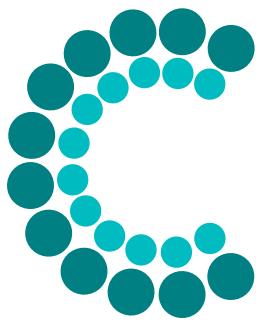


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# What have Complementary Currencies in Japan really achieved? Revealing the hidden intentions of different initiatives

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## Abstract

Japan has been regarded from abroad as one of the most developed countries in terms of CC systems, depicted by Kennedy and Lietaer (2004) as "the country in the world with the most systems in operation today, but also the nation with the greatest diversity of such experiments." However, this paper argues that the lack of literature about initiatives in languages other than Japanese has been a hurdle that has not allowed Western researchers to grasp the real picture. This article's goal is to show the historical development of CC initiatives in this East-Asian country, revealing how the very concept of having another means of exchange for communities has been transformed over years by the unique interpretations and the conceptual manipulation of Japanese promoters and practitioners.

## Introduction

Japan has been regarded from abroad as one of the most developed countries in terms of CC systems, depicted by Kennedy and Lietaer (2004) as "the country in the world with the most systems in operation today, but also the nation with the greatest diversity of such experiments." However, this paper argues that the lack of literature about initiatives in languages other than Japanese has been a hurdle that has not allowed Western researchers to grasp the real picture. This article's goal is to show the historical development of CC initiatives in this East-Asian country, revealing how the very concept of having another means of exchange for communities has been transformed over years by the unique interpretations and the conceptual manipulation of Japanese promoters and practitioners. It is impossible to deal with all those systems which exist(ed) in Japan with so few words, so allow me to pick up the most relevant cases only.

## A brief history of CCs in Japan up to the "boom"

The oldest CC system in Japan is the "Volunteer Labour Bank," a mutual help network of housewives founded in 1973 by Teruko Mizushima and later Tsutomu Hotta, founder of Sawayaka Welfare Foundation,<sup>1</sup> applied this concept for elderly-care as "hour deposit system" in which the relatively young retired people provide cares to elder people really in need of help, depositing hours to be spent when volunteers become so old that they need similar aids. This practice was made internationally famous by Bernard Lietaer as "Fureai Kippu" in his different writings, but in Japan this system started to decline in 2000 when the public insurance system was introduced for elderly care.

Actually Fureai Kippu was not free from Japanese yen but in most cases used the official currency to back this system. One typical case charges the beneficiary 600 yen (US\$ 6.61)<sup>2</sup> per hour to pay the contributor 420 yen (US\$

4.63) and 120 yen (US\$ 1.32) worth of time deposit while the remaining 60 yen (US\$ 0.66) is spent for administrative purposes. Another one asks the volunteer whether he/she prefers to receive such an amount of yen in cash or coupon to be spent in the future when he/she needs some help for their life, but most volunteers prefer not to redeem because one hour of care is worth much more than the corresponding amount of deposit in yen. The deposit is actually below the minimum wage in Japan, so it is rather designed for volunteers who do not have to worry about their income but are concerned with the healthcare service.

## The currency movement's boom in Japan was triggered by the success of a TV documentary called "Ende's Money-Go-Around", originally broadcast in 1999

and 2007 and the Peanuts<sup>3</sup> in Chiba (near Tōkyō), actually a LETS which started in February 1999. Although Peanuts is still working with some other activities, no statistics are available to trace its economic impact onto the community.

But it is safe to say that the CC movement's boom in Japan was triggered by a success of a TV documentary called "Ende's Money-Go-Around", originally broadcast on NHK BS-2 on 04th May 1999 and rebroadcast several times. This 60-minutes programme began with a testimony by Michael Ende (1929~1995), German fabulist famous for his works such as "Momo" and "A Never-Ending Story", mentioning Silvio Gesell, and different CC initiatives such as the stamp scrip at Wörgl, Austria, a Tauschring at Halle, Germany, Ithaca Hours at Ithaca, NY, United States and the WIRBank, the Switzerland, in addition to interviews to Margrit Kennedy and Bernard Lietaer.

This programme gave rise to the "boom" of CCs in Japan. A number of grass-root groups showed this video to teach more people the importance to use CCs and actually dozens of LETS and other sorts of CCs were born (baby-boomer-generation CC) as people were inspired by this documentary. A book titled as "Ende-no Yuigon" (NHK Publishing) was published in 2000 and is still referred to as one

There were other CC initiatives which had been set up already before 1999, such as Time Dollar Network Japan which was active between 1994

of the textbooks on CCs in the Japanese language. The CC movement reached its climax in Japan in 2003 and since then started to decline gradually due to the reasons to be mentioned later.

## Some Japanese CCs during and just after the "boom"

Toshiharu Katō's "Ecomoney": a CC promoted by a MITI bureaucrat

The "Ecomoney" has made significant footprints on the Japanese CC scene because it was designed, proposed and promoted by Toshiharu Katō, then director of the Service Industries Division at the Ministry of Trade and Industry (MITI)<sup>4</sup>, a ministry internationally acknowledged by its skill for economic planning such as Johnson (1982). Actually his involvement with CC began in 1998, even earlier than "Ende's Money-Go-Around," when he published his first book titled as Ecomoney, defines it as "a money in the 21st century which is an intermediary of a variety of soft information, such as the environment, caretaking, welfare, community and culture (sic)" (Kato (1998)), although details were not clear. At this stage he was exploring the chance to allow exchanges of commercial goods and services, accentuating its role as a stimulus for the local production and consumption, although his attachment to municipalities as spheres for CC was already firm, very different from Regio initiatives in Germany, for instance. Examples in which his "Ecomoney" would be used are given as follows:

- **In terms of the environment:** recycling, picking up garbage on the river, at the park and other public facilities or planting trees.
- **In terms of social work:** caretaking for the elderly, especially for those who suffer from the social exclusion by visiting them and listening to their talk
- **In terms of education and culture:** maintenance of local folklore, lessons on PC

His determination to use Ecomoney exclusively for such activities was reinforced in 2001 when he declared as follows in his book:

*"As far as the relationship between the Ecomoney and the monetary economy is concerned, we should refrain from purchasing goods and/or services directly at the market in Ecomoney. The unlimited connection of the Ecomoney field (voluntary economy) with the*

*monetary economy would degenerate Ecomoney into another money and/or notes. There would also be some conflicts with the State's right to issue the currency as well as with the fiscal law system" Katô (2001)*

This statement had some impacts on the Japanese society because of his position at MITI, making people believe that CCs should not involve real economy, and dozens of initiatives were born, either directly linked with the Ecomoney movement or independently developed but learning from Katô, with the sole aim to engage more volunteers to such activities. Both bureaucrats at different ministries and officers at municipal and prefectural level were happy to use such CCs because they could promote their social projects paying much less than they should, but very few projects went furthermore. Katô was active for Ecomoney up to 2005 when he promoted EXPO Ecomoney,<sup>5</sup> a points system to promote eco-friendly products and services rather than stimulate self-sufficient local economies.

### WATsystems<sup>6</sup>: total abolition of central authority

WATsystem was designed by Eiichi Morino, president of Gesell Research Society Japan (GRSJ)<sup>7</sup> and allows anybody to issue their own currency as cheque, as the inventor believes that the very existence of central administration at LETS and other systems runs the risk of concentrating power on it. Anybody can download and print the format of WATSystem, fill it out and uses it for their payments, assuring that they will give this cheque's bearer the equivalent amount of goods and/or services.<sup>8</sup> This cheque is circulated among those who trust the issuers (not necessarily those who know them well, because the list of recipients = endorsers enables people to trust them without having previous direct contact) and its

acceptance by the very issuers means that their "debt" to this community is "repaid."<sup>9</sup>

The biggest advantage of this system is the perfect absence of central authority, but disadvantages should be taken into account as well, such as requirement for receivers to check out issuers' trustworthiness and lack of availability for changes. It will not be an exaggeration to say that each one's cheque is worth differently from others. Some CCs have adopted such a system, but no data is available on the amount of transactions in such CCs.

### MIAC CC initiatives: whom were they for?

Other examples of CCs were put into effect in 2005 by the Ministry of Internal Affairs and Communication (MIAC), in the guise to stimulate communities but with the real intention of implementing the infamous Residents' Basic Registration Network System (RBRNS) because it was necessary to have a RBRNS card to join such CCs, forcing Japanese nationals residing in Japan to acquire this card and excluding those without the Japanese citizenship (both residents and tourists) and Japanese citizens living abroad as RBRNS only deals with Japanese nationals living in Japan. In the fiscal year 2005 (April 2005-March 2006) MIAC implemented five RBRNS-based electronic local currency systems and each project spent between JPY 24,465 to 30 million (US\$ 269,000 to 330,000) to set up the infrastructure. This generated less than 1 million points = JPY 1 million (US\$ 11,000) at each project except Ama, Shimane where all local businesses accepted Hahn, its electronic local currency during the probation period (December 2005 and January 2006, except Aso, Kumamoto where the experimentation lasted from November 2005 to March 2006). in case of Beppu, Oita the running cost per year was estimated to be some JPY 4 million (US\$ 44,100) and it is doubtful whether the introduction of such an advanced technology was necessary or not from the economic viewpoint. However the absence of those who defy the leaders of these projects allows them to implement whatever may serve for themselves without having to worry about the cost-benefit analysis.

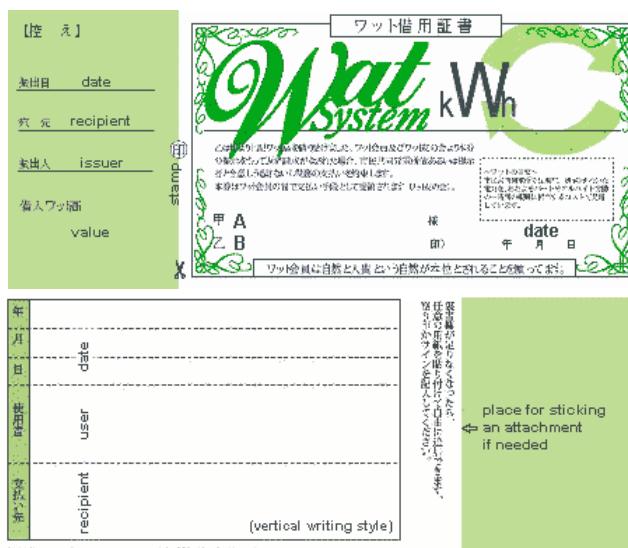


Figure 1: Example of a typical WATSystem note (front and reverse)

### Recent currency schemes to emerge

#### Revival of old coins as local currency at Kan'onji, Kagawa

A local group at Kan'onji, Kawaga called Dopikan Kan'onji<sup>10</sup> announced in February 2010 that from April local businesses at this city would start accepting Kan'ei Tsûhô, an already abolished coin which was technically a legal currency all over Japan from 1636 to 1953, as equivalent of 30 yen (about US\$0.33), although the market price of this coin among collectors is merely between 10 and 20

yen, with the aim to stimulate the local economy. They estimate that there are still millions of coins still stored at old warehouses all over the country and according to the news coverage even the Mayor of Kan'onji told optimistically that this measure will attract more tourists to this community who will enjoy a funny experience to spend those old coins as a means of payment. Local businesses will bring these coins to this group's office to change them into Japanese yen at the rate of 30 yen per coin, and it is only this convertibility which warrants this currency's value.

It is quite obvious that this local group is required to have a considerable amount of reserve in Japanese yen so that local businesses should join this initiative. No information has been released so far about the fund to back this outdated coin, but it is easily foreseen that this project will come to an end when Dopikan Kan'onji runs out of the fund, so this project is per se unsustainable.

### Japanese promoters and practitioners have pursued different goals than their Western counterparts, resulting in a range of different - and sometimes bizarre - objectives and consequences.

this old coin, recognised there as a local means of payment as far as Dopikan has some reserve to pay for local businesses. It would be wise to interpret that their true intention is to have more outsiders who spend yen and that they came up with taking advantage of the idea of local currency as a way to advertise their community as tourist destination. This concept is quite distant from goals of other local currency initiatives with the aim to enhance self-sufficiency, but this is a reflection of what some Japanese really want from local currencies.

Back to the rice standard: another local currency at Toyota, Aichi

A joint enterprise coop called "Butsubutsu Kôkan Kyoku"<sup>11</sup> (BKK, "Barter Bureau" in

Japanese) started another initiative at Toyota, Aichi to issue a new local currency backed with brown rice. The currency to be given to volunteers at a food growing project is named as "Musubi," derived from the Japanese word "omusubi" (rice ball)<sup>12</sup> and each bill is backed with approximately 75 grammes (standard amount for a rice ball) of brown rice, rejecting to set an exchange rate between Musubi and yen.<sup>13</sup> This coop also boasts that the demurrage is programmed with this system because the brown rice, collateral for this local currency, will lose its market value gradually because of its degradation over time.

The absence of the official rate between Musubi and yen symbolises its intention to promote yen-free barter as the enterprise's name suggests. While dozens of businesses accept this currency, the main goal to circulate it is to involve more people with the farming (as a way to promote Community Supported Agriculture) and businesses only plan to accept the amount of Musubis equivalent to the brown rice that they need. So the multiplier effect is overlooked and Musubi is regarded as a mere means to promote the bartering between labour at the project and brown rice without trying to create a self-sufficiency-driven regional economy.

Another fatal mistake of Musubi is that these bills are redeemable to brown rice only up to the end of October, the month of new harvest. This practice is contradictory to the original idea of demurrage, which does allow bills to circulate over time while it gradually loses its value, but the issuer does not care. Therefore the use of the word "demurrage" is rather a catch-word to attract people's curiosity than a theoretically-well-done design.

### Conclusion

As this paper has demonstrated, it is true that Japan can boast an amount and variety of complementary currencies that cannot be found elsewhere in the world. Special attention should be paid, however, to the fact that Japanese promoters and practitioners have pursued different goals than their Western counterparts, resulting in a range of different - and sometimes bizarre - objectives and consequences.

Japan's biggest weak point in terms of CC is that it never accomplished to set up its national network of CCs due to hostile relationships among different group leaders, despite Sawayaka Foundation's humble efforts to establish it. They have vied each other instead of working together due to discrepancies in their belief and goals, impeding the share of experiences all over the country, let alone internationally.

Another crucial disadvantage is that very few people involved with CC in Japan are eager to stay in touch with international counterparts and therefore their information on CCs in the world is quite outdated. It is still quite common to find recent articles with sources and remarkable initiatives such as Chiemgauer and Banco Palmas are almost still unknown to Japanese CC practitioners. It is clear that such a picture has been giving negative impacts onto the development of CCs in Japan.

## Endnotes

<sup>1</sup> <http://www.sawayakazaidan.or.jp/>

<sup>2</sup> All those prices in US\$ are calculated according to the exchange rate as of June 2010 for referential purposes.

<sup>3</sup> <http://nishichiba.jp/> (in Japanese)

<sup>4</sup> In 2001 MITI changed its name for METI (Ministry of Economy, Trade and Industry).

<sup>5</sup> <http://eem.jp/jp/> (in Japanese)

<sup>6</sup> <http://www.watsystems.net/> (in Japanese, English and German)

<sup>7</sup> <http://www.grsj.org/> (in Japanese)

<sup>8</sup> Theoretically speaking, nor the downloadable format is necessary to implement this system: all what is needed is that people agree to use these coupons as their means of exchange as Lietaer (2000) puts it.

<sup>9</sup> The issuer gives only the right part to the trade partner after filling A (recipient's name), B (issuer's name) and date and stamping on the "cut here" line, keeping the left one as a reminder

<sup>10</sup> <http://dopikan.jp/> (in Japanese)

<sup>11</sup> <http://greens-net.com/butubutu/office/> (in Japanese)

<sup>12</sup> The standard Japanese word for "rice ball" is "onigiri", but "omusubi" is also used in some regions

<sup>13</sup> At its website BKK announces to buy brown rice from producers at 800 yen per kilogramme, so a musubi would be equivalent to 60 yen on applying this rate.

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