina suffered a serious economic crisis partly provoked by « structural adjustments plan " from the IMF. These plans were meant to reduce the outside debt of the country... The peso had been devalued and the bank accounts were blocked. . The middle classes were laminated and lose their purchasing power.. And it was more and more difficult for poor people to come to the "Trueque" because they still needed services from the State.

The network has been confronted then to a dilemma : either to construct the confidence and therefore to oblige itself to remain small, either to enlarge quickly and lose people's trust. Finally, the network chose the second solution...

The system witnessed a serious trustworthy crisis then and exploded at the same time as the institutional crisis because of an overissue of " créditos " on behalf of the founders of the network.

As Heloisa explained it, the quantity of money must be equivalent to the ratio production / consumption and no more, otherwise one goes in an inflationary mechanism (too much money in circulation). This situation accounts for the high inflation and a massive trust confidence.

Besides, some club of trueque developed an " entrepreneurship " model, that means based on the notions of competition and profit.. Thus, the " créditos " normally handed to the users in return for their production (of 20 to 50 per person units) have been resold in national currency, that means, that they have been marketed like a vulgar merchandise !!

There is in Argentina a coexistence of different currencies apart from the Dollar and the peso argentino since the state and the provinces have created parallel currencies to solve the problem of the non-liquidity. In a long term they were vowed to disappear. But the IMF condemned this type of measures that creates, according to it, a monetary anarchy.

The system is still in crisis and it remained today a few 100.000 people in the clubs of trueque.

Capitalism works except in state of crisis !!! but it hides money stolen from poor people (payment of the debt, Fund of pension, Fiscal paradises).

There are others experiences of socio-economy. Micro finances enable to irrigate " people's " economy and encourage another way to produce; participating budget set up by local governments (co-management representatives /citizens) has been existing for 30 years , in Porto Alegre , Brazil, for example.. Europe especially risks "to argentinize "itself after its widening.

The important is to know which society we want to construct. The system must aim the human development, as the micro finances do it. It is necessary to create a social currency thanks to the autonomy of the civil society.

□ **The "Chiemgauer" by Alexander Woitas (Germany)**

In Bavaria, a complementary currency "the Chiemgauer" named after the region Chiemgau, has been created. It is a creation of tickets that enables to purchase in the local stores with the value of 1 Chiemgauer = 1 euro. A tax to the resale is applied in Euros to this currency. It consists in 5%, from which 2% is meant to pay for the administration expenses of the system and 3% to finance regional projects.

The Chiemgauer circulates more quickly than the euro in the local economy and enables to orient the consumption toward the most beneficial products for the region (for example products and local services, respectful of the environment, produced by democratic structures, encouraging professional insertion, etc.). This experience is similar to another complementary currency, the " brochet ", that is valid one year with 4 slots (one per quarter) to glue a stamp permitting to maintain the value of the good there (it is the principle of the stamped currency, under set of the demurrage theorized by S. Gesell and Margrit Kennedy). Therefore, people should not keep the money nor accumulate it but make it circulate.

Contrary to what happens usually in France, in Bavaria, the shopkeepers are favourable to this system, because they understood that it gives them a competitive advantage compared to the big commercial malls. Besides, this currency promotes local development and encourage the support of the consumers to the producers and small distributors from the area.

This experience regroups today 100 shopkeepers, enterprises of services and 250 consumers. It works like a system of loyalty , with a sort of fidelity card. Whereas the capitalist system comes to remove the money of the region and concentrate it toward the speculation, this currency only circulates into the region of Chiemgau to promote the regional economy.

Alexander mentionned the experience of Wörgl in 1932 and the idea of Rudolph Steiner (anthroposophe) according to whom, money should have 3 functions: the exchange, the free grant, the credit without interests.

□ **Questions and observations of the audience**

*A listener notices that in France the authorities would not let such a system exist. An expert answers that the tradesman pays for his VAT and that there is no problem at the beginning.

Other complementary currency experiences :

What happens when the system develops itself ?

*A bank gave out the good in collaboration with the " Wahren " association in Germany. There was no political reaction. These good permitted to help of excluded people.

*It is necessary to note that the trueque or " barter " exists between the enterprises (case of Switzerland). This money encourages local market. It was the goal of the Ithaca Hours in the United States. The goal is to encourage the local work and to give a value to what the official money cannot valorise anymore. Since there is a lack of money, the local currency leads an increase of the purchasing power. The aim is to make this local currency circulate more quickly than the euros. The loan in local currency enables to finance some projects.

*In Brazil (Fortaleza), small loans (an amount of 20.000 euros in total) have enabled to build a school that should have cost 40.000 euros. Un fact, the loans have been given to set up new local enterprises which had the

obligation to participate in the construction of the school? Then once the school has been built, it remains local "firms" that may hire more and more people and contribute to create local wealth.
A bank of micro finance lent official money, another part has been paid in local money.
This kind of project requires strong community institutions and commitment.

*Alain Simon, volunteer of the PACS association, mentions the existence of a barter network in Rio de Janeiro, Brazil, in a poor community.

*A European conference on the complementary currencies should take place in July 2004 in Bonn in Germany.

Bibliography suggested by the participants :

The future of Democracy and Money, Margrit Kennedy and Bernard Lietaer
Les Aventuriers de l'Abondance, Philippe Derruder, Albin Michel.

To exchange experiences , a list of discussion:
money@socioeco.org

2 websites :
<http://money.socioeco.org>
<http://www.monnetta.org>