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**Community Currency and Local Self-sufficiency:**

**The Case of Bia Kud Chum, Thailand**

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It has been widely discussed elsewhere that one of the main causes for the Asian economic crash was the fluctuation of the world capital market. Many propose further that the containment of these capital flights must be put in place in order to avoid another crisis, but yet a few countries have dared impose such a measure. The leaderships fear that capital control will elicit divestment among foreign capitalists, many of whom have made their fortune through the chaotic stock prices. Of course, many governments are not allowed to set up the measure, as they have to abide by the conditions attached to the loan contracts they signed with multilateral banks. In a whole, it is not likely that such an attempt to curb foreign capital transactions shall be accepted as a norm, as long as most leadership are still eager to pursue the integration with global economy at the expense of economic independence and domestic economy.

The attempt to expose local market to global economic forces is not new in Third World countries. The scheme has been pursued and pushed forward vehemently by the world development bodies and multilateral financial institutions, which have played crucially important roles in shaping the economic development plans and implementations in most transitional economies. In Thailand, it started from the export-led economic policy pushed through by the government and its lenders, which had converted a self-subsistent economy to a global market dependent economy. Monoculture has been promoted among poor and ignorant peasants and farmers to supply raw material for industrialized countries, which, through these unequal economic terms, have taken advantage and enjoyed their much higher value added by selling machinery to food production countries consequently. Farmers have suffered losses either as a result of fluctuation and declining world produce's prices, and natural catastrophes. Consumer culture has eventually led to their ever-growing dependency on outside market and rapidly increasing perpetual indebtedness. Of 5.6 millions farmer families in Thailand, 4.7 millions are indebted (about 83%) to the Bank of Agriculture and Cooperative (BAC). The reason the rest are not indebted is they are too poor to borrow. Whereas farmers' self-sustenance has declined, their desire to buy has been stirred up and it simply entraps them in this vicious debt and poverty cycles.

Kud Chum is a small district in Yasothon, a province of Northeastern Thailand. Coupled with continuous support from NGOs (non-governmental organizations), the local communities have looked for ways in which their self-dependency can be restored in the last two decades. They started first to ponder the bad effects and the high cost of Western medicine. They then revived their traditional medical knowledge -- embarking on attempts to grow herbs and concoct their herbal medicine. The local hospitals got interested in their successes and started to use herbal remedies and traditional massage to

their clients. Their herbal products have been widely distributed and have become popular as an alternative to the unaffordable and ineffective Western medicine.

They began to realize that many diseases emanated from their consumption pattern and farming activities. With the introduction of monoculture, the use of chemical fertilizers and pesticides has been on the rise, and soon, farmers (and consumers) became affected. Yet, these promising modern agricultural methods even plunged them deep into the vicious cycles of indebtedness, migration and community disintegration. They began to look for alternative farming and were impressed by non-chemical agriculture, which has then gained momentum elsewhere in the world. Starting from a few families and crops, a growing number of local peasants have adopted non-chemical farming as a norm. The local rice mills in nearby town refused to process their chemical-free paddy rice separate from conventionally and chemically grown rice out of their reluctance to readjust their machine too often. Ideas were abound over setting up a community rice mill to exclusively process non-chemical paddy rice. Eventually, with locally donated land, locally raised shares and shares purchased by sympathetic consumers in Bangkok and other big cities, the local farmers organized themselves into a cooperative and established their own "Natural Appreciation Rice Mill" about ten years ago. With the aid of NGOs, direct market channels were created enabling the local farmers to trade without middlemen.

At about the same time, their other developmental and environmental initiatives including the declaration of local community forests, reforestation schemes, diversification of local food production, etc., have been implemented fruitfully and have rapidly gained popularity among the locals. Their key objective then was not for economic prosperity, but for self-sufficiency and economic independence. Along the course of these activities, they have regularly discussed among themselves, the NGOs, and some local concerned governmental officers various issues related to the well being of their community in the name of the "Self-Sufficiency Group". Local weekly markets have been organised as a venue for local trading to cut the costs incurred from trading through middlemen. Nonetheless, they soon realised that though the production of non-chemical rice, traditional medicine and various kinds of food products have earned them stable revenues, their expenses were still rising and were unmatched by their incomes. The inflows of resources still outnumbered the outflows. Besides, they began to be aware of the process of globalisation and economic integration, which have affected their attempts to gain their autonomy at the macro level. The fluctuating price of rice, which is dependent on world price and international trade regulations and trade bodies, is one of the most obvious examples. The financial crash in Thailand in 1997 serves as a fresh memory of how fragile the global financial market is, but yet, the model is still pursued ignorantly by the Thai elitist leadership for the benefits of a few.

The Thai Community Currency Systems Project (TCCS), jointly developed by several local and foreign NGOs in Thailand, approached the villagers. More activities were introduced to the villagers to analyse their economic situation and ways in which their economic interdependence could be restored. One of the alternatives proposed was the use of a non-conventional medium for local exchange and trading. Thus, they started to explore the strengths of local community currency system. The process took place more

than one year prior to the actual launch of the local currency in March 2000. Bia Kud Chum, the unit of currency, was printed to the equivalent of 500,000 Baht (the number of local population (1,000) multiplied by 500). The notes are very beautifully and meaningfully produced. A drawing contest had been organized for entries by local students, which depict various aspects of local self-sufficiency and traditional culture. Local and traditional rhymes, which underlie concepts of self-dependence, were printed on each unit of the notes.

In the system, each villager can withdraw "Bia Kud Chum\*", the unit of local currency, to the equivalent of 500 baht. The fundamental nature of Bia Kud Chum is; it cannot be loaned, in other word, it does not incur interests; it is not convertible to conventional money, and it is intended to be circulated in the local community. It was then used along with conventional money. The main expectation is not for Bia to replace Baht, the national currency, but to raise local people's awareness of the importance of being dependent on their locally produced goods.

The launch was widely covered by local and national media, and, unfortunately, elicited discontents from the local office of the Bank of Thailand (BOT). The presence of the village officers and the in-cooperation and persecution by other local top ranking administration officers has induced hesitancy among the community currency members. The system was suspended three weeks after its commencement. The final nail was hammered on the scheme when the national BOT sent an order to its local offices to ban the use of Bia Kud Chum accusing its nature of violating the present Monetary Act.

However, the governmental order has not dissuaded the villagers from the benefits of community currency. Lately, they plan to launch it again on 21st of October. This time, they will avoid using the terms, which make the system unlawful, such as "bank", "banknote", etc.

The launch of community currency is simply a culmination of their long time cooperation and mutual trust, without which such a local trading system is bound to collapse. The local leaderships adhere very much to the spiritual approaches of development, led particularly by a local senior monk "Phrakru Supacharawat". The revival of traditional ceremonies and the adaptation of religious rituals to serve the purpose of self-purification and social justice are their primary successes.

For more information about community currencies, or the TCCS Project, <http://ccdev.lets.net/asia/asia.html>.

Bia conventionally means currency. But in this context, the villagers explained that Bia is a small sibling, which is bound to expand prosperously after being planted, based on the meaning of the term in their local dialect.