



Graduate School of Development Studies

**The Rise and Fall of the Community Currency Systems in Thailand
and Their Potentials for Local Economic Development:
A Comparative Study**

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LIST OF ACRONYMS AND GLOSSARY

Acronyms:

BAAC	Bank for Agriculture and Agricultural cooperatives
BOT	Bank of Thailand
CC	Community Currency
CCS	Community Currency System
CCC	Complementary Community Currency
CES	Community Exchange System
CUSO	Canadian University Service Overseas
DAE	Department of Agriculture Extension
LDI	Local Development Institute
LED	Local Economic Development
LCS	Local Currency System
LETS	Local Exchange Trading Schemes
RASMI	Rural and Social Management Institute
RAFA	Foundation of Reclaiming Rural Agriculture and Food Sovereignty Action
RGT	Red Global de Trueque
RT	Red de Trueque
TCES	Thai Community Exchange System Project
TRF	Thailand Research Fund
VSO	Volunteer Service Overseas Thailand

Glossary:

<i>Bia Kud Chum</i>	The local currency of a community in Naso Sub-district, Kud Chum District, Yasothon Province. For a Northeasterner, the word ‘bia’ means money and a sapling, the symbol of progress and prosperity. However, to avoid the legal problems, the name has been changed by RASMI to ‘boon’ which means merit and operated under the research project. In this paper, the currency will be called ‘bia’ as the villagers still refer to it in this name and to avoid confusion.
<i>Baht</i>	Thai denomination (1 euro = 46.99 baht <as of 19 October 2008>)
<i>Jai</i>	The local currency of a community in Muang Prsart Sub-district, Noon Soong District, Nakhon Ratchasima Province. In Thai, the word ‘jai’ means ‘heart’, signifying the kindness among the people
<i>Long Khaek</i>	Mutual help and labour exchange
<i>Por</i>	The local currency in Pawa Sub-district, Keng Hang Meaw District, Chanthaburi Province. In Thai, the word ‘por’ means ‘enough’.

Note: In Thailand people are known both formally and informally by their first names. In this paper, the respondents will be called by their first name.

ABSTRACT

Amidst the trend towards economic integration, local-based community currencies emerged in many countries around the world to fill the gap of what regular currency cannot do. They are the local initiative to cope with diverse problems, ranging from economic crisis, poverty, debts, unemployment and environmental degradation. In Thailand, three community currency systems (CCSs) were established, namely *Bia* Kud Chum System, *Jai* Coupon Exchange System and *Por* Coupon Exchange System, as a response to averse effects of globalisation for the survival of the community through Local Economic Development (LED).

The paper contains six chapters, detailing theories and concepts on LED to serve as the framework for analysing the CCS' contribution to community, enterprise and locality development. Next, the concepts and history of CCSs around the world are reviewed. Then, the three CCSs in Thailand are presented in terms of their origins, participants, rules of using and the rise and fall of the three systems. This is followed by the chapter on the analysis of the outcomes of the three systems on LED through selective spatial closure. This paper is finally concluded with the future trend of the CCS in Thailand and lessons learned.

RELEVANCE TO DEVELOPMENT STUDIES

LED becomes the goal of many localities using endogenous development coupled with the cooperation from the local people, public and private sector. There are several means to achieve LED and there is no single solution to LED that will work in every local area. Without physical endowment which could make the localities hub of tourism or other economic activities, many resources-poor communities used CCS, which can create selective spatial closure, to achieve LED. However, limited researches have been done on the potential of CCS on LED and the factors that make the system sustainable.

KEYWORDS

Local Economic Development, community currency, local currency, selective spatial closure

The Rise and Fall of the Community Currency Systems in Thailand and Their Potentials for Local Economic Development: A Comparative Study

Chapter 1 To Start With...

Money is like an iron ring we've put through our noses. We've forgotten that we designed it, and it's now leading us around. I think it's time to figure out where we want to go -- in my opinion toward sustainability and community -- and then design a money system that gets us there.

Bernard Lietaer (1997)

1.1 Background

Money, as we know, makes the world go round. We have all been taught that money allows us to exchange much more efficiently than we would have been able to without money. Instead of having to exchange a pair of shoes against some loafs of bread, directly, in matching quantity and quality, we may give a pair of shoes to someone now and receive the loafs of bread, or something else, later, possibly from someone else. But if one day the money is scarce or proved to be ineffective, other mediums of exchange can be created also. One among them is the community currency.

Community currencies are local money systems which are used for trading between local people to complement national currency, and their objectives frequently combine economic, social, community, ethical and environmental goals. There are many different types of community currencies in use across the world, ranging from the Argentinean barter clubs which have emerged to fill the gaps in local economies left by a collapsing national currency, to Time Dollars in the United States which aim to rebuild communities and social capital where people have become isolated by rewarding the time they spend helping others (Seyfang 2002). However, they share a belief in the power of local people to affect their local economy, society and environment in positive way, in response to the negative consequences of over-dependency upon global economic processes (Ibid). This belief is also materialised in Thailand.

Thailand has been basically an agricultural economy based on mutual help and solidarity (Puntasen et al. 2002). The right location and relatively favourable climate provide a strong base for crop diversification (Jitsuchon 1990: 2). Nevertheless, during the period from the first to the fourth National Economic and Social Development Plans (1961-1981), economic growth-oriented development strategies were adopted (Kowit 1995: 14). Consequently, farming production needed to be more specialised, capital-intensive and technology-based while being exposed to the international market (Norberg-Hodge, Merrifield and Steven 2002). With the expectation for higher returns, the farmers changed from production for locally consumed using simple technology to market-oriented production with the emphasis on monoculture of crops such as sugarcane, cassava and maize for export (Khon Kaen University 1992). In 1996, the Bank of Agriculture and Cooperatives (BAAC) was established to provide loans for small-scale farmers that changed from self-sufficient to

modern production system (Ibid). Money has increased in importance to the people in the rural areas. From helping each other, they began to trade by using money since then (Kaewthep 2001).

As experiencing a GDP growth rate of more than ten per cent per year on average during the year 1987-1991, it seemed that the prospect of Thailand to become the 'fifth tiger' or the fifth member of the so-called newly industrialising countries (NICs) of Asia was in the sight (Krongkaew 1995). However, the higher economic growth Thailand enjoyed under these plans, the wider the gap between the rich and the poor is (Kowit 1995: 16-18). The farmers became more and more dependant on externally set prices and turned to be poorer and poorer (Puntasen et al. 2002). The farmers could not cover input costs, incurred from the use of modern technologies to increase productivity such as pesticides, chemical fertiliser and tractors, by earning from monoculture due to fluctuation prices under international market. At the same time, the overuse of pesticide and chemical fertiliser also contaminated the water sources and degraded the soil making it no longer productive (Ibid). Since then, the farmers, the backbone of the countries, were trapped into the cycle of debt. The economic crisis in 1997 then worsened the situation of the poor (Ibid).

As they became powerless to prevent local economy from external economic fluctuations, Community Currency System (CCS) has been put on trial to see whether it can be the tool to regain local control and achieve economic development of the locality. Three community currency systems (CCSs) emerged in Thailand between 2000 and 2006, namely *Bia* Kud Chum System, *Jai* Coupon Exchange System and *Por* Coupon Exchange System in Yasothon, Nakhon Ratchasima and Chanthaburi Provinces, respectively.

1.2 Relevance and Justification

CCS is not a new concept but has been adopted in a number of countries for sometimes. Currently, there are over 2,500 community currencies throughout the world ('Local Currency' wikipedia). They have different rationales, modalities and contribution to the locality. The potential use of a local currency as a response to the globalisation of capital is worth to be examined. However, most of them have achieved a relatively small scale which limits the research on their impact on local economy (Gomez and Helmsing 2008, Pacione 1999). The examples of the CCS are the *Red de Trueque* (RT) in Argentina, Ithaca HOURS, Time dollars, PEN Exchange in USA, Tlaloc in Mexico, etc.

In Thailand, the community currency is a form of self-help in order to survive in the era that money is the name of the game. The experience of rural communities in Thailand has been that greater participation in the market economy has meant greater vulnerability to forces beyond their control, greater social and gender inequity, environmental degradation, family and community dislocation, and for many people, increased poverty. CCSs provide a possible alternative. They deserve a well-researched, carefully monitored trial.

Although there were signs of economic recovery observed in the year of 1999 and 2000, the year 2001 saw another reversal of fortunes with the slow down of the US economy, aggravated by an on-going war by the US and its allies against terrorism as well as the rising increase of oil prices. It can be argued that the economies of Thailand will probably go through another crisis unless certain effective tools are in place to address the root causes of economic instability (Tongzon 2002). The wish to become less exposed to external economic shocks is a genuine one and one shock is enough to trigger action in that area even if that one crisis is over in a short period.

1.3 General Objectives

Originally, the aims of the paper were to explore the emergence of the CCSs in Thailand and evaluate the impact of CCSs on LED through selective spatial closure. However, after the field visits to the three communities, it was found that their systems are hardly sustained due to the reasons which will be elaborated later in this paper. Therefore their impacts are really limited. My aim is then changed to study the emergence of the Thai CCSs and the reasons for their decline.

1.4 Research Questions

Main question

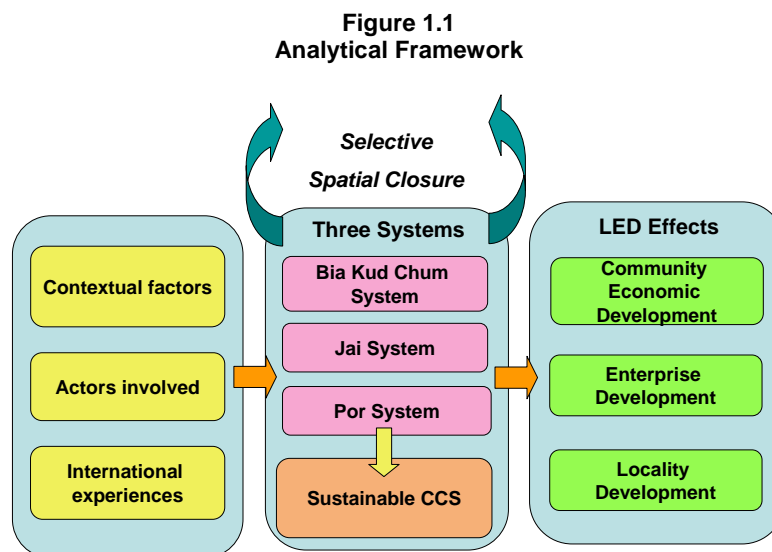
What explains the rise and decline of CCSs in Thailand?

Sub-questions

- 1) How did three CCSs emerge in Thailand?
- 2) How does each system operate?
- 3) What are the opportunities and challenges of each system?
- 4) To what extent do three CCSs create a selective spatial closure and have an influence on the local economic development?
- 5) What causes the three CCSs to decline?

1.5 Framework of Analysis

To find the answers for my research questions, the following analytical framework has been developed. The main focuses are the concepts and inter-relations between the three CCSs and their contributions to ‘selective spatial closure’ and subsequently LED, as presented in Figure 1.1.



Source: own construction

1.5.1 Steps of Analysis

First, the analysis begins with identification of the contextual factors and the actors that contributed to the emergence of the CCS in Thailand as well as the international experiences and diverse perceptions on CCSs which provide the guidelines for the CCSs in Thailand.

Second, three CCSs in Thailand are compared in term of the community background, rules of using, the volume of exchange and their operations. The factors for the rise and the decline of the three CCSs are observed. Factors that affect the sustainability of the system are analysed.

Thirdly, the impact of each system on LED as a result of the selective spatial closure, although small, is assessed. The study is not limited to the non-tradable goods but also tradable ones with outside communities.

1.5.2 Identification of Measurement of Indicators

The three systems are the independent variables that achieve the dependent variable which is the selective spatial closure and LED. The components and indicators of the effects of the three CCSs on LED are shown in Table 1.1.

Table 1.1
Components and indicators of the LED effects of the three CCSs in Thailand

Categories	Components	Indicators
Selective Spatial Closure	• Self-selection	• Proportion of the participants and total population in the areas
	• Regained local control	• Degree of the outflow of money • Exposed to outside changes
	• Increased self-reliance	• Number of locally produced goods
Community Economic Development	• Diversification of local products	• Kinds and values of products available at the community shop or market
	• Income diversification	• Sources of income before and after joining the CCS
	• Creation of micro enterprises (incubator effect)	• Number of micro enterprises established
	• Stimulation of local economy	• Activities that promote exchanges
	• Increased roles of women	• Number and activities of female participants
Enterprise Development	• Graduation of informal survival business (micro enterprises) into formal small enterprise (towards specialisation)	• Number of new small enterprises established
	• Creation of a trading network	• Number of linkage with other enterprises
Locality Development	• People participation	• Number of workshop, study visits, meeting
	• Construction of infrastructure to serve LED	• Number of trading centres, community stores, warehouses, production houses
	• Community fund of CCS	• Number of projects outside the CCS

Source: Gomez 2008, Gomez and Helmsing 2008, own addition

1.6 Research Methods and Practical Problems

The research employed both desk study and field research. Documents and information concerning the concepts of LED and CCSs founded internationally were explored. The fieldwork was carried out between July and August 2008, using informal and informal semi-structured interviews with the heads of the groups, the members and, in some cases, non-members, of the systems. The locations where the three systems have been established were visited as follows:

- 1) ***Bia Kud Chum System*** at Santisuk Village, Kud Chum District, Yasothon Province: The head of the group and eight participants were interviewed during the Sunday's market gatherings at the centre of the village. However, the number of the participants in the market was less than usual as, at the time of visiting, the villagers were too busy with transplanting rice seedlings to join in the exchange.
- 2) ***Jai System***: the Organic Agriculture Group in Prasart Thong Village, Noon Soong District, Nakhon Ratchasima Province. The villagers here were also occupied with their transplanting rice seedlings as the rain fell on the day before after a long period of drought. Therefore, only the head of the group and five participants were interviewed.
- 3) ***Por System***: Pawa Sub-district, Kang Hang Maew District, Chanthaburi Province: five members and one non-member were interviewed. The majority of the villagers were busy slitting the rubber trees.

Dialect of each locality is also an obstacle in transcribing the interviews.

Chapter 2

Local Economic Development (LED): the Goal

[Previous economic development theories and program efforts] have relied too heavily on a belief that the benefits of economic growth and expansion will ‘trickle down’ to improve conditions of the poor.

E. J. Blakely (1989: 58)

Local governments all over the world are struggling to promote economic development for two main reasons: (1) so that their residents can have better jobs, and (2) to create a more valuable tax base so they can improve municipal services offered to the public (Lietaer and Hallsmith 2006). Yet the ways in which they pursue economic development often undermines the long-term economic security of the community. They spend time and money on persuading large, outside companies to start their business in the localities which often leads to locally owned business closure while the profits from the large businesses tend to flow out of the local economy (Ibid). Moreover, money always flows to the places where higher return is expected and drains out from those with fewer gains (Pacione 1997: 1179). This is what Susan Strange (1986) called ‘casino capitalism’. The localities with less competitive advantages thus cannot attract the investors and sink into poverty.

By the early 1970s, top-down approach to rural development has failed to make a substantial impact to poverty reduction. To make things worst, the gap between the rich and the poor had increased (Parnwell and Khamanarong 1996: 163). Therefore, the development would not simply ‘trickle down’ without improving the localities. The alternative has been proposed: Local Economic Development (LED) which emphasises the development from within or ‘endogenous development,’ involving the cooperation among various stakeholders and a initiating rather than a passive role of the local government and the community (Blakely 1989: 58). In this way of ‘bottom-up’ approach, the projects are small-scale in which local needs, practices and preferences being addressed (Parnwell and Khamanarong 1996: 163). An important advantage of rural-based organisations over remote central agencies is their ‘shallow’ hierarchical structure and their accountability to the community they serve (Ibid).

Presently, many localities follow this approach and achieve a certain level of success. In this chapter, the concept of the LED and its components will be elaborated and later used to analyse whether it can happen through the use of CCS, particularly in the three communities in Thailand.

2.1 Concepts of LED

Globalisation, both as a competitive threat and as an opportunity, forces local initiatives to be framed by an analysis of global changes.

A.H.J. Helmsing (2003: 69)

Due to the change in development policy, in particular structural adjustment and liberalisation as well as technological advancement, the exiting development theory is no longer sufficient for local development (Ibid: 67). Firstly, serious economic downturns have

been experienced in many countries. Secondly, the role of the central governments in economic matters has diminished. Thirdly, the new 'geo-economy' context with free flow of capital, goods, services and educated people creates winners at the expense of losers who cannot grab the opportunities the globalisation has to offer. The fourth condition is the rising of economic inequality across regions and localities. Fifthly, localities are increasingly trying to create the right conditions for economic prosperity with the local governments sitting on the back seat. Finally, the public sector has a new role to play as a creator of enabling environment as well as a facilitator. From all these conditions, a new generation of LED emerges (Ibid: 69).

Originally, Blakely defined LED as 'a process by which local governments and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic development in a well-defined territory' (1989: 58). Later, the concept was elaborated by Helmsing (2003) as a multi-actor process by which local actors manage existing resources to create jobs and stimulate the economy of a well-defined territory, emphasising local control and using the potentials of available human, institutional and physical resources. This resonates with what Blakely contended that the LED is achieved when:

[c]ommunities can take control of their destiny when and if they assemble the resources and information necessary to build their own future. This is not a closed political process but an open one that places local citizens in a position to plan and manage their own economic destiny (1989: 68).

In the countries of the North, the development strategy of LED has been widely practised for several decades (Erie 1992, Nel 2001, Ward 1990). Local government action as well as the activities of central governments was implemented to catalyse growth at the local level while various community development organisations were striving to improve economic and social conditions within specific localities (Nel 2001, Rich 1992, Wilson 1996). LED becomes the forefront of governments' policies while the importance is pressed on the so-called 'rolling-back of the frontiers of the state' (Roberts 1993: 759) after the 1970s economic crises.

In the South, LED is newly and gradually emerging as a result of reasons not dissimilar to those in the North. The debt crisis, the effective inability of many states to intervene at the local-level, imposed structural adjustment, massive currency devaluation and the series of natural and political shocks which continually shake the region led the governments in the South to consider the use of LED (Helmsing 2003, Taylor and Mackenzie 1992). The process of democratisation in the South, by decentralising control and the state's attempts to bring about development through facilitation of the private sector, are all gaining in prominence and will assist the LED process (Nel 2001).

2.2 Categories of LED

The local development initiatives can be categorised into three: community economic development, enterprise development and locality development (Gomez and Helmsing 2008, Helmsing 2003).

2.2.1 Community Economic Development

Community economic development focuses on households and seeks to facilitate household diversification of economic activity as the principle way to improve livelihood and reduce poverty and vulnerability (Helmsing 2003: 69). According to Ellis (2000: 15), 'Rural livelihood diversification is defined as the process by which rural households construct an increasingly diverse portfolio of activities and assets in order to survive and to improve their standard of living'. More often, this 'peasant logics' is overlooked by the developers who promote the adoption of high yields varieties (De Sarden 1988) without realising the 'seasonality and risky nature of agricultural activities' (Helmsing 2003: 70).

Feminisation of poverty through 'a triple burden' of women, poor settlement conditions, lack of access to basic services and insecurity of income and work are the common scenes in the poor rural and urban communities. In this regards, the aims of community economic development are to stimulate a sense of community, to promote self-help and empowerment, to contribute to the generation of (self-)employment, to improve living and working conditions, and to create public and community services (Ibid: 71). One of many ways to achieve these objectives is 'creating local safety nets' which can reduce local economic insecurity and is the fundamental for creating better conditions for LED as 'one of the key features of poverty is the inability to withstand economic shocks of any kind' (Ibid). Diversification together with safety and sharing are the logic of survival business.

2.2.2 Enterprise Development

In contrast to community economic development, enterprise development emphasises specialisation by targeting enterprises and clusters of enterprises (Helmsing 2003).

The main concern of LED is to develop the 'local economic base' of an area (Ibid: 73). Economic base of an area is the goods, services, and products of a particular locality which have the demand from other areas outside the boundaries of the locality. According to this, 'the growth of industries that uses local resources, including labour and materials for final export elsewhere, will generate both local wealth and jobs' (Blakely 1989: 62). Firms and clusters may grow and specialise in their activity. Specialisation together with risk-taking and accumulation are the logics of small and medium enterprises in contrast with diversification, security and sharing held by the survival enterprises as shown in Table 2.1.

However, a challenge in LED is the 'deadlock' or 'catch 22' situation in which investment or improvement plans by local producers depend on complementary investment by other actors. If, for example, the area has small markets and poor information networks, it is most likely to be left in isolation and underdevelopment. The local producers do not invest or innovate because outcomes are too dependent on outside resources (Helmsing 2003: 69-70). Therefore, it is reasonable for the rural households to diversify their activities in order to avoid insecurity and risk (Ibid). This prevents the household to become more specialise and graduate from survival to growth-oriented small business (Ibid).

Table 2.1
Logics of survival vs small enterprises

Survival business	Small-enterprises / growth-oriented business
Security	Risk-taking
Sharing	Accumulation
Diversification	Specialisation

Source: Berner and Knorringa 2007

2.2.3 Locality Development

The third category is locality development which refers to over all planning and management of economic and physical development of an area as seen, for example, in the construction of infrastructure to serve the developed export base (Helmsing 2003). Infrastructures are ranged from a training centre, warehouse facilities and freight infrastructure. Various actors can contribute to this category of development as 'LED is a multi-actor affair' (Ibid: 74).

Many researchers have pointed out the potential of CCS as the tool to achieve LED (Seyfang 2001a). The concept of CCS will be discussed in the next chapter.

Chapter 3

Community Currency System (CCS): The Tool

If money is an agreement within the community to use something as a medium of exchange, we can create new agreement, can't we?

Bernard Lietaer quoted in Dykema (2003)

3.1 Concepts of CCS

3.1.1 *Why did it happen?*

Community currencies (CCs), or medium for recognising values and facilitating exchange, are as old as human civilisation, using different sizes and forms, for examples shell money in Papua New Guinea 500 yeas ago or rabbit tails issued by the local Chamber of Commerce in 1936 in Olney, Texas, USA (Lietaer 2001: 149, Network of Community Exchange Systems in Asia, Africa & Latin America 2002).

In the modern time, Community Currency Systems (CCSs) emerge in the strong tide of economic integration towards single regional currency like the Euro. According to Jacobs (1984: 158) and Pacione (1999: 65), modern societies have been made to believe that economic progress and stability can be achieved through reduction of numerous currencies into few major currencies or single national currency. However, this belief is still yet to be proved as there are lessons from the past that too much dependency on the outside world could lead to economic crisis. Moreover, whereas before, wealth depended on the endowments of resources, money turned into a commodity which in itself represented wealth. Those who had money could gain wealth by lending it to those who did not. Fortunes could and can be made through speculation on the future prices of stocks and commodities, including the price of money itself (Tongzon 2002). Against this background, it is believed that CCS can serve as a tool to help the people in the specific area to cope with the negative power of money.

After every major monetary crisis since 1820, communities have issued their own money as a community-based response (Network of Community Exchange Systems in Asia, Africa & Latin America 2002). The examples are Time Dollars in Canada, Ithaca HOURS and PEN Exchange in the United States, LETS in Britain and Australia, WIR in Switzerland, Japanese healthcare currency, Tlaloc in Maxico, and Red de Trueque in Argentina.

Nowadays CCS does not only emerge from crisis but from deliberate actions to promote the local economy and local endogenous development, for examples Jai Coupon Exchange System and Por Coupon Exchange System in Thailand.

3.1.2 *What is the CCS?*

From LED perspective, CCs are 'a policy tool contributing traditional economic goals – local generation in particular. They are seen as a value-free technical solution to failure of the labour and credit markets' (Seyfang 2001a: 979). CCs operate within a community economic development framework (Ibid). CCS lies in the Community Exchange System (CES) which is 'community-based networks of sharing which encourage mutual aid, reciprocation, self-reliance, local production, community planning and socio-economic solidarity by providing a means of exchanging goods and services for the meeting of needs, cultural revitalisation,

socioeconomic harmony and rural reconstruction' (Network of Community Exchange Systems in Asia, Africa & Latin America 2002). The methods can range from barter, debit-credit system or community currency system by self-help groups who work and make decisions together. (Ibid) Only CCS is the main focus of this paper.

CC is a medium of exchange which is created by the community (Pichpongsa and Khlangpukhiaw, 2002: 51). Blanc termed this phenomenon local monetarism which refers to 'the adoption of own means of payment at the local level to adapt the accepted national monetary system or construct an ad hoc one' while Seyfang and Pacione called it as local currency system (LCS), representing an attempt of localities to reclaim control over their economies and sometime an alternative development path (Gomez and Helmsing 2008). It has also been referred to in other terminologies, for examples, Complementary Community Currency (CCC), Complementary Currency System (CCS) by Strohalm Foundation, and Community Exchange System (CES) by Apichai Puntasen et al. (2002). In this research, the term used is Community Currency System (CCS) meaning:

Appropriately-designed social and economic networks which encourage cooperation and reciprocation, self-reliance and mutual aid, local production, micro-small enterprise development, socio-economic solidarity and economic justice for the meeting of needs, cultural revitalization, socio-economic solidarity and rural reconstruction' (Strohalm Foundation n.d.).

CCS is adopted in different localities around the world but with different objectives and participants. Those established in the developing countries are usually the attempts to pursue 'a green or alternative lifestyle' (Gomez 2007) and repair social relations due to the fact that one no longer knows his/her neighbours (Creutz and Skou 2005). In the developing countries, CCSs aim to generate supplementary income (Gomez 2007) and create additional demand in the community which help stimulate the local economy (Gomez 2008).

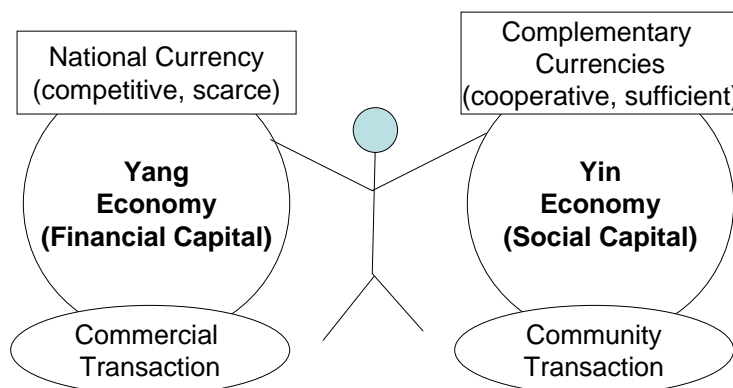
It is important to note that community currencies are complementary currencies, not alternative currencies (Network of Community Exchange Systems in Asia, Africa & Latin America 2002). Since no community is able to produce everything by itself, Bernard Lietaer (2001: 123) contends that by using Community Currency, '[it] does not mean that we should expect the national currencies to disappear, replaced with another kind of money. Instead, what is already happening is that other parallel currency systems are developing to complement the existing system, to fulfill roles that the national currencies do not, cannot, were never designed to play'.

3.1.3 How does it work?

Unlike barter trade, which requires a direct exchange, (my chicken for ten kg of your bananas), Community Currencies commit the individual who receives a good or service to supplying goods or services to the community at a future date.

Generally, all Community Currencies can only be used in the community where they are created, bearing no interest, and can be used together with the countries' national currencies (Pichpongsa and Khlangpukhiaw 2002: 51). Lietaer (2001: 147) called this the 'Integral Economy' (Figure 3.1), which consists of the traditional competitive economy on one side, and a local cooperative economy on the other. The former produces financial capital and the latter social capital. They can operate in tandem.

Figure 3.1
Integral economy with complementary (community) currency systems



Source: Lietaer 2001: 147

According to Seyfang (2001b: 63-67), there are three types of community currency: Local Exchange Trading Schemes (LETS), time currencies and paper currencies.

First type is LETS, developed in Canada in the 1980s, as a response to recession and unemployment within a specific region. It has spread to UK, Australia and New Zealand as well as Europe. LETS membership organisations produce directories listing the goods and services offered and requested by their members, and keep score of trading between members via a centralised set of records, either kept by hand or on computer. They are also called a Mutual Credit System.

Second are time currencies with Time Dollars as the best-known form of this type. Time Dollars were invented by Edgar Cahn in the USA as a response to the need for greater social provision within fragmented communities and reduced public services. An hour of time spent helping someone is rewarded by an hour's credit, which can be spent by requesting an hour of someone else's time in return, saved up for future use, or donated to someone in need. Time currencies have spread to Germany, Sweden, Japan and UK.

The third type of community currency is paper currency, the local currency notes which are printed and allowed to be circulated freely among members of a particular community or locality. While individual transactions are not monitored, the quantity of notes in circulation is overseen by an issuing body to ensure there is no inflation from oversupply. The examples of this type are Ithaca HOURS in USA as a tool to regenerate the local economy, the Red Global de Trueque (RGT) in Argentina in an attempt to counter the harmful impacts of severe economic recession, Bia Kud Chum System, Jai Coupon Exchange System and Por Coupon Exchange System.

3.1.4 What are its potential benefits to the community?

1) Communities are sheltered from the negative forces of global economy.

Conventional money is highly mobile. It flows towards the localities, regions, and countries promising the highest profits leaving other areas with low competitiveness in poverty (Douthwaite 1996). Money also can leave the community as quickly as it enters. In places where conventional money supply is short, Community Currencies can enable the people to gain access to goods and services they could not afford to buy for cash.

It has been argued in the literature that by adopting a certain currency that is not linked to other national currencies, the community will be able to be less dependent on external sources of financing which usually bears an interest and the community currency encourages local trading and exchange within the community as it is used only among community members (Tongzon 2002: 6-7, Pichpongsa and Khlangpukhiaw 2002: 51). Likewise, people who are unemployed in the mainstream economy may find that they are able to sell their labour and skills for local currency (Seyfang 2001b: 62).

2) Support for locally produced goods and services is encouraged.

As Community Currency only has value in the community in which it is generated, it stays circulating to create more wealth for members. This reduces community economic drain and encourages local import substitution, which, in turn supports community employment. In his book *Small is Beautiful: Economics as if People Mattered*, E. F. Schumacher contends that the most rational way to produce is 'from local resources, for local needs' (1973: 56). In this regards, exports are also needed in order to pay for needed imports which the community cannot produce.

From the experience of Argentina's Red de Trueque (RT), CCS stimulates the economic activities in the locality by promoting local production, adding demand when market failure occurs, maximising the local resources and waste as well as providing 'an emergency outlet market' in the time of crisis (Gomez and Helmsing 2008).

3) Traditionally undervalued activities gain greater significance.

Community members themselves decide the value of such things as childcare, artisanal skills or community organising. In particular, this gives them the opportunity to reassess the value of women's work, either undervalued or unvalued in the larger market economy. According to Burns (2000) and Seyfang (2001b), CCSs promote gender equality. This is against the picture in the mainstream economy that the women have less control over how household income is spent than men regardless of the domestic balance of earning power (Whitehead 1981).

4) Social relationships are strengthened.

While CCSs have not been proven to have any inherent power to overcome social inequities, it is generally agreed that they do yield tangible social benefits. An intricate social network is reinforced/created as a by-product of members meeting to value and exchange each others goods and services. In an indirect way, it may be exactly these social benefits which determine economic success over the long run (Collom 2005).

3.2 CCS and Selective Spatial Closure

Selective Spatial Closure, in its original sense, means 'a reaction against prevailing dominant trends and policies towards large scale functional integration...emphasis[ing] local control and focus[ing] on mobilising local resources and development efforts in a territorially integrated manner' (Stohr and Todtling 1979, Stohr 1981 in Gomez and Helmsing 2008).

The spatial closure is (self-)selective in the sense that it includes those wishing to participate and voluntarily accept the basic rules (Ibid).

Although CCS was not referred to by Stohr and Todtling as a means to reach selective spatial closure, it could create such an effect. According to Gomez and Helmsing (2008), CCS is ‘a way to achieve some degree of selective spatial closure that enables local communities and enterprises to withstand the harsh winds of large scale national and global changes and regain some degree of local control’ in the wake of globalisation which changes happen exogenously rather than endogenously.

They concluded from the experience of Argentina’s RT that, under the protection of selective spatial closure provided by the community currency, the community can achieve community economic development through diversification of activities and income and a ‘social incubator’* which enabled some households, especially among women in response to the unemployment of their husbands, to set up micro enterprises in venturing into self-employment activities; and enterprise development through the CCS’ provision of an ‘emergency market’ outlet for goods and services that are unable to sell in the traditional market, the increase of collective efficiency, and the creation of a trading network to enable new local producers to access local currency demand.

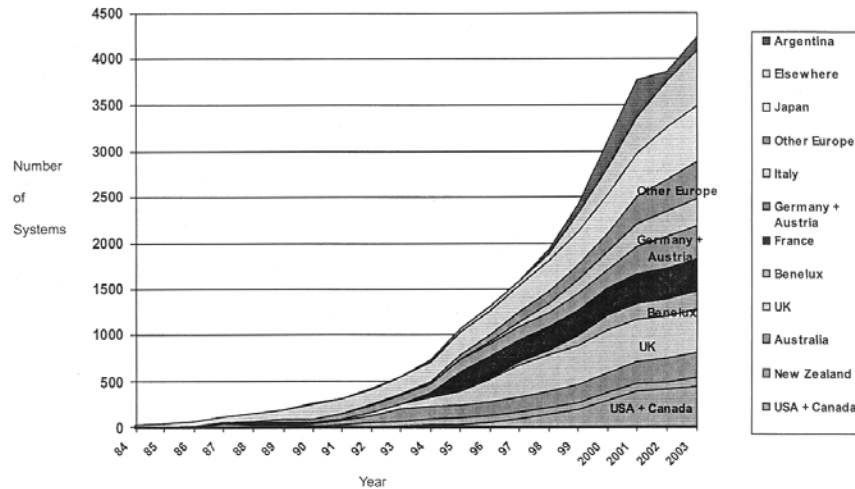
3.3 CCSs Worldwide

The origin of community exchange can be traced back to the age of Babylon and Sumer civilisation, 6,000 years ago. However, the modern CCSs are considered to have begun in 1983 with the LETS in Canada. Since then the concept has spread to more than 2,000 communities across North America, South and Central America, Europe, Africa and Asia. The members of these systems change to reflect individual circumstances. But the basic concept of an interest-free, community-controlled exchange medium has remained the same (Powell 2000).

Wheatley (2006) provides an interesting chart that outlines the growth of CCSs around the world from 1984 to 2003. From Figure 3.2, during this 19 year period, there were dramatic increases in the use of CCSs around the world.

* The term coined by Gomez and Helmsing (2008) as the outcome of the ‘selective spatial closure’ through the application of Community Currency System. As different from a business or technological incubator which are the special purpose interventions that involve an upfront selection, the social incubator achieves its role through local social interaction and related learning by doing.

Figure 3.2
Worldwide CC Growth 1984-2003



Source: Wheatley 2006: 35

3.4 CCSs in Thailand

3.4.1 A Brief History of Thai Money

Barter, mutual help and labour exchange (*long khack*) during the harvest time have been practices in Thailand since the ancient time. The local exchanges used in the past were in many forms. In Southeast Asia, 'bia' was used as money since the pre-modern historic time. For Thailand, Srivichai Kingdom in the South (857-1457) had its own money to be used for transaction, known as 'Na-Mo', a silver pellet melded in the formed of a coffee-seed shape and labeled with Sanskrit alphabet. Lanna 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 (Powell n.d.).

The integration of Thailand into the world economy after the World War II by joining the gold standard in January 1946 as well as the International Monetary Fund (IMF) as well and World Bank in May 1949 resulted in impressive growth in GNP and stock market values. Advances have been made in health, education, transportation and communication (Puntasen et al. 2002).

Despite these accomplishments, income gap between the rich and the poor widened (Kowit 1995: 16-18). Urban slums multiplied as rural labourers were drawn to promises of high-paying jobs. Farmers found themselves in a vicious cycle of debt. Prostitution and the drug trade flourished. The country's forests were gone. Social and environmental crises were visible. The years of 1997-1998 saw the collapse of the Thai economy. The labourers were layoff and had to return to their rural homeland (Puntasen et al. 2002). All of this has left many wondering if there is an alternative to dependence on a system which is so utterly beyond ones control.

3.4.2 The Establishment of CCS in Thailand

As a result to long struggle through trial and error process to achieve self-reliance, accelerated by the economic crisis which has its cause from outside economy, the CCSs in Thailand emerged with the establishment of 'Bia Kud Chum' System in Kud Chum District, Yasothon Province in the Northeastern region in the year 2000 after two years of preparation.

The legal problems forced the system to stop temporarily. With the belief in the potential benefits of the CCS toward local economy, the villagers, NGOs and the academics tried to restore the system. Finally, the system was revived again in 2003 under the research project by Rural and Social Management Institute (RASMI) with the support of the Thailand Research Fund (TRF).

Later, under Phase II of the project, another two CCSs were implemented, namely Jai Coupon Exchange System in Nakhon Ratchasima Province in 2005 and Por Coupon Exchange System in Chanthaburi Province in 2006. The details of these three systems will be elaborated in the next chapter.

3.4.3 Thai Perspectives on CCS

1) Villagers

From the interviews with the members, using community currency is a learning process based on trial and error in order to regain control over their lives and stimulate local economy through promoting local production while depending less on outside resources and reducing the need for national money. Mun Samsi, former headman of Soke Khum Poon village in Kud Chum District, said the currency was meant not to undermine the baht but to encourage people to work and produce. It is a thinking process that slows down the tide of consumerism (Tangwisutijit and Rojanaphruk 2000).

2) Academics

Many well-known figures supported the Bia Kud Chum concept. Kanoksak Kaewthep, Faculty of Economics, Chulalongkorn University mentioned that 'In any economic system that has no alternative, the community must depend on the dominant economy. When there is 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' (Puntasen et al. 2002: 40).

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 (Puntasen et al. 2002). Sneh Jamarik contended that any government has no power to stop globalisation and capitalism. The only institution that could deter such undesirable forces was the strength of the local community (Ibid).

3) Government

The government officials seemed to have rather negative views towards CCS. For an official of the Bank of Thailand (BOT), without printing their own money, they could also reduce dependency by promoting the use of local resources (Saengpassa 2001). Helle Kibsgaard, who conducted a research on how complementary monetary system helped economically marginalised societies, gave reflection from her interviews with the officials from the BOT and the Ministry of Finance that they had a very little understanding of the attempts to create local currencies. ‘They expressed a blind faith in the political economy and the national money system – if anybody needed money, they could just borrow it’ (Creutz and Skou 2005).

A more positive view came from Yasothon Governor Prasongsak Bundet who said he did not see any negative effects of the usage of Bia Kud Chum and that he also viewed the project as one that fostered the solidarity and economic independence of the communities. However, his concern was that if more communities started issuing their own money coupons, the practice might threaten national security. Additionally, commercial transactions and commodity exchanges between villages could become confused (Somsin 2000b).

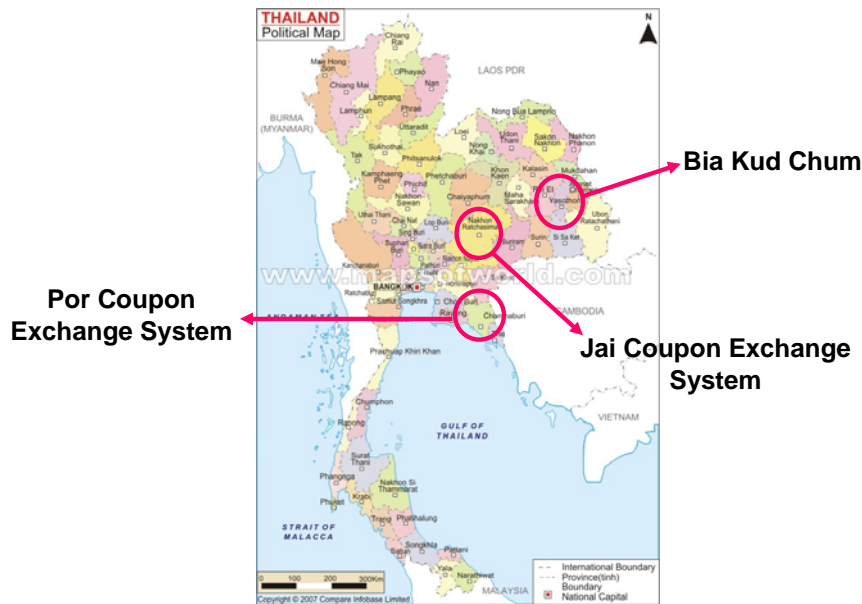
4) Lawyer

‘It is no more illegal than coupons used at food courts in exchange for noodles,’ said Somchai Homlor, head of Thailand’s Law Society (*Straights Times Interactive* 2000).

Chapter 4

Three CCSs in Thailand: Three Systems Compared

Figure 4.1
The areas where the three CCSs in Thailand were established



Up till present, there are altogether three CCSs in Thailand: *Bia* Kud Chum System, *Jai* Coupon Exchange System and *Por* Coupon Exchange System, in the area shown in Figure 4.1. Their similarities and differences concerning the community background, the rationales for the rise of the system, the rules of using, the implementation, its benefits and obstacles will be discussed in this chapter.

4.1 The Community Background

Every development has its own price, and so have industrialisation and modernisation.

Suntaree Komin (1995: 251)

In Bello et al. (1998: 133-134), Thailand's agriculture evokes contrasting images. One is that of fertile land with various kinds of major exported food in response to the world demand for a wide range of commodities, starting with cassava, kenaf, maize, and sugarcane in the 1960s and 1970s, moving on to soybeans, oil palm, and coffee in the 1980s, and, in the 1990s, pioneering in the production and export of prawns, frozen fowl, fruits, and flowers. The new technologies thus were adopted to increase the productivity while the farmers moved towards specialisation (Norberg-Hodge, Merrifield and Steven 2002).

However, there is another face of Thai agriculture. In the 1990s, while Thailand has been widely regarded as one of the economies with the most successful industrialisation

based upon an export-oriented policy, over 40 per cent of the rural population continued to live below the poverty line (Bello et al. 1998: 134). The rural farmers are just viewed as the supplier of agricultural production and have to produce as much as possible to cover the high input cost incurring from the use of chemicals and new technologies. Debt problem is common among the farmers. The overuse of chemicals and land resources also destroy the people's health and soil fertile (Puntasen et al. 2002). This reflects the fact that the countryside has been left behind by the city. With more than three-quarters of those defined as poor living in the countryside, poverty, according to economist Amar Siamwalla, becomes 'almost entirely a rural phenomenon' (1991: 39).

All rural households confront seasonality as an inherent feature of their livelihoods (Chambers et al. 1981, Chambers 1982, Ellis 2000: 58). As the main activity in the rural areas in Thailand is agriculture, Agricultural production is seasonal and heavily dependant upon the monsoon rain, which is concentrated in only four months (Poapongsakorn 1995: 131). In the peak of agricultural season, the demand for agricultural labour is so high that every hand in the family must be used. When the demand for labour declines in the dry season, a few millions workers become idle and seek temporary job in non-agricultural activities in the cities (Ibid).

4.1.1 In Kud Chum District, Yasothon Province

In the past, the people of Kud Chum produced between 50 and 100 different types of rice: red, black, white, long, short, etc. The diversity ensured that all planting, harvesting and cultivation was spread over the whole season, which made it possible for farmers to help each other on shifts, a system known as labour sharing (Creutz and Skou 2005). The way of life of Kud Chum villagers was related to the people in the community that mostly contained kinship and lineage. They were very helpful and hospitable to each other. They preferred sharing things to each other. Reciprocal labour groups, barter and 'kindness' systems of exchange has always been a central tenet of Northeastern culture (Powell 2002). This way of living was traditional for most people in Thailand before the penetration of capitalism into village economies.

By the end of the 1960s, representatives from the Department of Agriculture Extension (DAE) visited Kud Chum in order to persuade the farmers to grow hybrid rice and start using chemical fertiliser under the promise of a bigger harvest and a higher income. This was without the realisation that the promotion of a monoculture would also mean the demise of the labour sharing system, since everybody would be working on the same crops at the same time (Creutz and Skou 2005). Nowadays, three sorts of rice are produced there: jasmine rice, sticky rice and organic brown rice. And when they have to harvest, they usually have to employ extra labour for about 100 baht a day, in addition to harvest machines (Ibid). Kud Chum was nearly bankrupt when it followed the state's promotion of mono cash crops for export. The soil was also dying from chemical uses (Ekachai 2000).

Moreover, 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 (Pichpongsa and Khlangpukhiaw 2002). Vegetables, once grown in the backyard, such as galingale and lemon grass, had to be bought from the retailer who loaded fruits, vegetables, and meat on a

pickup truck and drove into the villages. As the community is located faraway from the market, the villagers had no choice but buying them in higher prices and mostly the items are tainted with chemical substances (Mrs Pranee Srimantra, 56, the head of the group, interview).

They could not control their lives that depended much more on external factors. In the 1980s, the community development process in Kud Chum District started with community business, i.e. the cooperative store, the village medicine fund, and the foundation of Herbal Medicine Centre in Ta Laad village. 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. The community rice mill was established. Hed Yoo Hed Gin (Having Enough to Live and to Eat) Group was formed to expand self-reliant initiatives to other spheres (Pichpongsa and Khlangpukhiaw 2002). Each step of community development the people of Kud Chum have taken has resulted from an evaluation of past experiences and lessons learned.

After the economic crisis in 1997, they inevitably encountered higher cost of living, their offspring who worked in the cities were unemployed or their wages were reduced. The crisis motivated the villagers to consult and discuss about creating the economic system that depended less from the outside.

4.1.2 In Noon Soong District, Nakhon Ratchasima Province

In these days, it turns out that 'Money' is what the villagers want the most. But money cannot solve every problem. If the retail who sells vegetables does not come into the village, money is merely a piece of paper.

Pra Samut Surapong Pasannachito,
the head of the Jai Coupon Exchange System Group

In Noon Soong District, Nakhon Ratchasima Province, the situation is not much different. The transformation of national market economy with an aim for higher economic gains causes changes in local lifestyle. The Abbot of Wat Nonthaklang Temple in Muang Prasart Sub-district, Noon Soong District, Nakhon Ratchasima Province, Pra Samut Surapong Pasannachito who is the head of the group, recalled that, in the past, the villagers could just go down from their house to their backyards and fetch fruits or vegetables grown along the fences to eat. People also lived in the form of extended family and shared the food together. However, when development came into the community with the availability of the electricity, they were seduced by the myth that money can buy everything. They therefore went outside to work for other people, bought things from outside in order to make their lives easier, used chemical fertiliser to expedite the growth of their rice, bought food, vegetables and fruits from other people, and grew flowers instead of eatable plants and had to ask the elders to showers those flowers. This changed lifestyle results in debt and dependency; if there is an electricity black-out or the vegetable retailers do not come in, the villagers find themselves in trouble.

As the central figure of Muang Prasart Sub-district, the Abbot determined to revive the old lifestyle where the people can be self-reliant with the sense of community. This was coincide with the wish of the Organic Agriculture Group Members in Muang Prasart Sub-district, who did not want to be exploited by the traders from outside that purchased the

local raw materials and agricultural products for their own gains, without returning any benefits to the local community (RASMI 2006).

4.1.3 In Kang Hang Maew District, Chanthaburi Province

The people Pawa Sub-district borrowed money from BAAC and began to plant para rubber trees which yielded higher returns instead of rice and cassava. Intrusion of outside high-tech commodity thanks to the road construction into the villages trapped people deeper into debts. The community relies too much on goods from outside while also spending the money on unnecessary things, such as liquor, cigarettes, lottery and gambling. The last resort was to borrow from money lenders with higher interests. Concerning about this problem, the community set up the Cooperative Store in 1998, the Savings Group in 1999 and the funeral fund in 2000 (Ms Kanya Dushita, 27, system coordinator, interview).

4.2 The Rise of the Three CCSs

4.2.1 Bia Kud Chum System

At first glance the small village market looks just like any other. A large tent shades hawkers and their wares from the searing intensity of the early morning sun. Goods are displayed on tables set out neatly in rows or on grass mats laid on the brick-red soil. Potential customers squeeze past one another to haggle over fresh fruit and vegetables, eggs, soy milk, processed foods and locally woven cloth and baskets. But that's where the similarity to other markets ends.

'How much is that bottle of liquid soap?'

'It's made right here,' chirps the vendor. She sits behind the table and casts a broad grin, her teeth stained red from chewing betel-nut. Then she adds: 'Thirty baht and five *bia*.'

The official Thai currency, the baht, is well known, especially after the spectacular economic crash which the country experienced in 1997. But what on earth is *bia*?

Jeff Powell (2000)

In December 1997, the Thai Community Exchange System Project (TCES) was started under joint effort of Local Development Institute (LDI), Volunteer Service Overseas Thailand (VSO) by Menno Salverda, Canadian University Service Overseas (CUSO) by Jeff Powell, and Focus on the Global South (Pichpongsa and Khlangpukhiaw 2002). In September 1998, the project organised a seminar entitled 'Local Exchange System and Self-Reliance' in Surin Province. Among the participants from the Northeastern region, the villagers from Kud Chum community attended this seminar and they thought that the local exchange system might be the way to assist the community in reducing dependence on external economy and creating self-reliance. Then, they started to explore the appropriate design of their own exchange system to suite the need of their community (Puntasen et al. 2002).

After brainstorming on what should be the name of their community currency to facilitate their exchanges, 'bia' was chosen. The main purposes of Bia 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

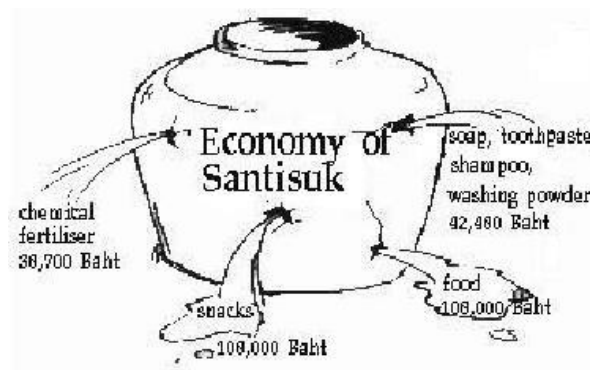
external market to be self-reliance and sufficiency and to generate local savings for their own uses when necessary (Puntasen et al. 2002).

Figure 4.2: Bia notes



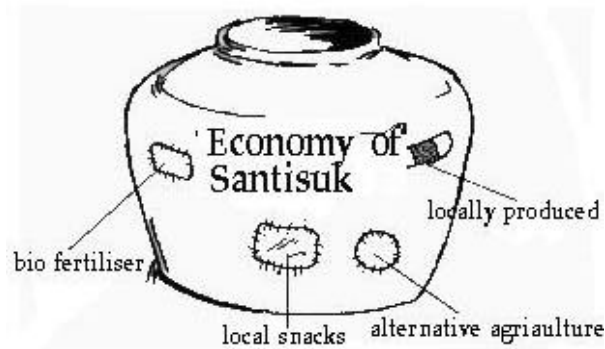
The role play was conducted to allow the participants to understand how the Bia system works as well as its benefits. Also, in cooperation with the Foundation of Reclaiming Rural Agriculture and Food Sovereignty Action (RRAFA), Thai Holistic Health Foundation, Nature Care Society, and TCES, the resource flow analysis workshop was held in Santisuk village in October 1999. The results of the workshops (Figure 4.3) showed that generally their expenses exceeded their incomes and went to a lot of unnecessary things (Pichpongsa and Khlangpukhiaw 2002). It shows four major categories of expenses within the village: Snacks, food, chemical fertiliser, soap, toothpaste, shampoo, and washing powder. It is interesting to note that one of the major expenses is on snacks for children amounting to 108,000 baht (2,298.36 euros) which is equal to the amount spent on food. This situation caused them to become indebted. The participants were then 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 (Figure 4.4).

**Figure 4.3
Outflow of Money from Santisuk village**



Source: Pichpongsa and Khlangpukhiaw 2002

Figure 4.4
Prevention of the Outflow of Money



Source: Pichpongsa and Khlangpukhiaw 2002

The Bia Kud Chum Project was opened in March 2000 with the Prime Minister's Office Minister Khunying Supatra Masdit present to give her blessing (Harrison 2000). The community received the grant from the Japan Foundation Asia Centre to print bia that worth 30,000 bia (Somsin 2000a).

In the first phase of the implementation, 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 and might have the intention to create 'an independent state' (Pichpongsa and Khlangpukhiaw 2002). As a result, officials from district and provincial government offices, police, military, internal security, the Prime Minister's Office and the Bank of Thailand (BOT) were among those to visit the community to investigate the Bia system (Ibid). (See Appendix III for more information)

Furthermore, the concern arisen from the fear of losing benefit from the community. Officials from the government's Bank for Agriculture and Agricultural cooperatives (BAAC), when discovering that the community itself has imposed a limit of 500 bia per member, were relieved as such small loans did not threaten the BAAC's own credit programmes (Harrison 2000).

During the investigation, 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 BOT that the bia was 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. Amidst confusion, the Bia Kud Chum working committee decided to change the name of the system from 'Bia Bank' to the 'Self-reliant Community Development Group' (Pichpongsa and Khlangpukhiaw 2002). In the meantime, the Law Society of Thailand and the National Human Rights Commission of Thailand helped them in the legal matters. According to Sanitsuda Ekachai (2000), a journalist:

Something is seriously wrong when big banks can freely use villagers' saving to bankroll urban investments while it is a no-no for villages to manage their own savings or set up a barter system for goods and services to increase community businesses and savings.

In 2003, the use of Bia Kud Chum has been revived through the Local Exchange System (CES) for Self-reliance Research and Development Project Phase I from October 2002 to January 2004 by RASMI supported by TRF. The system then has a special place under the law as a research project.

Finally, in 2006, the Office of the Council of State of Thailand ruled that the currency could be used in the community if it receives approval from the Minister of Finance (Saengpassa and Srisukkasem 2007). And now the Ministry of Finance allows the use of Bia Kud Chum (Pranee, interview).

4.2.2 *Jai Coupon Exchange System*

In 2003, the members of the Organic Agriculture Group in Muang Prasart Sub-district joined the seminar on CES organised by RASMI at Kud Chum District, Yasothorn Province and also observed the operation of Bia Kud Chum System. The community agreed to adopt the concept of CCS under RASMI's Local Exchange System for Self-reliance Research and Development Project Phase II operated between April 2004 and March 2007. The group wished that the CCS would help them revive the old community culture and relationship through exchange, solve poverty and debts problems, add value to local resources, and reduce the use of national currency. However, the villagers considered the system of Bia Kud Chum too complicated and difficult to use as the bia cannot be convertible into baht so they formulated their own rules.

Figure 4.5
Jai Coupon



Earlier, the villagers borrow money from BAAC to buy fertiliser. However, seeing the animal waste which was useless in the eyes of the villagers, the group comes with the idea to make it the high-quality organic fertiliser. The community used the village fund from the governments to buy the machine to make fertiliser. The group, led by Pra Samut Surapong, bought the animal waste with jai coupon in the rate of one jai per kilo. Initially, the members of the Organic Agriculture Group used the used phone cards as coupons and called them 'Jai' (meaning 'heart' in Thai, signifying the kindness among the people). Then, the villagers could buy the organic fertiliser with jai coupon at the price of four baht/jai per kilo. The fertiliser is also sold in baht to the people outside but at a higher price. The profits would go to the Jai Centre, the trading centre, as circulating capital.

4.2.3 Por Coupon Exchange System

Later in 2005, the researchers from RASMI came into Pawa Sub-district under the same project and introduced the concept of CES. Two villages: Kwai and Klong Ploy Villages were interested to join in the experimentation on the benefits of the system for the community. After the study visit to observe the implementation of Jai System, the community then tried to find the methods of CES that compliment the existing systems. Barter system of sharing (knowledge, labour and goods) has been there all along although less visible. Debit-Credit System has already been used in the Cooperative Store. Therefore, the community chose the community currency system using coupon to see whether it can support other systems and help reduce the outflow of money. Bia Kud Chum System is their role model of the attempt to strengthen the local economy (Kanya, interview).

The villagers hoped that the use of CCS would reduce the use of baht which leads to debt problems as well as promote local production of goods and services. Coupon of Pawa Community is called 'Por' (meaning 'Enough' in Thai). The key idea is to know 'how much is enough' while keeping reminding oneself to be prudent when spending; for example, one por means one is enough.

Figure 4.6: Por Coupon



4.3 Rules of Using

4.3.1 Bia and the Return to Reciprocity

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. The 'bia' cannot be used outside Kud Chum community and cannot be exchanged directly with the baht (Puntasen et al. 2002). It is the first system of its type in South East Asia with the combination of a paper currency technology and a group system of mutual credit (Lietaer 2001: 206).

Box 4.1: Similarities and differences of the three systems

- Bia, Jai and Por are equivalent to Baht
- Bia can be used together with Baht but Bia is not convertible into Baht and vice versa.
- Jai Coupon can be exchanged into Baht and vice versa but with ten percent conversion fee. This is due to the attempt to promote the use of Jai coupon and the realisation that the members might sometimes need Baht as the system is still incomplete.
- Baht can be convertible into Por Coupon but not vice versa. The coupon can only be exchanged at the Cooperative Store.
- While 500 bia (later 200 bia) were distributed through loan to the members without any backing except trust (This is a constraint on quick expansion) and local resources, Jai coupon is backed by local resources and products through exchange. In the latter case, the coupon will not exceed the products available for the coupon holders. Por system is backed by Baht, the national currency, as well as local products. As a cooperative store, it is risky to give away the coupons.
- With the Cooperative Store where Baht can be exchanged to Por coupon everyday, there is more liquidity in the circulation of Por coupon, compared with the exchange of Bia and Jai coupon which happens only at the Sunday market and the ad hoc weekend market, respectively.

The member is able to borrow up to 500 bia from Bia Bank per year with interest free. After one year, the borrower must return all 'bia' that the person has borrowed to the bank. Failing to do so, he/she will not be able to borrow the full amount of 500 bia in the following year. In addition, a member may want to deposit and withdraw the 'bia.' The value of Bia Kud Chum depends on the agreement among the members. There was an agreement that one bia worth equivalent to one baht. For example, if a hand of bananas is ten baht, a member can pay five baht along with five bia. In this way, the buyer can save five baht for items that he/she cannot buy locally such as gasoline, fish sauce, soap, toothpaste. Most of them can be bought in cash from the Community Cooperatives Store. The price setting is much based on reciprocity as the seller and buyer are to decide how much bia or baht to pay. If the buyer has little money, the seller might help by accepting all ten bia for a hand of banana. Under the research project starting in 2003, each member can borrow only 200 bia during the one year of the project. The rules for using remain the same.

4.3.2 Jai Coupon and the Maximisation of Local Resources

The idle resource like animal waste became valuable through CCS. One jai is equivalent to one baht. However, ten per cent fee will be applied when converting jai to baht and vice versa. First example is when the member brings 20 jai to the Jai Centre for exchange to baht, he/she will get only 18 baht. (One has to change baht to jai coupon if wanting to join the exchange at Jai Market) Another example is if the member brings 10 kilos of animal waste for sale at the Jai Centre and wants baht instead on Jai, he/she has to wait until the fertiliser can be sold in baht and then he/she will get nine baht for the waste. Therefore, it is in the members' interest to receive jai coupon. (Pra Samut Surapong, interview)

There are three ways to get jai coupon: though labour in the community works; borrowing from the Jai Centre; and selling products at Jai Centre.

4.3.3 Por Coupon and the Attempts to Save Money

One por is equal to one baht, like in the case of Bia and Jai Systems. There are three ways to get por coupon: exchanging it with household produces and production; labour; and money. The villagers can bring their farm produces or products to the Cooperative Store and get por

coupon in return. They also can receive the coupon from assisting the community groups, such as the charcoal making group, the fertiliser making group and the brick making group. Another way is to exchange baht to por coupon at the Cooperative Store. At first rather uncertain whether to allow the baht and por exchange without doing anything, the group later decided to use this as the mean to record the expense and limit the use of money of each member. The logic is that the members set the amount of money (in baht) they will spend in each month and then exchange that money into por coupon at the Cooperative Store. Mr Sao Pengsuk, 48, a Noodle Restaurant's owner, said that the system helps him calculate the amount of money he used to buy the ingredient. Each time, he exchanges 500 baht for 500 por to buy fish sauce and sugar from the Cooperative Store. When he is out of the coupons, it means he has already used 500 baht. The store also records the information on the coupon exchange of the members and reports to each of them monthly. Moreover, the members can sell their products at the Cooperative Store and receive por coupons in return. To promote its use, the coupon cannot be exchanged back to baht.

The coupon can be used at two community stores, a noodle restaurant and some local shops with the exception of the motorcycle garage.

4.4 The Implementation

4.4.1 Membership

For Bia Kud Chum System, unchanged since the establishment, the members of Bia Kud Chum remains 120 households out of some 600 households in five villages, including Soke Khum Poon, Santisuk, Kud Hin, Koke Klang in Kud Chum and Sai Moon districts. In Santisuk Village, only village where the system is still active, 28 out of 33 households join the system. Mrs Sangworn Thongnoi, 45, a non-member, explained that she did not join as member because she stays in Santisuk Village only during the rice planting and harvesting seasons. There is nothing much for her to do after the harvesting season while the others grow beans for sale. So, she and some of the villagers have to find jobs outside the village.

For Jai System, 90 households from five villages are registered members and have to pay 100 baht for administrative cost. However, more than 200 people from 13 villages in Noon Soong District accept jai coupon and join in the Jai Market.

For Por System, out of 48 households (66 people) who are the members of the Cooperatives Store, 22 households joined in the system.

4.4.2 Activities

For Bia Kud Chum System, from three times a week in three villages, a community market is currently held in only Santisuk village every Sunday. The objective of the markets is to create an opportunity for villagers to trade locally. Consequently, resources will circulate locally. 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/bia. A number of sellers in the market range from 2 to 20 persons, depending on seasons. An average number of buyers are at 20 persons (Pranee, interview).

According to the report by Klatukwan (2008), 75.38 per cent of the goods on sale at the community market at Santisuk Village between 3 July 2005 and 3 July 2006 were the primary goods grown and collected by the participants while another 19.66 per cent was the processed ones. 3.82 per cent was bought form elsewhere (Table 4.1 and Figure 4.7). If the amount of the processed food was more, the goods would be more various and meet the needs of the participants.

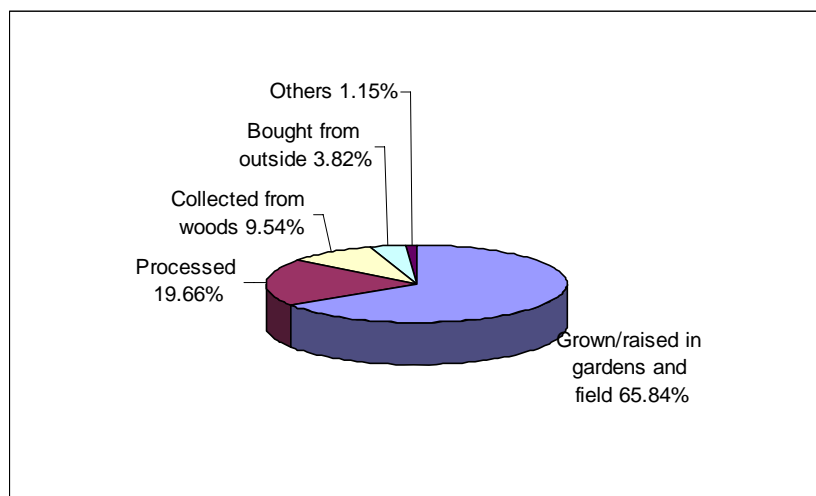
Outside the market, bia is also used, though in smaller amount, to buy instant food from Mrs Walee Wiriya, pay Mr Nuk Saothong for fixing the bicycle tyre, give Mr Opas Srivisea for a haircut, or buy soy bean milk from the housewives' group, etc. Additional skills training for community members also takes place in order to support such things as the diversification of local production to meet local demand.

Table 4.1
Origins and amount of goods on sales (unit) at the community market in Santisuk Village between 3 July 2005 and 3 July 2006

Methods of getting the goods	Amount (unit)	Average amount per day	Percentage (%)
1. Grown/raised in gardens and fields	345	7.34	65.84
2. Processed	103	2.19	19.66
3. Collected from woods	50	1.06	9.54
4. Bought from outside	20	0.43	3.82
5. Others	6	0.13	1.15
Total	524	11.15	100

Source: Klatukwan 2008

Figure 4.7
Origins and amount of goods on sale (unit) at the Community Market per day between 3 July 2005 and 3 July 2006



Source: Klatukwan 2008

Goods exchanged at the Jai Centre include rice, animal's waste, organic fertiliser and community's products, such as shampoo, soap. The committee members, voluntarily sitting at the Centre, will pay the sellers in coupon for the members' products at the price proposed by the villagers, except for rice which has a set price. When the centre receives goods from the members, which could be enhanced for the additional value, it tries to maximise such benefits, such as milling the rice, or turning the animal's waste into fertiliser. While the remaining goods could be sold to the outside community such as the rice with husks (seeds), the Centre could trade these in exchange for certain goods that the local community itself could not produce (Pra Samut Surapong, interview).

The jai coupon was used in buying organic fertiliser, having the motorcycle fixed, buying food at the restaurants, purchasing commodity at the local stores of the members and transporting on the local bus (ten jai/person) (Limpapan and Saeyew 2008). Every month, the members agreed to have one group meeting and Jai market where the villagers can exchange their produces and products in jai. The outsiders who wanted to join in these activities have to change the baht into jai coupon with the 10 percent conversion fee.

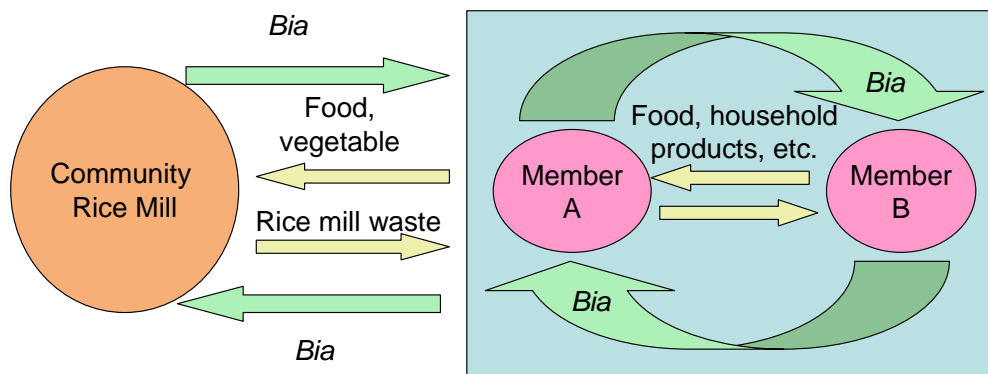
The people can use por coupons to buy consumption goods at the Cooperative Store which are only the necessary items such as rice, fish sauce, medicine, instant food as well as gasoline. Lottery or liquor is not found in the store. They can produce goods and sell to the Cooperatives Store to get por coupon. The coupon is also used as a mean to control the spending of money by exchanging baht to coupon at the amount intended to buy commodity for the store.

The community store was opened in January 2007 to make the exchange and the circulation of jai coupon more consistent. However, until now, no goods were put on sale there because the group could not sell the fertiliser and gain money to buy goods outside due to the drought.

4.4.3 Insertion into the Local Economy

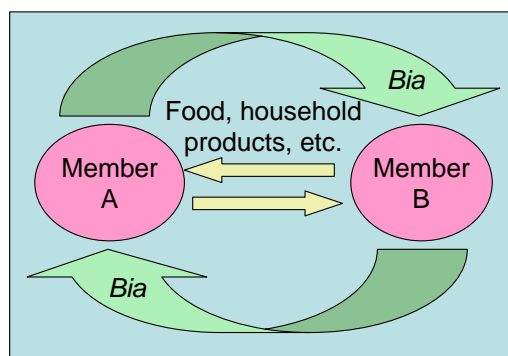
Bia Kud Chum System tried to link the community with the rice mill as shown in Figure 4.8. However, the Community Rice Mill is not yet receiving bia in exchange for rice mill waste which can be used as fertiliser in the rice field, even though the committee of the rice mill agreed to accept bia long time ago (Figure 4.9). The reasons are the problems in the management of two accounts: one for baht and another for bia, the lack of the personnel who will take care of the management between baht and bia accounts.

Figure 4.8
Desired plan of Kud Chum System



Source: Suzuki 2005

Figure 4.9
Actual and present operation of Bia Kud Chum System



Source: Edited from Suzuki 2005

The report by Klatukwan (2008) shown in Table 4.2, collecting data from 30 times of community market held between 3 July 2005 and 3 July 2006 in Santisuk Village, reveals that, in the community market, on average, the villagers paid 518.20 baht and 38.07 bia per day in exchange of good and services. This is accounted for only 6.84 per cent compared with those in baht.

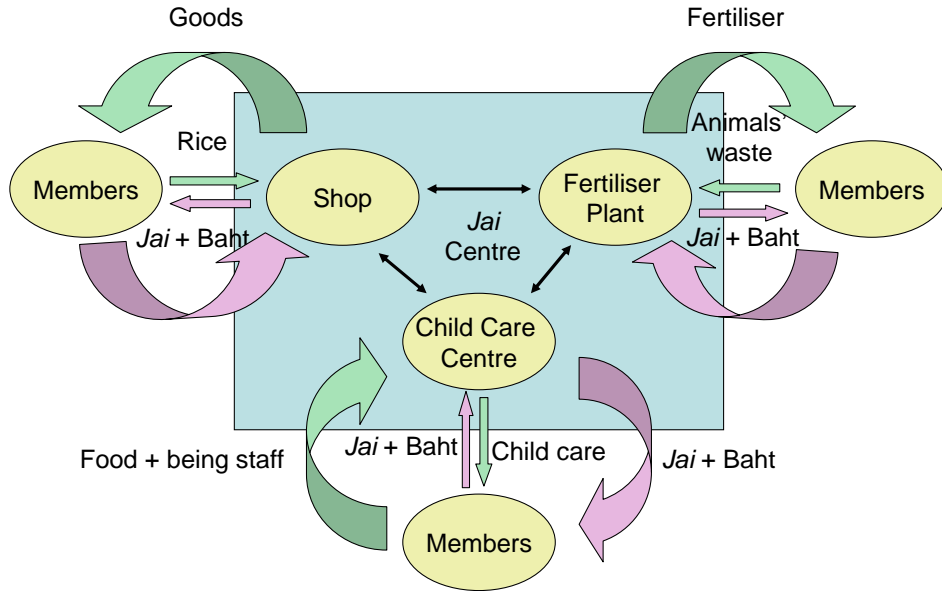
Table 4.2
Amount of exchange (baht and bia) at the community market in Santisuk Village between 3 July 2005 and 3 July 2006

Exchange at Santisuk Village	Baht	Bia	Total	% of bia per total value of exchange
Total value (30 times)	15,546	1,142	16,688	6.84
Average value per time	518.20	38.07	556.27	
Total value per year	26,946.40	1,979.47	28,925.87	

Source: Klatukwan 2008

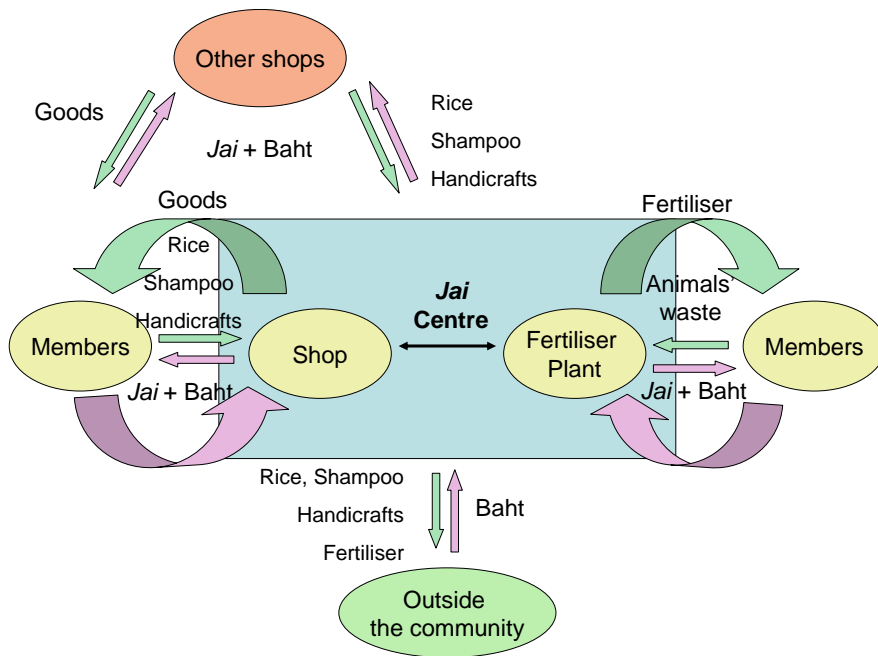
In Jai System, the use of coupons takes place at Jai Centre, local shops and Jai Market. Initially, there was an attempt to link the system with the child care centre using the ten per cent conversion fee as the capital but it is still not implemented yet because the size of the exchange was small. Figure 4.10 and 4.11 present the desired and present patterns of Jai Coupon Exchange System scheme.

Figure 4.10
Desired pattern of Jai Coupon Exchange System



Source: Suzuki 2005

Figure 4.11
Actual operation of Jai Coupon Exchange System



Source: Edited from Suzuki 2005

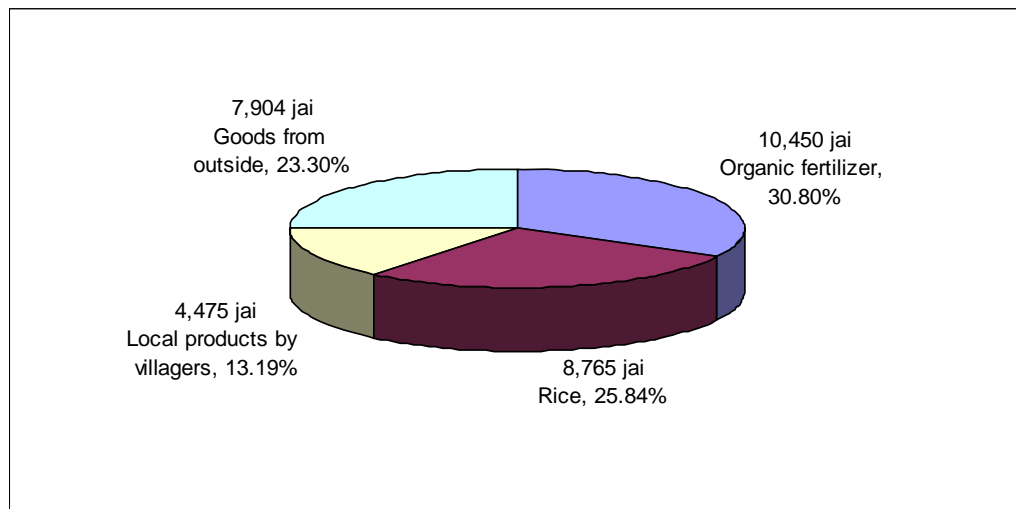
Out of 50,000 jai produced, 10,000 jai is circulated in the community, creating up to 30,000 jai per year (Limpapan and Saeyeaw 2008). According the report by Limpapan (2006), the value of goods in Jai Centre between 19 June 2005 and 18 February 2006 is shown in Table 4.3.

Table 4.3
Value of goods exchanged at Jai Centre in jai coupon

Origin of goods exchanged at Jai Centre	Value of goods (jai)	Percentage (%)	Proportion
1. Organic fertiliser	10,450	33.08	23,690/ 74.98%
2. Rice	8,765	27.74	
3. Local products by villagers	4,475	14.16	
4. Goods from outside	7,904	25.02	7,904/ 25.02%
Total	31,594	100	31,594

Source: Limpapan and Saeyeaw 2008

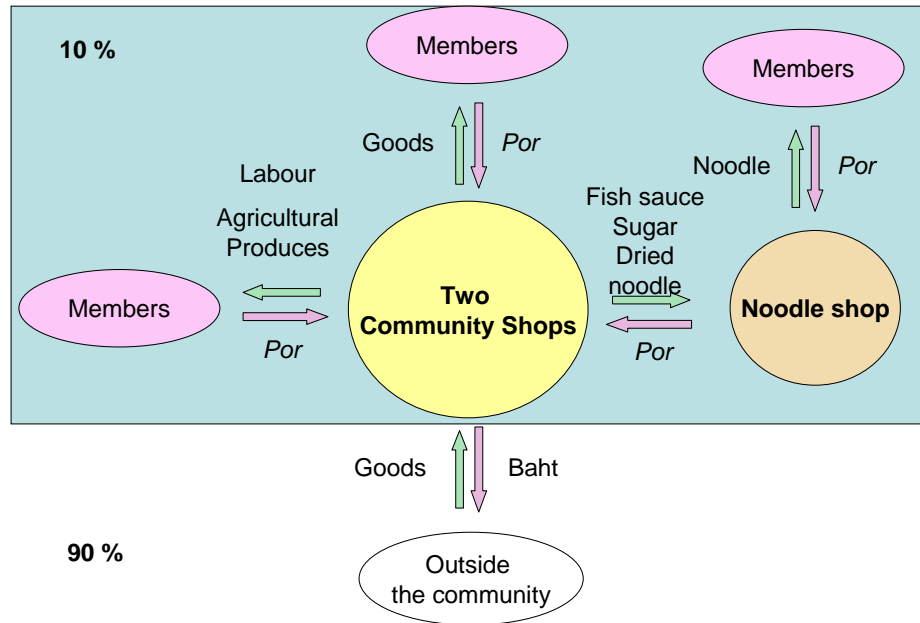
Figure 4.12
Value of goods exchanged at Jai Centre in jai coupon



Source: Limpapan and Saeyeaw 2008

Different from Jai System, since the beginning, Por System has the Cooperatives Store as the permanent centre of exchange. The pattern of exchange is shown in Figure 4.13.

Figure 4.13
Operation of Por Coupon Exchange System



Source: Own construction

When the system was fully operated, only 7,000 por was in circulation from the total exchange through the store of 100,000 baht. The local production by the villagers accounted only for ten per cent compared with the value of the goods in the store, including vegetables, fruits, dish washer and processed food (Kanya, interview). In the attempt to use the system as a mean of saving, after one year of implementation, it was found that most members cannot reduce the expenses (Ibid).

4.5 The Fall of the CCSs

Box 4.2: Present Status

- Bia Kud Chum System is still operated but the members who are active reduced drastically.
- Due to the long period of drought which limits the need for organic fertiliser and makes the circle of the system incomplete, the use of jai coupon is automatically suspended. Anyhow, the members are eager to resume it since the rain has finally fell and the people are ready to farm.
- For Por System, the coupons are no longer circulated as most members did not consider the system as the best solution and the others follow.

4.5.1 Bia Kud Chum System: Still Slowly Running

Although the number of members remains the same and the use of bia continue, not everybody are active in the system due to several reasons:

Firstly, the fear of being illegal is still lingering in the people's mind.

Secondly, some members keep their bia at home because they are afraid that they will lose their bia and are unable to regain it back. Pranee said that this kind of people is lazy as

they do not produce things to sell in order to gain bia. In this way, bia is not well-circulated in the community.

Thirdly, many members need money to buy the necessities, not bia, especially in the families with young children (transportation, lunch fee, school uniform), while the products on sale in the system are not diversified enough to respond to the needs. Most of the products are primary goods from which can gain little money. Moreover, some villagers are not satisfied with the quality of the locally-produced products, for example shampoo, compared to those available at the store. Therefore they bring their produces to outside markets or do other jobs to gain money instead of producing things for Bia market. They try to find as much money first in order to cover the expenses (Mr Lor Srimantra, 58, member).

Fourthly, the volume of exchange in bia and the size of the member are relatively small. The products are not diversified and the members have the same products. The exchange takes place mostly at the market only. Moreover, as it does not link with other main economic units, namely, the community's rice mill, the cooperative store and saving group. Therefore, people cannot save substantial amount of money through the use of bia and the system cannot be part of daily life.

Fifthly, due to the fact that, at present, the whole committee members are of women and the products on sale at the community market are homemade, the activities of the system are viewed as those of women. The task division is clear when asking Lor what he will sell at the market today and he replied, 'I don't know. You have to ask my wife. She is preparing something in the kitchen.'

However, according to most members, even though the project had come to an end, they insist on continuing the use of bia since a lot of time and efforts had been put to make this system work and most of them think it is useful as it can facilitate local exchange which existed for long time ago.

4.5.2 Jai Coupon Exchange System: Wait and See

The Jai Market has not been organised in the past two years due to the long interval of rainfall. The villagers could not grow rice and therefore did not need organic fertiliser. The centre could not sell the fertiliser so it did not have money to buy goods for the Community Shop. As a result, the villagers just keep Jai coupon with them and do not need jai coupon. The circulation of Jai coupon then automatically stops. Fortunately, at the time of visiting, the rain fell after a long period of drought. But, unfortunately, many of the members were occupied with their rice transplanting that they were not available for the interview. The obstacles of the system can be concluded as follows.

First problem is the influx of coupons in the local shops. Problems arose during the height of the operation when several local shops, restaurants, and producers have already traded with the jai coupons. At that time, the a number of jai coupons tend to gather at the outlets and producers, particularly in the non-agriculture season, when the members do not need to use the fertiliser from the Jai Center, and tend to spend the coupons on goods (Limpapan and Saeyew 2008). This caused the local shops, restaurants, and producers to have insufficient amount of circulating capital, as they have been depending on the outside products. The answer to this would be to encourage the members to consume more of the local products, instead of the external goods while the constant demand of jai coupons by the shops and the members themselves would continue to support the other members to

produce more local goods required by the community- and thus making the local production become increasingly diversified (Ibid).

Second problem is the lack of understanding in the potential benefits of the system. Mrs Sangchun Prongsanthia, a member and a restaurant's owner, said 'I sell food and receive jai coupon...but still I do not know what good this system will do. Anyway, I like to see the community market'.

Thirdly, some members are occupied with their work that they do not have time for community work. Ms Rian Thepchunaud, 44, a committee member, said that she cannot help in making the organic fertiliser because she has to help in school's activities. Some local shops have withdrawn from accepting the coupon for personal reasons; for example, Mr Salab Chanapak's wife was ill so he needed money rather than coupons.

Most importantly, the use of jai coupon is based on seasonal activities and weather conditions which affect the functioning of local currency system to the extent that it cause shock: when there is drought, there is no need for compost fertiliser and the whole system stops because the local economy is based around the sale of fertiliser in order to buy other goods to be sold in local currency system.

Now that the community store is built, the next step is to manage it by finding the ways to finance it other than only relying on the sale of fertiliser and rice. All the members would need to come together to constantly communicate on the community's demand and the potential in generating the supplies. Such phenomenon is the method to bring about some positive relationship among the community residents.

4.5.3 Por Coupon Exchange System: Completely Died Out

At present, the people no longer use por coupon because no one exchanges baht for coupon. All the coupons are now at the Cooperative Store. The reasons that Por System stops are due to four obstacles:

Firstly, in January 2007 the RASMP's project ended, so did the enthusiasm of the people to continue with the system. Even during the project implementation, the researchers did not stay in the villages for the members to ask when they had questions. Therefore, they did not have clear knowledge enough to keep the system work without the researchers.

Secondly, in spite of working in their own farm, the villagers were mostly hired to slit para rubber trees and other kinds of jobs. This lifestyle supplied them with money to buy things and was occupied their time for doing some local products for the community. They would stay at home only some months. In addition, the price of para rubber is higher in the past couple years as is the hire rate and work load. As a result, they prefer purchasing rather than producing. According to Kanya, 'At the time that the system was established, the community wanted to follow the trend of Sufficiency Economy. However, with the better economic situation, the villagers feel that they have "more than enough" (in terms if money) so they do not want to be "sufficient"'.

Thirdly, they found out that the system did not really prevent the outflow of money. As the local production was very little, the cooperative store had to buy other necessary items from outside with money, for examples rice, gasoline, cooking oil, detergent, medicine, coffee, and fish source. Moreover, with the wave of globalisation, what the villagers want cannot be produced in the local community such as Pepsi, Coca-Cola, and chips. This could be seen during the interview when the big Pepsi truck parked in front of the stores to deliver

the bottles of the popular soft drink. For the community, in order to be self-reliant, it should rely on at least 50 percent of local products and 50 percent from outside.

Moreover, once the records of expenses had been distributed to the members, it was up to them whether to adjust it or not. Therefore, without the change in consumption pattern, Por system would not yield benefits for the community. Kanya said that ‘the system is good but we have to be as good as it’.

For these reason, the use of coupon just only changed the ‘means’ of exchange but not the ‘way’ of spending. While some members knew how to gain benefits from the system and successfully use coupon as a means to limit themselves and record his/her spending, for examples Mr Sao and Mrs Peng Pengsuk, Restaurant’s owners, most did not know what the benefits of the coupon were and thought that ‘there is no changes at all’ (Mrs Buala Pewnien, 43, a member and Mrs Porn Thongtha, 58, a member). Finally, the majority decided that the CCS was not the solution to their problems and its use just simply faded away.

Table 4.4
Conclusion of the Information on the three CCSs in Thailand

Systems	Bia Kud Chum	Jai System	Por System
Community	Santisuk Village, Kud Chum District, Yasothon Province (Northeastern region)	Organic Agriculture Group, Muang Prasart Sub-district, Nonsoong District, Nakhon Ratchasrima Province (Northeastern region)	Pawa Community, Keng Hang Maew District, Chanthaburi Province (Eastern region)
Type of System	LETS and paper currency	Paper currency	Paper currency
Year of Beginning	(29 March) 2000	2005	2006
Status	Operating	Suspended	Stopped
Medium of Exchange	Vouchers “Bia Kud Chum”	Vouchers “Jai”	Vouchers “Por”
Backing	Trust and local resources	goods and services	national currency and goods
Unit of Value	Units of National Currency Equivalent	Units of National Currency Equivalent	Units of National Currency Equivalent
Size of Membership	120 households (in 5 villages) Now active only 28 households in Santisuk village	90 households	22 households (in 2 villages)
Population served by the system	600 households	N/A	Member of cooperative store of 48 households (66 people)
Total volume of Trade in the community (when fully operated)	Internal currency: 2,000 National currency: 27,000 THB	Internal currency: 30,000 National currency: N/A	Internal currency: 7,000 National currency: 100,000 THB
Main Goods and Services Traded	Vegetable, fruits, dessert, fresh meat	Cattle manure, organic fertiliser, commodity	labour, commodity
Head of the System	Mrs Pranee Srimanra	Pra Samut Surapong Pasannachito (Monk)	Ms Kanya Dushita (coordinator)

Sources: own construction, <http://www.rasmi-trrm.org> and <http://www.complementarycurrency.org>

Chapter 5

Three CCSs, Selective Spatial Closure and LED: A Comparative Analysis

5.1 The CCSs and the Creation of Selective Spatial Closure

Local monetary networks are one of the ways in which communities and regions around the world reclaim control over their economies.

G.M. Gomez (2008: 179)

The change in lifestyle of the people in Naso, Muang Prasart and Pawa sub-district as a result of globalisation and development policies from the governments exposed them to powerlessness and vulnerability. They had increased local incomes but expenses had skyrocketed, and most of them were buried in debts owned to BAAC and informal lenders (Powell 2002). The villagers lose the control over their lives.

According to Stohr and Todtling (1979), amidst the trend toward large scale national integration, the control over our lives and local resources can be regained through the so-called 'selective spatial closure' as discussed in Chapter 3. Although the concept is not directly lined with the CCS but Gomez and Helmsing (2008) found that CCS in Argentina could create such an effect by reducing import goods and maximising the existing and unused resources. From theory and some international experiences, by creating a CCS to be used alongside a national currency, the local economy can continue to function despite economic crash in the 'outside world' (Pacione 1999). The community currency can also serve as a catalyst for the community to gain greater control over social and economic development in their locality (Ibid). However, the Thai three CCSs did not substantially create selective spatial closure due to their small scale and the limited amount of local production.

The sizes of the CCSs in Thailand are relatively small, ranging from 20 to 46 per cent of the total households in the areas. This was difficult to generate the spatial closure for the community as a whole. Initially, there were attempts to regain the control over local economy by reducing the outflows and promoting local production. The Resource Flow Analysis in Kud Chum District showed the outflow of money for snacks, food, chemical fertiliser, soap, toothpaste, shampoo and washing powder. Realising this, the community tried to produce these commodities themselves and sold them at Bia Market. However, the small scale of the system resulted in the undiversified products, and some of the members were not active to join as being a member is (self-)selective as he/she voluntarily join and accept the rules of using (Gomez and Helmsing 2008).

Peer pressure and social control are also important mechanisms which create the 'spatial closure' (Ibid). In the small communities where the CCSs were established, it is supposed that the villagers know each other so well that they do not dare to break the rules. In Kud Chum, for example, the head of the group stated that the members of Bia Kud Chum System tried to find or produce things to be sold in the community market because they would be ashamed or lose face if they could not bring anything to exchange with other members. However, when a lot of people stopped producing, it became normal practice. In addition, the amount of money saved within the community is low because the products are mostly primary goods which contain lower prices.

In Noon Soong District, the animal waste which no one saw the value become the important economic base of the area. People were also trying to revive the old style of living when they could be self-sufficient. The value of the local goods traded at Jai Centre and market was as high as 74.98 per cent thanks to organic fertiliser and rice. However, the amount of goods produced by the villagers is around 1.77 times lower than outside goods. Apart from the fertiliser and rice, the total goods of 3,079 jai was bought from Jai Centre with the outside goods of 2,154 jai (Limpapan 2006). The reason that the goods were not diversified much was due to the availability of local resources or preference to buy things from outside. In any cases, the strong leadership of the Abbot is a plus.

The Pawa community found it difficult to prevent the outflow of money when the people still preferred buying than producing by themselves. As a result, the locally produced goods accounted only for ten per cent compared with the value of the goods in the store, including vegetables, fruits, dish washer and processed food

5.2 Towards Local Economic Development: For Community Economic Development

Under the selective spatial closure, the CCS can bring about local economic development (Gomez and Helmsing 2008). CCS is mainly involved in community economic development as it adds supplementary sources of income to the households facing unemployment, poverty and vulnerability (Gomez 2008: 183). However, in cases such as Argentina's RTs, the effect also went to enterprise development as new enterprises were created (Ibid).

For the three Thai CCSs, given their size and scope, the LED impacts through selective spatial closure are very small but some benefits on community economic development could be seen. This is because certain effects take place at certain scales as Gomez found that 'CCS may achieve low economic impact but still be valuable to the structural poor...CCS may fail to construct an alternative economic space but still help households to survive a collapse of the national economy (2008: 235). Effects on enterprise development, however, require larger scale. Also, the fact that they are declining makes it difficult to bring about enterprise development.

5.2.1 Through creating local safety nets

Creating local safety nets and reducing economic insecurity, which causes poverty, provide suitable ground for local economic development. One way to do this is diversification to many sources of income (Helmsing 2003). Main incomes of the villagers in Kud Chum and Noon Soong come from rice farming while those in Pawa slit the para rubber. Under the CCSs, the household can produce things from idle resources and gains supplementary income.

Participants in Kud Chum regarded CCS as a tool to encourage more diverse production at a local level. This came after the recognition that greater participation in the global market had increased levels of indebtedness. They began to produce various kinds of local products. Therefore, local production and its diversification are boosted. In this way, the community reduces its dependency on outside resources as well as saves baht. The system also promotes the people to be more diligent as it encourages villagers to produce goods to exchange at the community market. Lor said that one could not and did not buy without producing. One time, he did not have enough bia to repay his debt and the deadline

was approaching. He sold eggs to his neighbours and asked for as much bia as possible. Inability to repay the loan is disgraceful for the members in this small community: another form of peer pressure.

In Noon Soong, jai coupon also allows the members to have more channels to exchange for more goods and baht can be saved for other things which cannot be produced in the community. Although the locally produced goods is only 14.16 per cent, beside rice and fertiliser, and not much diversified, the problem can be solved by buying goods into Centre with the money gains from selling fertiliser. Nevertheless, its effect cannot go beyond to end poverty or debts because the inconsistency of the use of coupons and production of goods, minimal number of locally produced goods as well as the small size of the exchanging group.

For Por System, the objectives are to prevent the outflow of money and help the villagers manage their savings by exchanging only the amount of money they intended to spend to the Cooperatives Store each month. The villagers also can produce or collect things from existing resources and sell at the store as a supplementary source of income. Moreover, the coupon system made it easier to record the pattern of community spending. Nevertheless, the fact that the local production by the villagers at the Cooperative Store accounted only for ten per cent compared with the value of the goods in the store made it difficult to save money within the community as most of the goods came from outside (Praditsilpa 2008).

5.2.2 Through stimulating community economy

Community currencies are geographically-bounded within a specific area, so local currency could not leak away. Instead, it circulates and re-circulates locally, passing from one person or business to another within a locality, multiplying the wealth created, each time it is spent (the ‘economic multiplier effect’) (Seyfang 2001b: 62-63). With CCS, household members can re-deploy skills and competencies (Gomez and Helmsing 2008). Unused local resources can also be added value. This helps stimulate local economy by adding local demand which might not have existed (Gomez 2008).

At the Kud Chum’s community market, besides fresh meat, fruits and vegetables grown in their backyard, some of the participants sell bamboo shoot soup, boiled beans and fermented fish. This 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.

With jai coupon, animal’s waste and other idle resources were maximised and their value increase. The organic fertiliser brings about money from outside which will later be used to buy commodity into the Jai Centre. Female members also made handicrafts for sale in the store and at the community market.

Por coupon stimulates community economy by opening the space for the villagers to gain an extra income, in coupon, through selling their products, and use them at the Cooperative Store.

5.2.3 Through creating micro-enterprises

Making soy bean milk, bamboo shoot soup or fermented fish in Kud Chum, producing organic fertiliser in Noon Soong and making charcoal or bricks in Pawa to sell or to gain

coupons are among the activities supported by CCS. Hence, the CCS can provide a testing ground for the micro-enterprises before graduating into small enterprises. However, the prospect for graduation through CCS is limited due to the small scale of markets, the reduced number of the participants who still use bia, the suspending of jai coupon usage, and the stop of por coupon circulation. This also results from the logic of survival businesses based on safety, sharing and diversification, and it is unnecessary for them to graduate into growth-oriented small enterprises based on risk-taking, accumulation and specialisation. The members are interested to be self-reliant rather than pursue economic gains through enterprises. Organic fertiliser production in Noon Soong has the brightest future to become regular enterprise. Anyhow, it is difficult to measure the impact of three CCSs on enterprise development because the activities did not graduate into small enterprises.

Box 5.1: Roles of women in CCS

The roles of women were boosted. According to the mainstream economic thinking, unpaid labour, usually women's labour, is under or unvalued. Paid work in the informal economy has been dominated by men, while unpaid work, usually called informal economy, is almost exclusively performed by women (Powell 2002). This division denies the fact that the paid economy is dependent on the nurturing, maintenance and welfare provided by the reproductive economy.

Seyfang and Pearson (2000: 59) make the connection between CCS and unpaid labour explicit that 'community currencies can reinvent, or restructure, the market, rewarding and valuing services and skills that are not recognised by the market economy, such as caring socially reproductive services...for whom the market currently has no demand.' Besides, there is no supply for this type of services as it is not profitable in the eyes of the entrepreneurs.

It is worth examining if this is, in fact, the case. Certainly in Kud Chum, community members recognised the explicit need to emphasise the key role to be played by women in the design and implementation of a CCS. The reason is that, in previous community development efforts, the predominance of men in leadership roles was identified as a shortcoming. Furthermore, since women are the managers of the household purse in this community, it was felt that any initiative to change consumption patterns which did not place women at the centre would surely fail. Secondly, the Bia Kud Chum system offered a route to overcoming men's privileged access to resources: information, credit and training. It was largely the women in the community who analysed resource flows and initiated skills development to address the issues identified, unlike state-led programmes in agricultural technology which target men. The Bia itself offered the possibility to act as a credit vehicle and the project also initiated a revolving fund in the national currency accessible only to those who had participated in the analysis of the community economy (Powell 2002). Bia has strengthened the role of women in community development, as can be seen by the fact that 50 per cent of the members of the Bia working committee are female (Klatukwan 2008). Moreover, women have formed groups to produce goods such as cloth, vegetables, and snacks, although most of the housewives groups were formed before the introduction of bia. The increased role of women is seen here but not this obvious in the Jai and Por systems. Therefore, to generalise this effect on women is difficult.

However, any moves towards increased subsistence may risk simply increasing women's 'double load.' The initial experience in Kud Chum was mixed on this point. While men participated in expanding agricultural diversity for local consumption, efforts to produce substitutes for primary consumer goods were taken up exclusively by women.

Chapter 6: To Conclude...

If you want to feed someone, give him a fish.

If you want to really help him, teach him how to fish.

This is just a fishing lesson – what you do with it is up to you. You can take big fish or small fish, or you can choose not to fish at all.

You decide what issues you want to deal with in your community, and there is a currency system that can help you with it.

Bernard Lietaer quoted in Dykema (2003)

6.1 Future of the CCSs in Thailand

In general, it can be said that the future of the CCSs in Thailand is rather dim: one is still working but with declining number of active participants, another is suspended and the other is completely stopped, not to speak of establishing a new ones. The impact of the Thai three CCSs are minute not only because some LED effects, such as enterprise development has not been reached, but also the size and scope of the CCSs are rather small to make a significant community economic development effect.

The case of *Bia* Kud Chum, the forerunner of the three systems, faced a legal problem as the Bank of Thailand said that the scheme poses a ‘threat to national financial security’ (Harrison 2000) while the new coverage portrayed the effort as the attempt to establish ‘an independent state’ (Pichpongsa and Khlangpukhiaw 2002). There was a fear of a possible contagion effect among the Government officials that other communities might decide to copy this example and challenge the baht (Harrison 2000). Nevertheless, the study of the three CCSs in Thailand shows that this effect is unlikely to happen as their membership is relatively small and they face difficulties in sustaining the systems.

Rather than judging whether the CCSs go against the law, the benefits of the system for LED should be explored as it might be one of the potentially effective tools to achieve this. Still, there are the limited researches on the contribution of the system to the local economy. *Bia* Kud Chum system were praised by NGOs, academics and the media as the symbol of the community’s efforts in search for self-reliance but was hampered by the power of the state. The study and promotion on economic impact were overshadowed by the legal issues. Although now the use of *bia* is legally allowed, it is still far from being part of the lifestyle.

Moreover, as an agricultural country, seasonality also influences the nature of the activities as happened in *Jai* System when the fertiliser could not be sold due to drought, resulting in the suspension of the whole system. The change in lifestyle which depends much more on outside resources and the preference to be consumers rather than producers made it difficult for the people in *Pawa* community to limit the outflow of money. As stated earlier that participating in CCS is ‘(self) selective,’ the people are freely join and stay if they think the system yield them benefits or leave if they do not. When the members did not see the benefit of the system, they forsook it.

Now the people still think that the exiting monetary system is working. However, if the economic crisis returns, surely that these three communities have at least one tool to cope with it.

6.2 Lessons Learned: CCS as the Tool for LED

LED is a learning process as there are no conventional formulae for success.

Wilson Enzama (2007: 15)

There is no recipe for LED. There are many ways to promote LED but what you choose has to be compatible with your locality and supported by all stakeholders. CCSs could be one option. Although LED is not the primary goal of CCS, the benefits of CCS for livelihood improvement as well as poverty and economic vulnerability reduction through diversification of sources of income which are the real goal as defined by Helmsing (2003) are visible.

However, CCSs are not a panacea for LED. Simply adopting them does not guarantee that every system will succeed LED. Many factors also contribute to the level of impact and their sustainability, namely scale, diversity of goods and members, understanding in the concepts and the willingness of the people to contribute. If CCS is to be chosen as a tool to achieve LED, the following lessons learned need to be taken into account.

1) LED cannot come *only* from below

Bottom-up approaches or the development-from-below suffers from a number of constraints and are therefore no panacea for the difficulties experienced by rural communities (Parnwell and Khamanarong 1996: 163). A central problem is that local initiatives eventually clash with forces they cannot control such as the issues of legal rights and seasonality. Clearly, bottom-up approaches to rural development cannot succeed alone. Only central governments have the resources and authority to create the necessary conditions for full-scale mobilisation (Ibid).

However, as bottom-up approaches emphasise popular participation, administrative decentralisation, and a rearrangement of the power relations between the central political system and local communities, they are generally not easily tolerated by the government officials or politicians which often see them as a threat to their continued existence (Ibid). Bia Kud Chum System is the case of example.

Due to the limitations of top-down state policies and bottom-up participatory approaches, there is increasing realisation that the two approaches need to be integrated for rural development efforts (Ibid), including LED.

2) Graduation is not always obligatory for LED

As stated earlier that certain effects happen at certain scale, the CCS therefore does not have to achieve all the components of LED. The three CCSs in Thailand could fulfill the community economic development to some extent. However, the micro enterprises in the localities did not make it to small enterprises. The reasons are, on one hand, the scale of the markets were too small to create enough impact and the drought that stopped the implementation of the Jai System; on the other hand, the members had no intention to graduate from their survival business to growth-oriented ones. The development must also take into account the needs of the people and suitable to the local conditions.

3) Scale of CCS should be 'large enough' and 'small enough'

The fact that one system continues to run, one is suspended and another one completely stops raises the questions of what makes the system sustained and what not. For it to last long, Gomez stated that the system has to be 'large enough' to maximise the benefits of a market, for example through diversity of supply, and also 'small enough' to maintain social cohesion (2008: 234). The problems faced by the three systems are the inability to meet the former condition.

From the lessons learned of the Argentine RT, CCS is basically based on a dilemma. On one hand, it needs to maintain social bond by limiting the size of the participants. On the other hand, it needs to expand and diversify the goods and services supply to provide the options for the participants. The problems concerning forgery, speculation, accumulation and governance emerged when the network reached its large scale and it finally collapsed or became marginalised (Ibid: 234-5).

Thai CCSs share the same fate but with different reasons. Generally, the systems remained in small scale with close relationship. However, as Annis (1987) argues, small may be beautiful, but it can also be insignificant. This is what concerned by several authors that the potential benefits of CCS are difficult to measure as its scale is too small (Gomez 2008: 10), exemplified by the three CCSs in Thailand. Thus, unlike the RT whose main problems are governance and sustainability (Ibid), scale and scope are the main limitations of the Thai CCSs.

4) CCS is the system worked by the people

For the CCS to be viable, it needs not only consumers or buyers, but also producers or sellers. In theory, the three systems themselves can create impact but it much depends on the efforts put by the members. In Por system, the amount of local production was small and did not serve the needs of the people who preferred outside products. Therefore, the members did not see the benefits of the system and the system finally stopped. Bia System still continues to operate, partly because of peer pressure, but the number of active members reduce because of the fear of authorities. However, they had almost the same products from households, little amount of locally-produced products and not much processed foods to add the variety. Also, the lack of stimulation and help by the NGOs makes the participants inactive.

In the author's view, the main reasons that the CCSs cannot create much impact, as seen on the case of Bia and Por Systems, are because the members lack the understandings on the logic of the CCS. The CCS's main aim is to stimulate local economy through local production. However, when the members of Bia system was given the loan of 200 bia, most of them just kept it, fearing that if they spent bia, they would not have enough bia to repay by the year's end. As Powell (2002) contends that Bia itself would be meaningless if it was not accompanied by efforts to encourage local production and trade. Or, the members of Por System just changed baht to por coupon and spend it at the Cooperative Store. These overlook the point of using coupon which is to encourage the members to provide the community with goods and services to increase income (in the form of coupon) and, in turn, reduce the outflow of local resources.

The bottom line is the contribution of the members. The more the people contribute, the higher the impact is on LED. That is why it is called 'community currency', currency of the people, by the people and for the people.

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Interviews

Bia Kud Chum System, 12 – 13 July 2008, Naso Sub-district, Kud Chum District, Yasothon Province

1. Mrs Pranee Srimantra, 56, Head of the group, Santisuk village
2. Mrs Sorn Saothong, 52, committee member, farmer, Santisuk village
3. Mrs Nang Srimantra, 46, member, farmer, Santisuk village
4. Mr Lor Srimantra, 58, member, farmer, Santisuk village
5. Mrs Lee Kanchampa, 44, member, farmer, Santisuk village
6. Mrs Aon Aumboon, 51, member, farmer, Santisuk village
7. Mrs Sangworn Thongnoi, 45, non-member, Santisuk village
8. Mr Somboon Yuttham, member, butcher, Santisuk village
9. Mrs Rian Maschaw, 67, member, farmer, Nong Pue Noi village

Jai Coupon Exchange System, 3 August 2008, Muang Prasart Sub-district, Noon Soong District, Nakhon Ratchasima Province

1. Pra Samut Surapong Pasannachito , the Abbot of Wat Nonthaklang Temple, head of the group
2. Mrs Karian Thepchunaud, 44, committee member, farmer
3. Mrs Sangchun Chanaklang, member, restaurant's owner
4. Mrs Bang Kanklang, member, farmer
5. Mrs Prayoon Prongsanthia, member, farmer
6. Mrs Sopa Pingchunaud, member, farmer

Por Coupon Exchange System, 15 July 2008, Pawa Sub-district, Keng Hang Maew District, Chanthaburi Province

1. Ms Kanya Dushita, 27, committee member
2. Mrs Waew Sathitchun, 32, member, Community Shop Keepers
3. Mr Sao Pengsuk, 48, member, Noodle Restaurant's owner
4. Mrs Peng Pengsuk, 44, member, Noodle Restaurant's owner
5. Mrs Porn Thongtha, 58, member
6. Mrs Buala Pewnien, 43, member

Appendix I: Community Currencies Worldwide**



**Ancient Babylonian
currency tablet, circa 4000
BCE.**



**Product Tokens from Susa, Iran
(3500 BCE).**

Clockwise from left, 1 jar of oil, 1 garment, 1 measure of metal, one unknown item, one measure of honey, one garment.



**Lubeck City Currency,
Germany, 1921.**



**Wara Currency Note,
Germany, 1931.**



Back of the Wara Note with
'negative interest' stamps.



**Alberta Provincial
Currency, Canada, 1936.**



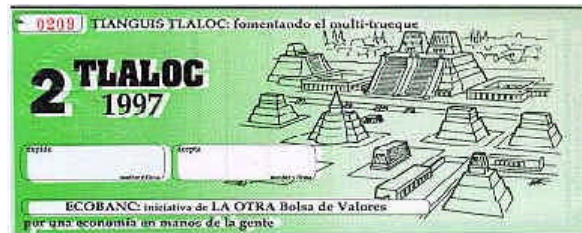
The Constant, America, 1973.



Salta Province Debt Cancelling Bond, Argentina, 1987.



**Valley Trade Dollar, New
Hampshire, America, 1998.**



Tianguis Tlaloc, Mexico, 1998.

** Source: (a) Stephen DeMeulenaere (2000) 'A Pictorial History of Community Currency Systems'.
http://www.appropriate-economics.org/materials/pictorial_history_of_CCS.pdf (accessed 11 May 2008)

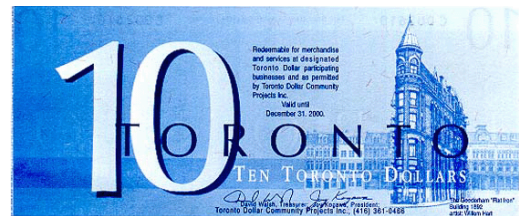
(b) 'Monete Complementari'.
http://www.utopie.it/publicazioni/libro_economic_senza_denaro/monete_complementari.htm (accessed 2 November 2008)



Bon Community Currency, Dakar, Senegal, 1998.



Jersey Island Currency, England, 1999.



The Toronto Dollar, Canada, 1999.



RGT Credito, Argentina, 1999



Temporary Community Currency Note, Japan, 1999



Bia Kud Chum, Thailand, 2000



EcoAspromonte, Italy, 2003



Jai Coupon, Thailand, 2005



Por Coupon, Thailand, 2006



The Hudson Valley Liberty Dollar, America, 2003



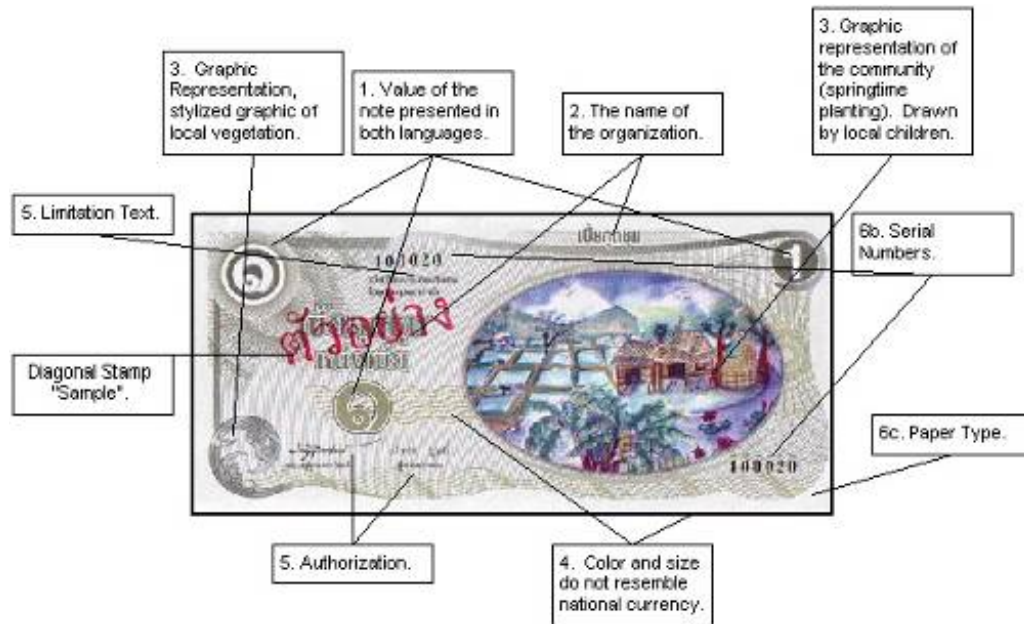
Humboldt Community Currency, America



In **Japan**, experiments are underway to record and value non-monetary exchange, contributions of time, and the sharing of resources using **Smart Cards**, which is like a credit card with a computer chip in it (<http://www.p2pfoundation.net/Japan>)

Appendix II

Bia Note: Front and Back with Description



Source: DeMeulenaere 2000

Translation of Poem on the paper of one *bia*:

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.

(Pichongsa and Khlangpukhiaw 2002)

Appendix III

Legal Problems of Bia Kud Chum System

Upon its implementation, Bia Kud Chum System became a sudden spot of concern for government officials and mass media because the area was used to be marked as *Pink Area* in the 1970s when communist insurgency was a problem in Thailand as the people there were considered radical and non-conventional by setting up their cooperative shops to re-duce the role of the middle men and forming many self-reliant group (Kangphukiew n.d.).

On April 19, 2000, soon after people started using bia, the Fact Finding Committee of Bia Kud Chum founded by 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.

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 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.

The officers from the National Security Council and the National Intelligence Agency entered Kud Chum to find out whether the production and the use of the bia is harmful to the national security. Some officials 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. Some members did not go to the community market. Some had 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 (Pichpongsa and Khlangpukhiaw 2002).

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, the local scrip in Germany, the Worgl stamp scrip in Austria and 'emergency currency' in the United States (Lietaer 2001: 151-7). 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 (Ibid). Unlike in Thailand and the above mentioned countries, the CCS in Japan has not met any legal challenge or opposition from government authorities (Tongzon 2002).

Appendix IV

Pictorial Report of the Field Visits (between July and August 2008)

1. Bia Kud Chum System



Main occupation of the people of Kud Chum District is rice farming. In the picture, the villagers are transplanting the rice seedlings



Typical house in the area: In the picture is the one of Pranee, the head of the group



Bia Bank with Pranee and Sorn



Pranee shows the Bia Books of the members



A housewife preparing processed food for the market



At the Community Market around 8 am.



Rian from Nong Pue Noi village and her bamboo shoot soup



Goods includes both primary and secondary (processed) foods: mangoes and bamboo shoot soup



Somboon from nearby village adds up the variety of goods by bringing in the meat.



Pranee buys some bananas from Sorn in bia



A child also joins in the exchange.



Local cooperative Store which accepts only Baht

2. Jai Coupon Exchange System



Traditionally villagers grow various kinds of vegetables along the fence



The villagers in the new generation think the fence with vegetables look dirty so they build a new fence with concrete and grow flowers



Entrance of Noonthaklang Temple



Pra Samut Surapong, head of Jai Coupon Exchange System, shows the locally produced fertilizer in stock which cannot be sold due to drought.



Organic fertilizer production shelter in the temple area



No fertilizer is produced at the moment.



Office of the Muang Prasart's Organic Agriculture Group



The newly-built community store but still does not have goods for sale.



Local products used to be sold at Jai Centre



Karian sitting in front of the store which used to accept jai coupon.



Inside the store

3. Por Coupon Exchange System



Main road which links Pawa community with the outside world



Retailer truck coming in to sell vegetables and fruits



The Cooperative Store



Kanya (front) the coordinator of *Por* Coupon Exchange System and Waew (back) the storekeeper and member



Goods inside the store: all of them here bought from outside



Intrusion of the pop-culture



Product of Charcoal making group
(the helpers were paid with por coupon)



Diesel oil is also available at the store



Sao (husband) and Peng (wife), owners of noodle restaurant, use por coupon as means of recording expenses and will be glad if the system resumes again.