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## THE DIVERSITY AND EVOLUTIONARY PROCESS OF MODERN COMMUNITY CURRENCIES IN JAPAN

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### ABSTRACT

This paper focuses on the diverse development of modern community currencies (CCs) in Japan, and provides a classification of them by type. Modern CCs appeared in the early 1970s and since then various types have circulated globally. With the increase in CC practices, academic research into CCs has emerged as a growing area of interest. However, since CC systems are diverse, it is difficult to obtain a commonly recognized definition of CCs, or criteria for their classification according to their characteristics. Since this problem is shared even by international researchers, it has become an important issue in the field. In this study, we confirm the definition and classification of CCs by surveying previous studies on Japanese CCs. Furthermore, this paper reveals the reality of CC systems that continue to evolve through a process of development and decline, by looking back at their history. In order to explain the evolutionary process, we employ the concept of "countermovement," as advocated by economic anthropologist Karl Polanyi. Based on our outcomes, we describe three stages in the evolution of CCs, which are the reciprocal realm, integration between the reciprocal and market realms, and new realms.

### KEYWORDS

Community Currencies, Japan, Karl Polanyi, Countermovement

## 1. INTRODUCTION

Modern community currencies (CCs) have rapidly increased in popularity since the early 2000s in Japan, and therefore, as a mass medium, various case studies can be introduced. CCs have been used as a tool to support community organizations, including non-profit organizations (NPOs) and citizens' associations. This study classifies the many types of Japanese CC and examines their evolutionary process using a historical approach to consider the new movement that has occurred since the boom in the early 2000s. We clarify how various types of CC were born, flourished, boomed, and then branched off, and discuss the differences and relationships between various CC systems. In so doing, this paper updates Lietaer's (2004) contribution by clarifying the current conditions of Japanese CCs. Furthermore, in this research, we explore the theoretical position of CCs in Japan based on the analytical framework of Karl Polanyi. Japanese CCs have basically resisted and denied the market mentality, but have sometimes introduced one strong point of market principles, such as motivation for profit. It may be impossible for CCs in Japan to develop in different ways if they tried to construct a special community set apart from a market society using these tools. In fact, in Japan, due to incorporating a strong market point, CCs have evolved differently. For example, they have created a unique scheme that simultaneously fosters very different motives of volunteer workers and local shop owners who live in the same communities. Thus, to depict the evolutionary history of CCs in Japan, it would be helpful to use the perspective of "market and countermovement." Karl Polanyi has given us this perspective in his popular book "The Great Transformation" to know and understand our society's emergence and development. His perspective "market and countermovement" will be a very useful framework to clearly describe Japanese CCs' unique history.

## 2. PREVIOUS RESEARCH

First, we confirm the definition of CC, called Chiiki Tsuka in Japanese (Chiiki means community or local, while Tsuka means currency or money). A CC may also be referred to as "community currency" or "local currency" in English. It has also been called "territorial currency," "parallel currency," "social currency," "complementary currency," or "alternative money" by various researchers. In Japan, many civil activities use CCs as a tool to solve regional problems. Therefore, in this research, we will consider CCs from the viewpoint of the sustainability of community based projects and the complementarity of currencies.

There have, to date, been a wide variety of CCs in Japan, which are said to number in the several hundreds. As noted by Lietaer (2004, p.4), "Japan will be the first country in the world where more than 600 complementary currency systems are operational as of end 2003." Since then, the CC boom has passed its peak, and, one after another, community organizations, which are difficult to manage continuously, have stopped issuing CCs. This is because the long-term administrative burden has increased with the stagnation of currencies, lack of participants, and shortage of operating funds. According to Izumi's survey of operation research (2013, pp.238-239), "Many organizations have stopped issuing CCs, while quite a lot of organizations have been newly established." As is evident from Table 1, approximately 40% of CCs cease activities within two years of beginning, but during the same period, the number of new CCs that are newly launched outstrips the number that cease operation. As of December 2008, there are 122 CCs that have been in existence for over five years, so it can be judged that practices have emerged that are rooted in the community, rather than being merely transient initiatives. In this way, since the boom, there has been a movement to seek out new systems after carefully reviewing previous practices, and it seems that the systems have diversified in the process.

	April 2002	April 2003	January 2005	December 2005	December 2006	December 2007	December 2008
April 2002 New	72	67 (93.1%)	44 (61.1%)	43 (59.7%)	36 (50.0%)	29 (40.3%)	28 (38.9%)
April 2003 New		74	53 (71.6%)	43 (58.1%)	41 (55.4%)	32 (43.2%)	24 (32.4%)
January 2005 New			130	108 (83.1%)	89 (68.5%)	78 (60.0%)	70 (53.8%)
December 2005 New				68	51 (75.0%)	41 (60.3%)	32 (47.1%)
December 2006 New					45	36 (80.0%)	29 (64.4%)
December 2007 New						37	27 (73.0%)

Table 1 The continuity of CCs in Japan (2002-2008), Source: Izumi (2013) p.238

Apart from Lietaer (2004) and Hirota (2011), few researchers have introduced the history of CCs in Japan or, indeed, provided an overview of CCs abroad. Lietaer's study was conducted mainly through interviews with key actors in the CC scene in Japan, and classified Japanese CCs into four schools, according to their history, originality, and relevance: "Volunteer Labour Bank," "Fureai Kippu," "eco-money," and "other grassroots systems." However, no precise explanation has been given regarding the diversity and evolutionary process of CCs in Japan and, as noted by Lietaer, one of the reasons for this is as follows:

*"[R]emarkably little is available in any other language than Japanese on this topic [the largest diversity of complementary currencies experiments in Japan]. Even more surprisingly, within Japan itself the full range of currency experiments is rarely perceived because different Japanese "complementary currency schools" have tended to ignore each other".* (Lietaer 2004, p.4).

This study attempts to classify modern CC cases in Japan in order to consider their diversity and evolutionary process, based on previous research about CC typology. Globally, there are two important ways to classify CCs: one classification method is from the perspective of experiments that differentiate the many currency ties in terms of systems, unit of account, and purpose of issue. For example, Blanc and Fare (2013) divide the emergence and development of CCs into four generations, showing the important role of potential support from national and municipal governments in supporting CC schemes. Moreover, in their study, Seyfang and Longhurst (2013a; 2013b) mapped their experimental cases into four types—service credits, mutual exchange schemes, local currencies, and barter markets—and explained them from the three perspectives of economic, social, and environmental. They treated CCs as a tool of grassroots innovation and niche development, and showed the role of CCs for sustainable development.

The other method used in previous studies to classify CCs is from the perspective of economic sociological theory, or the history of economic thought. For example, Nishibe (2012; 2013) proposes a new theoretical approach called "integrative communication media," which employs sociologist Niklas Luhman's idea of "communication media" to fully understand the history and significance of CCs. Integrative communication media is a concept of incorporating

economic and sociological perspectives on money, which consists of two dimensions: one, money and market, known as economic media; and two, linguistics, known as social and cultural media. This notion can help us understand the purpose, function, and ways of issuing CCs. Meanwhile, Blanc (2011) shows the typologies of CCs from a different perspective. He classifies CCs into three types of project—territorial, community, and economic—using Karl Polanyi's idea of "exchange," "distribution," and "reciprocity" as three coordination principles that institutionalize human economy and society. Each project has a different space, purpose, and guiding principle.

However, despite the many studies that have classified CC typologies in various ways, we have not been able to find research on the historical evolution of CCs. It is very important to observe the various types of Japanese CC from an evolutionary perspective because they have evolved historically through patterns of development and decline, accompanying dynamic changes in their respective purposes and systems. Thus, this paper proposes a modern typology of Japanese CCs based on the Polanyian perspective of market society; it is hoped that doing so will help us to analyze the historical dynamics of CCs. In the next section, we propose an analytical framework for this study.

### 3. ANALYTICAL FRAMEWORK

This study analyzes the diversification and development of CCs in Japan using a Polanyian analytical framework to gain an in-depth understanding of their unique history. There are two main types of CC development, one of which is the process of improving the circulation scheme, or the ontogenetic stage. The other is the divergence in CC types for own goals, or the phylogenetic stage. We will discuss the evolutionary history of CCs in Japan from both aspects, but focus largely on the latter, which shows the different currencies that have been experimented with so far.

It is very helpful in discussing the history of CCs in Japan to focus on the state's creation of a market society and the countermovement to these nation-driven policies as shown by Polanyi (1957). Polanyi depicts the evolutionary process of the market society in the 19th century as comprising a severe conflict between three domains (labor, land, and money) and his explanation of the emergence and evolution of the market is based on the analytical framework of the institutionalized process. This explanation differs greatly from that of neo-classical economics, which theorizes that the market is based on a profit motive and propensity for exchange. Neo-classical economist considers the emergence of a market society as a natural occurrence within communities. However, based on Polanyi's idea, the market emerged outside of communities, and was a specific exchange system created purposefully by the state, who changed the existing institutions and created a market for industrialization. According to Polanyi, this process involved the fictitious commodification of labor, land, and money, banishing the peasant from communities, and devastating community life. The state thus disembedded the economy from society as a whole by breaking laws and old relationships that had existed within communities to ensure a sustainable society. For Polanyi, this process resembles a cancer because it generated an opposing countermovement of land and society, disrupting society as a whole and ultimately led to Fascism. This countermovement includes social welfare for workers, the protection law for rural cultivators and land, protective duty, the creation of a central bank, local communities based on Robert Owen's idea, and so on. These countermovement measures are generated by the different actors and organizations to address the problem of regulation within and without of the relevant states that is caused by the creation of a market society and gold standard. Thus, these measures have regenerated and strengthened the realm of reciprocity, redistribution, and home economy that was destroyed by the market society (See Figure 1). However, countermovements, such as socialism or communism, that aim to thoroughly destroy market elements have never survived and have all eventually been eliminated. Nevertheless, countermovements and markets have, in fact, mutually influenced each other and co-evolved in the real world and Polanyi has shown this 19th century history in terms of double movements.

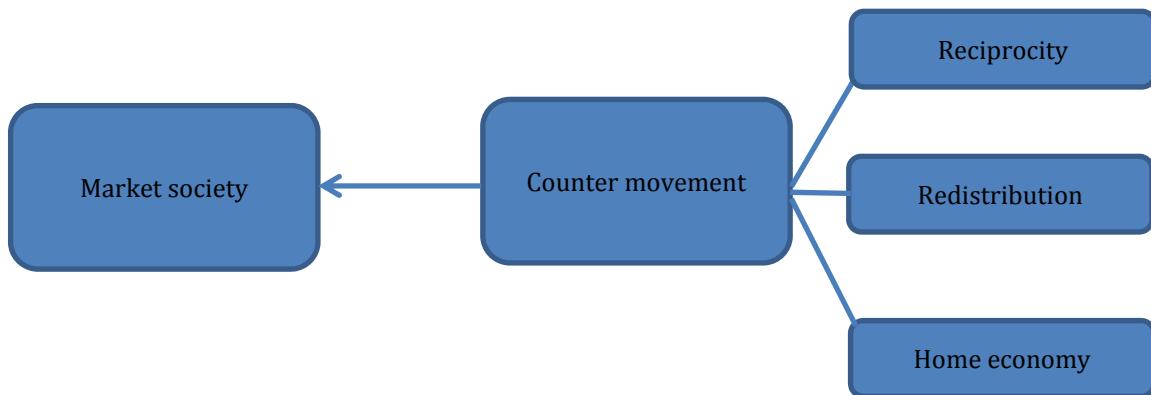


Figure 1 - Countermovement to market society

Following Polanyi, we regard the current CCs that have emerged globally as a countermovement to the market society. Many of the experiments were born in the 1980s as a bid to tackle the many negative effects on our daily lives caused by the fusion of financial globalization in the world economy. Financial globalization raises the problem of exchange rate instability, causes drastic changes in stock prices, and weakens our real economy, thereby deepening community unemployment and devastating the natural environment. According to Helleiner, these CCs comprise new types of countermovement to handle these problems. In this respect, he says the following:

According to their proponents, these forms of money not only help reduce the vulnerability of local communities to the global financial “casino” but also act as a kind of local form of “capital control” since money is encouraged to remain within the local community. By facilitating economic transaction in poor communities that are starved of cash, local currencies are also seen to provide a primitive “stimulus” to such communities (Helleiner 2000, p.23).

Polanyi's way of thinking can be applied to this study, which aims to show the evolutionary history of Japanese CCs that have undergone the same history as these double movements. That is to say, they have not tried to destroy market elements and incorporate its strong points; rather, they have been introduced in communities, but have developed in a unique way by adopting certain market elements such as corporation point service programs, rather than promoting an anti-market society as the highest priority. Thus, there are an array of different types of CC, including currencies to bolster reciprocity and the home economy, currencies that introduce coupons, and so on. In light of this diversity, we examine Japan's unique dynamic history from the perspective of a market society and CCs as a countermovement regenerating reciprocity, redistribution, and the home economy. We organize this unique history into three stages. In the early stage, Japanese CCs appeared in the reciprocal and home economy realm as a countermovement to the market expansion that had devastated the old way of mutual assistance in communities. In the second stage, CC coupons appeared for use in non-commercial and commercial transactions. This type took advantage of reciprocal and market features. Today, the third stage of CCs has emerged, that is, a new type of currency to develop local residents' skills and protect forests. This latest type has been used to foster reciprocal exchange with nature and education within the home economy.

#### 4. EVOLUTIONARY PROCESS OF CCS IN JAPAN

##### 4.1 First stage: Development of the reciprocal and home economy realm (1970s – early 2000s)

Modern Japanese CCs can be traced back to the 1970s. In 1973, Teruko Mizushima, a social benefactor, formally established the Volunteer Labor Bank as the first CC in Japan. The purpose of this bank was to support career women and full-time homemakers alike, aid childcare, and support those dealing with sudden illness. In these initiatives, people earned 1 point (equivalent to approximately 400 yen) per 1 hour of labor. After nearly a decade, this initiative received increased social recognition and was replicated in other associations, of which the most influential is the Sawayaka Welfare Institute, established in the 1990s. This institute issues “Fureai Kippu,” or caring relationship tickets. In this system, scores are given according to service provision time and people receive services in exchange

for points in times of trouble. Fureai Kippu was established for the purpose of mutual aid with a focus on care services, such as nursing and housework assistance. Service providers could use the points saved when they needed care. Such CCs as the Volunteer Labor Bank and Fureai Kippu are one type of genealogy for the purpose of mutual aid.

Toshiharu Kato, a former director of the Service Industries Division of the Ministry of Trade and Industry, proposed CCs known as "eco-money" as a new tool for mutual aid, and in 1999, created the Eco Money Network as a core organization to promote eco-money (Kato, 2001). This type of CC circulates within certain districts and reevaluates various environmental, social welfare, educational, and cultural values. The eco-money project began by considering an appropriate name for CCs in each region, and then obtained a certain amount of eco-money from the CC issuer. In parallel, participants built lists of services they could offer and services they would like, and exchanged CCs for these services. Through these activities, eco-money could expand the circle of mutual aid, create ties between individuals in communities, and solve regional issues. The representative initiative of eco-money is "Kurin," which was launched in the town of Kuriyama in Hokkaido in 2000. Kuriyama professed to be a welfare town that required community-based services to assist with aging. Thus, the introduction of Kurin fostered social ties and a mindset of mutual aid between local residents. Based on the influence of Kurin, eco-money initiatives spread to various other parts of Japan. However, these initiatives were hindered by the non-participation of local residents and perceived botheration in asking for services, thus disrupting the flow of eco-money. Furthermore, in order to ensure the continuous performance of these initiatives, the coordinator who mediated the transaction of services carried a great burden.

Thus, we can observe that CCs were first introduced in the reciprocal and home economy realm in Japan to meet the needs of local residents and offer care services that are difficult to deal with in trade for cash. Currently, the Fureai Kippu system has spread throughout Japan on the basis of active support from the Sawayaka Welfare Institute and people have realized the importance of care in anticipation of an aging society. On the other hand, eco-money initiatives have predominantly stagnated due to management difficulties and reduced motivation of participants, even though this system has the advantage of having constructed lists of service provision throughout Japan.

#### **4.2 Second stage: Integration between the reciprocal and market realms (early 2000s –)**

CC coupons, which comprise CCs that are tradable in both the reciprocal realm and market realm, appeared from 2000. They are unique in that they are multiple-circulation local coupons valid for both commercial and non-commercial transactions (Kurita et al. 2012). The integration of these two realms can be explained mainly with respect to two processes: from the reciprocal to market realms, and from the market to reciprocal realms. The representative case of the former is the "Genki," issued from 2004 in the city of Neyagawa, Osaka by the NPO Chiiki Tsuka Neyagawa. According to the Director of the NPO, "Genki was devised by the group for the purpose of contributing to the local community by retired workers (Miwa 2013, pp.217-218)." The CC was introduced as a way to acknowledge these volunteer activities. In the early days, the organizers sensed resistance to paying cash to volunteers because people believed their activities should not be rewarded. Therefore, the organizers decided to acknowledge the volunteer activities on a non-cash basis. At first, participants purchased CCs at a rate of 1 hour = 800 yen for volunteer activities. Volunteers could receive CCs in gratitude for their volunteer activities but a problem emerged in that active volunteers retained the CC and the flow of CCs was disrupted due to lack of circulation. The volunteers required a place in which to use the CCs and to ameliorate this, organizers introduced a system whereby the CCs could be used in local shopping streets.

This system has also been introduced in the cases of "Gau" in Nerima, Tokyo, which commenced in 2001, and "Mu-chu" in the city of Musashino, Tokyo, which commenced in 2008. Leading shopkeepers in shopping streets launched the Gau system in response to a sense of crisis after the establishment of a large shopping mall in the neighborhood, in the belief that the initiative would encourage a new type of local contribution based on community welfare. In this case, the organizer introduced a CC as the reward for voluntary participation in local contributions and which could be used to make purchases in the shopping street. Gau thus functions as a tool to simultaneously promote volunteer activity and revitalize the shopping street.

The CCs of this era were issued for the purpose of revitalizing reciprocal and market realms simultaneously. Up until this time, the norm functioning in both realms had been different. One realm was regarded as non-reward, and the other involved transactions of priced goods and services. By functioning separately, the reciprocal and market realms managed to revitalize their respective realms successfully. However, Japanese society has begun to face such difficulties as the trend toward nuclear families, an aging population, and a declining birth rate, among other compounding factors. There are many problems with CCs, including the limitations of relying on unrewarded volunteers for mutual aid, the depreciating function of community in local shops, and inherent limits to evaluating local revitalization from the viewpoint of sales competition among shops. CCs were introduced as a way to find new ideas to contribute to local shops and as a new means to compensate volunteer activities in order to prevent the introduction of market forces into the reciprocal realm from generating psychological resistance to volunteering. Volunteers had previously presented their services as non-rewarded, and so, there was some resistance to rewarded CCs. In addition, there were cases of shopkeepers resisting the idea of introducing a market economy to society with reciprocal elements. In other cases, shopkeepers felt that social benefits made little contribution to revenue, and that the integration of reciprocal and market realms would be futile. Similar initiatives to this include, for example, Orion (launched in 2004 in Kitakyushu City), Sarari (launched in 2008 in Sarabetsu village, Hokkaido), and so on.

#### 4.3 Third stage: Recent developments (mid-2000s – present)

After the mid-2000s, CCs entered the next stage of development. A new type of CC targeting a wide range of ecology initiatives appeared as a means to preserve the natural environment and promote production of local products. In addition, with the expansion of the reciprocal realm, other types of CC appeared, which involve not only mutual aid in neighborhoods but also encourage children's participation in society, and advance and utilize potential community resources and skills. These CCs have illuminated new realms that have fostered a reciprocal exchange with nature and an economic education within the home economy.

##### 4.3.1 Ecological CCs

The new type of CC issued in recent years throughout Japan aims to preserve the natural environment and encourage the exchange of local products. One of the more famous among these is "Mori-ken," which was created to promote participation in forest volunteer activities. Mori-ken was issued by the NPO Tosa-no-Mori Kyūentai (hereafter, Kyūentai) as a means of stimulating forests and the declining forestry industry. This industry faces difficult issues, such as a lack of foresters, and untended forest growth. Following the introduction of Mori-ken, which was distributed in exchange for small gifts as a tool to motivate continuous participation in forest volunteer activities, forest volunteers emerged as new foresters. As a result, Mori-ken has simultaneously motivated participation in forest volunteer activities and contributed to the increased exchange of local products and revenue for local shops. Using CCs instead of cash or gifts, forest volunteers have connected with local residents, private corporations, and local shops that have agreed to collaborate with Kyūentai. This example shows that CCs can create an intra-regional circulation scheme involving the entire community.

Mori-ken has been recognized as an effective tool for revitalizing forestry preservation and local shops, and this type of CC system has spread throughout Japan in the form of Ki-no-Eki (tree station) projects. In addition, Kyūentai has contributed actively to reconstructing areas affected by the Great East Japan Earthquake, cleaning up debris, maintaining forests, and supplying energy. Mori-ken is just one way in which CCs are appearing across Japan as a means of supporting the ecological environment.

In addition, new forms of CC have appeared based on local products. This type of CC resembles the commodity basket currency not related to inflation advocated by Ralph Borsodi, or "the constant," which is well known for having implemented a commodity reserve system. One of the most representative projects is "Omusubi Tuka" (F-money in the city of Toyota, Aichi, which started in 2010) and uses rice as its standard. This project aims to support the local community and small and medium enterprises (SMEs), as well as to build a framework for the proper support of work and lifestyles in the area, offering benefits to both large firms and SMEs with close ties to the community. Omusubi Tuka can be used to shop at local businesses and procure supplies for business operators rather than solely for mutual aid. This type of CC can be exchanged for rice once the CC has expired. Unlike cash or convertible CCs, it is ultimately exchanged for locally produced rice. The fact that funds return to the local area offers

peace of mind and encourages exchange between SMEs, while the circulation of this CC creates an exchange of value that goes beyond an equivalent value exchange of money for goods and services. As a result, the area has been enriched, consumers' lives have improved, and SMEs have become more prosperous.

In this way, the CCs described in this subsection incorporate the preservation of the natural environment and promote the exchange of local products, representing a new type of CC that is not covered by ordinary mutual aid and welfare services. The system integrates the reciprocal and market realms while simultaneously incorporating ecological benefits, and so enhances the productivity of the reciprocal, market, and ecological realms.

#### 4.3.2 CCs for potential development

CCs have focused largely on mutual aid and volunteer activities for adults, or on the revitalization of local business. However, new types of CC have appeared recently that target children. These systems are designed to foster educational opportunities for children to learn about finance and for career experience. In this experimental new approach, children take part in the actual planning and organization of festivals or events and receive CCs in exchange. This allows them to learn about commerce and economic mechanisms. While children experience the act of purchasing in their daily lives, they seldom have the opportunity to experience what it is like to sell goods or services. By participating in this program, they learn about the joys and difficulties of commerce, as well as the valuable lesson that something must be "sold" in order for something to be "obtained."

One of the representative CC schemes of this type is "Oar" in the town of Toda, Saitama, which began in 2008. In this system, children learn how the purchase and sale of goods in shops work, and obtain CCs in exchange for their work. They can use the CCs to purchase local items, as well as at festival booths to purchase gifts for friends and family. This educational program allows children to experience the fun of commerce, develop cooperation and socialization skills, and understand the importance of proper greetings and etiquette. Similar "career experience" initiatives for children using CCs are on the increase, such as "Ma-bu" in the town of Mino, Osaka, which began in 2014, and Omusubi Tuka, referred to in Subsection 3-3-1.

The following case shows increasing local resilience in using a CC. Originally, the Transition Town movement spread rapidly throughout Japan after being imported from Totnes in England. This movement is designed to reform life-styles and consumption patterns based on petroleum dependence and to utilize natural resources effectively to enrich lives. One such project that has garnered attention in Japan today is "Yorozu Ya," which began in 2009 in the transition town of Fujino in the town of Sagamihara, Kanagawa. The Yorozu Ya CC encourages local ties and improves local resilience in the area. It operates as an LETS (Local Exchange Trading System) type of passbook. Transactions are managed on the ML (Mailing List) and used for car pick-ups and drop-offs, farm work, and child support. One of the features of Yorozu Ya is that users have a shared consciousness about the CC. Participants in Yorozu Ya do not perceive negative deductions to their passbook as something undesirable. On the contrary, they perceive these deductions as opportunities to help others bring out their potential skills. In this way, it is regarded as positive to have more negative deductions against a passbook. Since the system is made up of people who have this mindset, the CC transactions through the LETS passbook are used for everyday expenses and uses. The passbooks are actively used to make full effect of underutilized resources and skills.

Thus, CC users advance each other's potential skills using this process not only to revitalize their area but also to lead lives that do not strain the environment. The concept of resilience is important to the Transition Town movement. Local resilience is the concept of responding flexibly to critical situations caused by other factors. Because this is the underlying thought of the process, it has become easy for the CC to prevail in this community. Although Oar and Yorozu Ya have different objectives, both CCs focus on developing potential skills among their users. Oar is used to enhance children's understanding of the economy and their socialization, while Yorozu Ya is used to share and advance potential skills among its users. In this way, the respective CCs advance and refine the potential skills and talents of each community.

## 5. DISCUSSION

This study has depicted in detail the diversity of CCs, whose history shows the three stages in the countermovement to the market society. Many previous studies have extracted the types and characteristics of CCs for each era, but

have failed to show dynamic changes therein. We have sought an entirely new way to tie together diverse types of CC, rather than merely describing them. We have focused on Polanyi's concept of "countermovement" and his discussion of the formation and collapse of the market society from the 19th to 20th centuries and, in so doing, have come to consider that this concept applies to the big movements of the 21st century and that we can understand CCs as one form of countermovement to the market society. We have been able to apply Polanyi's perspective to our goal of showing the evolutionary process of Japanese CCs. In this section, we will advance discussion of what kind of significance about countermovement CCs are in Japan.

In the first stage from the 1970s, CCs appeared in largely reciprocal realms where they could be used for volunteer activities and mutual aid. Since the end of the rapid economic growth in the early 1970s, the Japanese economy has become increasingly dependent on the market, falling into the collapse of the bubble and a long-term economic recession. Two serious problems, labor and population issues, have had a strong influence on the appearance of CCs in Japan. First, the deregulation of the labor market has drastically changed the employment situation, leading to an increase of non-full-time workers. When the Japanese economy enjoyed an era of high-speed economic growth in the 1970s, companies faced the problem of constant labor shortage, and tried to hire as many full-time workers as possible by giving them good terms. However, due to the collapse of Japan's economic bubble at the start of the 1990s and the deregulation of employment after the 2000s to increase productivity under global economic competition, Japan has experienced a rapid change in its way of work and lifestyle. This is the background within which CCs have attracted attention. Second, there are problems with the deterioration of local communities due to the falling birthrate, aging population, and decreasing population. As Tsuruyama, a project leader of the Sawayaka Welfare Institute, explains (Tsuruyama, 2013), people have gradually been understanding the problems of the aging society and the trend toward nuclear families, appealing for the necessity of a state welfare service. However, a welfare state would not be able to satisfy all these needs. Voluntarily fixing these problems from the bottom of civil society has thus been important.

To summarize the discussion so far, the government was financially pressed, and the condition of public aid, including social security, became critical. Around the same time, self-help or mutual assistance mechanisms gained attention, and the movement to introduce CCs appeared from the aspect of welfare. This occurred since state redistribution did not work well as a countermovement against the market society; thus, CCs were practiced as a way to revise the home economy and increase reciprocity.

In the second stage from the early 2000s, CC coupons appeared for use in non-commercial and commercial transactions. The CCs of this stage appeared to tackle the depressed local shopping streets. These CCs have tried to revitalize local economies in addition to providing a welfare service. It seemed as if the power of the countermovement had strengthened, but practical problems with CCs became apparent. Due to the various obstacles to formulating a complete non-market economy, a new type of CC has emerged that integrates market society and the countermovement. Many cases first make efforts to obtain one dimension, and only incorporate the other secondarily. However, despite the difficulty, it is important to balance both dimensions to achieve community goals when introducing CCs. In the third stage from the mid-2000s, new types of CC appeared, that aimed to preserve the natural environment and to encourage the exchange of local products. As a means to survive the market society, CCs have become a new focus to support community activities in daily life, defying conventional thinking about the frame of market or non-market. As described above, the content of CCs as a countermovement against the market society has undergone a major transformation. We can organize the above explanation in that the history of CCs in Japan has appeared to counter the stress due to the spreading market society. In the 1970s, CCs did not become a social phenomenon, but worked during the crisis of a bloated market society and limitations in the welfare state. Since the acceleration of liberalization in the 2000s, there have been many unsolved problems due to structural reforms in the labor market, such as disposing or downsizing by laying off non-full-time workers, a decline in the local economy, decreasing population, low birth rate, aging society, and so on. The state has so far handled the economy by implementing a fiscal and financial policy, but these policies have been of doubtful usefulness. CCs simply rapidly increased as a countermovement when a bloated market society and the limitation of state policies had a major impact on the Japanese economy around the early 2000s (See Figure 2). The impact of the media, which introduced CCs, was also large, but CCs in Japan have evolved as a countermovement from the grass-roots toward social disorder or economic recession. We have been unable to fully confirm the correlation and causation between unemployment rate and the

birth rate of CCs, but a drastic change of lifestyle caused by deregulation in the labor market has led to a diversification in people's way of thinking in relation to work or income. These conditions were also one of the reasons why CCs have gained attention as a new tool to solve social problems.

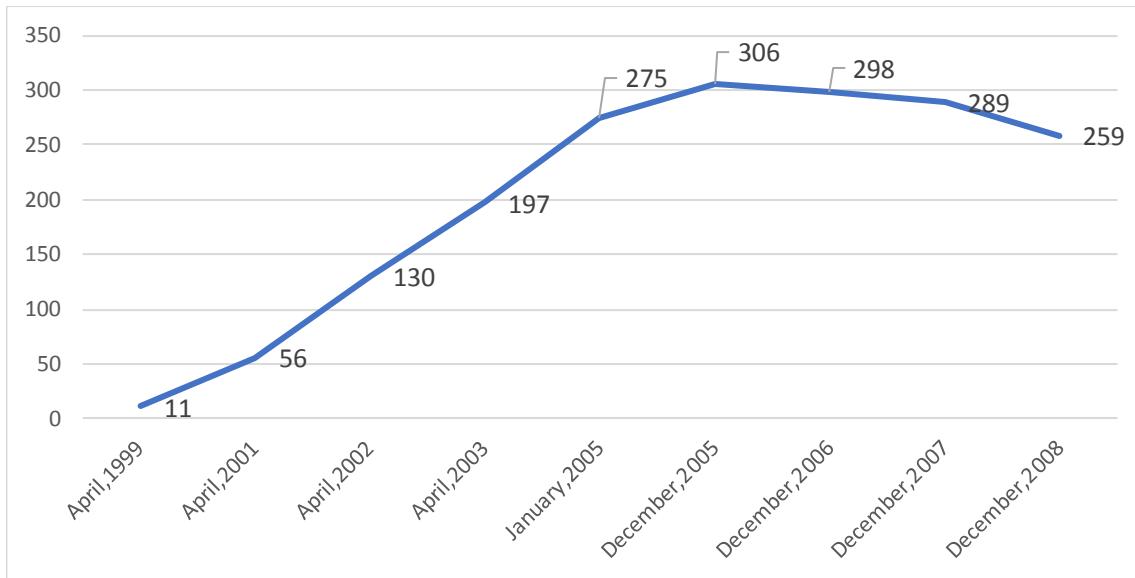


Figure 2 Trends in number of operating CCs in Japan, Source: Izumi (2013) pp. 237

Finally, two important factors for the success of CCs can be pointed out through historical observation: the psychological aspects of users and interrelationships among CCs. For users to distinguish the difference between money and CCs is one of the most important factors in ensuring the success of a CC. For example, in the case of Yoroza Ya, if users increase the debits to their CC accounts, they recognize that doing so advances other local residents' potential skills. In a global market economy, the behavior of increasing debits is disliked because it refers to rising debt. However, in the case of CCs, increasing debts could bolster other peoples' potential skills. In the case of CCs for children, users recognize CCs as special-purpose money, different from cash, that is used for job experience and volunteer activities. In Japan, the use of cash by children is seen as potentially disagreeable and troublesome. There is a common sense that only CCs can be used as a tool to enable children to participate in social activities. In this way, users' ability to recognize the difference between CCs and cash has a major impact on the sustainability of CC circulation schemes.

Another important factor in the development of CCs is the weakness of interaction among them. Each CC has evolved separately without sharing its experimental difficulties and successes. On the other hand, some CCs imitate other systems without tailoring them to fit their own communities. One reason is that practitioners have little time to use CCs and share ideas with each other.

## 6. CONCLUSION

This study has focused on the diversity and evolutionary process of CCs in Japan and classified them by type. Modern CCs began to appear worldwide from the early 1970s and various types of CC have circulated in each country. In this study, we confirm the definition and classification of CCs by surveying previous studies on CCs in Japan. Three stages in their development have been identified. At first, many CCs were used to bolster mutual help services, such as the Volunteer Labor Bank and Fureai Kippu. Thereafter, CCs integrated the reciprocal and market realms. Since then, new types of CC have emerged, such as the CC coupon, and CCs to advance local residents' potential skills, allow children to participate socially, and protect forestry resources. Thus, it can be seen that in Japan, CCs have created diversity as they have evolved.

On the basis of these outcomes, we point out a number of problems. First, user recognition of the differences between CCs and cash is an important factor for their sustainability because common sense could help users to in-

crease their use of CCs within their communities. Second, there is a problem of weak interaction among practitioners. Building an environment in which each practitioner shares ideas and problems for currency circulation could produce a specific currency suitable for each community. By researching the history of CCs in Japan, we can understand their evolutionary process and diversity, which helps to analyze the effects and problems of CCs and to identify the type of institutional design that is best-suited for their smooth circulation. In addition, this research could help researchers outside Japan to understand the country's unique CC history. In the future, we aim to compare Japanese cases with those of other countries, and to identify the features of the evolutionary process of CCs in Japan.

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