The Appearance and Development of Community Currency in Japan

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Abstract

This study focuses on the diversity and evolutionary process of community currencies (CCs) in Japan, and classifies their type. Modern CCs began appearing worldwide from the early 1970s and various types of CCs have circulated in each country. As these practices increase, academic interest in CCs has emerged. However, as CC systems are diverse, it is difficult to obtain common recognition and classification about CC type. Since such problems are shared among researchers globally, it has become an important international issue.

In this study, we confirm the definition and classification of CCs by surveying previous studies on Japanese CCs. Our historical analysis shows that CC systems have evolved through development and decline. Based on these outcomes, we describe three types of CCs: social, economic, and ecological. Our research clarifies that the evolution of CCs has created diversity.

Keywords: Community Currency, Japan, Karl Polanyi, Typology
Introduction

Community currencies (CCs) have rapidly become more popular since the early 2000s in Japan. Many media outlets have paid attention to popular examples and showed the significance of such currencies. CCs have been used as a tool to bolster community organization, such as non-profit organizations (NPOs) and citizens’ associations. This study classifies Japan’s CCs into three categories and shows the evolutionary process of CCs. By overviewing the current situation of CCs in Japan, the study clarifies the interrelationships between the currencies and the reasons why their many types have flourished and boomed in civil society. In addition, the study reveals possibilities and problems of CCs in Japan.

Chapter 1 Previous Research

First, we confirm the definition of CC, which is called Chiiki Tsuka in Japan (Chiiki means community or local and Tsuka currency or money). CC may also be referred to as “local currency” in English. Some researchers call it “territorial currency,” “parallel currency,” “social currency,” “complementary currency,” and “alternative money.” These terms have almost the same meaning, but we should attempt to grasp the purpose of using each term, taking into consideration their context and the country’s history. In addition, the definition of the same word may sometimes differ. This study focuses on CCs as a tool to harness the potential of local residents and the natural environment to develop local economies and create new social networks among local residents.

To date in Japan, there are a wide variety of CCs, which are said to number several hundred. Lietaer (2004, p.4) estimates that Japan would be the first country in the world to have “more than 600 complementary currency systems” operational as of the end of 2003. From then until around 2006, the CC boom continued and led to the diversification of the currency, but problems emerged regarding how to suspend the circulation system.

Some studies explain specific cases, such as Hayashi (2014), Kichiji and Nishibe (2008), Kurita, Miyazaki, and Nishibe (2012), Kurita, Yoshida, and Miyazaki (2015), Miyazaki and Kurita (2013), and Nakazato and Hiramoto (2012). Other studies, such as Hirota (2011) and Lietaer (2004), overview the history of Japanese CCs. Lietaer (2004) classifies Japanese CC history into four schools: “Volunteer Labor Bank,” “Fureai Kippu,” “eco-money,” and “other grassroots systems,” classified by history, originality, and relevance. Hirota (2011) shows the historical development of CC initiatives in East-Asian countries,
including a Japanese case study. Apart from studies by Japanese researchers, we can find no precise explanation about the history and current situation of CCs. One reason is as follows.

[R]emarkably little is available in any language other than Japanese on this topic [Japan has the largest diversity of complementary currencies]. Even more surprisingly, within Japan itself, the full range of the 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 the many CC cases in Japan to consider their diversity, building on some previous research. There are the two important ways to classify the Japanese CC cases. First, there is research on the angle of actual experiments that differentiate the many currencies ties in terms of system types, 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 the national government and municipal governments. The four categories are: 1) non-convertible currencies, with few economic partnerships and little involvement by governments and administrations, 2) non-convertible time-based currencies with many partnerships for social policies, 3) convertible currencies with advanced partnerships for local economic objectives, and 4) multiplex projects with a central role for local governments. Blanc and Fare (2013) show what role governments play to support CCs. The second important categorization method is from Seyfang and Longhurst (2013a; 2013b), who classify the experimental case into four types—service credits, mutual exchange schemes, local currencies, and barter markets—and explain them from the three perspectives of economic, social, and environmental.

In addition, there are studies based on economic and sociological perspectives that are based on the typologies of CCs. Nishibe (2006; 2012) proposes a new theoretical approach called “integrative communication media,” which employs the sociologist Luhman’s idea of “communication media” to understand fully the history and significance of CCs. Integrative communication media is a concept incorporating economic and sociological perspectives on money, which consists of two dimensions: money and market, known as economic media; and linguistics, known as social and cultural media. This notion can help us understand the purpose, function, and ways of issuing CCs. Of course, not all CCs have both aspects simultaneously. Many cases first make efforts to obtain one dimension, and only secondarily
incorporate the other one. However, it is important to balance both dimensions to achieve community goals in introducing CCs.

Blanc (2011) shows the typologies of CCs from a different perspective. He classifies CCs into the three projects—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. With Blanc’s effort to add territorial and geographical aspects, we can understand the features of different CCs in terms of the two categories of “community of place” and “community of interest.”

Despite the many studies that classify the typologies of CCs using various ideas, we have not been able to find research on the evolutionary process of CC history. It is very important to observe the various types of Japanese CCs from an evolutionary perspective because CCs in Japan have evolved historically through development and decline. Thus, this study proposes CC typologies in Japan based on a Polanyian perspective of economy, as this could help us to analyze historical dynamics. In Chapter 2, the analytical framework of the study is proposed.

Chapter 2 Analytical Framework

There are the two main types of CC development, one of which is the process of improving the circulation scheme, such as the ontogenic stage. The other is the divergence in CC types for own goals, such as the phylogenetic stage. We could discuss the evolutionary history of CCs in Japan from both aspects, but pay attention mainly to the latter one, which shows the different currencies experimented with so far. The study analyzes the development of CCs in Japan from three standpoints in particular, namely, market, society, and nature, which are proposed by Polanyi as an analytical framework for understanding societal change after market expansion. He depicts the evolutionary process of social economy in the 19th century as a severe conflict of the three domains and his explanation of the emergence and evolution of the market is based on the analytical framework of institutionalized process. It is a very different explanation from that of neo-classical economics, which theorizes the market based on a profit motive and propensity for exchange; Polanyi’s explanation considers the emergence of social economy naturally within communities. Based on his idea, the market emerged outside of communities, and was a specific exchange system created purposefully by
the state. The state changed existing institutions and created a market for industrialization, a process involving the fictitious commodification of labor, land, and money, banishing the present from communities, and devastating community life. The state disembedded economy from society by breaking laws and old relationships that existed inside communities to ensure sustainable society. This process seemed to be a cancer for Polanyi because it generated opposing movements of land and society.

The evolutionary process of market society is pictured as a conflict inside and outside communities. The coordination of each individual institution comes to malfunction under the forced societal change undertaken by the state because market and society have different origins. One of the most important features of Polanyi’s theory is his argument about the dynamics of the social market from the standpoint of each institution’s friction and assimilation.

Polanyi’s way of thinking can be applied to our goal of showing the evolutionary history of Japanese CCs. The conflict and assimilation of the three fields of market, society, and nature is observed when we consider the development and decline of Japanese CC history. Then, we can establish Japan’s unique dynamic history by introducing a dynamic process to the three fields. In the early stage, Japanese CCs appeared in the social field as a countermovement to the market expansion that 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 social and market features. These days, the third stage of CCs has appeared, that is, a new type of currency to develop local residents’ skills and protect forests. In Chapter 3, we depict the history of CCs in Japan from the three perspective proposed by Polanyi.

Chapter 3 Evolutionary process of CCs in Japan

3-1 Development of the social realm (1970s ~ early 2000s)

Modern Japanese CCs trace 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 with sudden illness. In these initiatives, people earned 1 point (equivalent to approximately 400 yen) for 1 hour of labor. After nearly a decade, this initiative received increased social recognition and was duplicated 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 for the purpose of mutual aid with a focus on care services, such as nursing and housework assistance. Service providers could use 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. This type of CC circulates within certain districts and reevaluates various environmental, social welfare, educational, and cultural values (Kato, 2001, p.23). The eco-money project started by considering an appropriate name for CCs in each region and then, obtained a certain amount of eco-money from issuer of CC. 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 initiatives of eco-money are “Kurin,” started in the town of Kuriyama in Hokkaido in 2000. Kuriyama professed to be a town of welfare, and required community-based services to assist with aging. Kurin introduced social ties and a mindset of mutual aid between local residents. Based on the influence of Kurin, eco-money initiatives spread to various parts of Japan. However, the initiatives were hindered by non-participation of local residents and botheration asking for services, and thus, flow of eco-money was disrupted. Furthermore, in order to perform these initiatives continuously, the coordinator who mediated the transaction of services carried a great burden.

Thus, we can observe that CCs were introduced first in the social realm in Japan. CCs were utilized to meet the needs of local residents and offer care services which are difficult to deal with trade for cash. Currently, the Fureai Kippu system has spread all over Japan on the basis of the active support by 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 predominantly have stagnated due to management difficulties and reduced motivation of participants, even though this system has the advantage of having built lists of service provision throughout Japan.
Integration between the social and market realms (early 2000s ~)

CC coupons, which are tradable CCs in both the social realm and the market realm, appeared from 2000. CC coupons 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 both realms can be explained mainly from two processes. One approach is from the social to market realms, and the other is from the market to social realms. The former representative case 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).” CC was introduced to acknowledge these volunteer activities. In the early days, organizers sensed resistance to pay cash to volunteers because people believed their activities should not be rewarded. Therefore, organizers decided to acknowledge the volunteer activities on a non-cash basis. At first, participants purchased CC at a rate of 1 hour = 800 yen for volunteer activities. However, a problem emerged in that CC was retained by specific volunteers. Volunteers required a place to use CCs. Therefore, organizers introduced a system whereby CCs could be used in local shopping streets. This system has also been introduced in the cases of “Gau” in Nerima, Tokyo, which started in 2001, and “Mu-chu” in the city of Musashino, Tokyo, which started in 2008. Leading shopkeepers in shopping streets started 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 on the basis of community welfare. In this case, the organizer introduced CC, which was the reward for taking part in local contributions as a volunteer and which could be used to make purchases in the shopping street. Gau functions as a tool to promote volunteer activity and revitalize the shopping street simultaneously.

The CCs of this era were issued for the purpose of revitalizing social 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 social and market realms managed to revitalize their respective realms successfully. However, Japanese society has begun to face difficult issues, such as the trend toward nuclear families, aging, and a decline in the proportion of children, among other compounding factors. There are many CC problems, including limitations to 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 amid finding new ideas for contributing to local shops and new means to compensate volunteer activities to prevent the introduction of market forces into the social realm from generating psychological resistance to volunteer. Volunteers had 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. In other cases, shopkeepers felt that social benefits made little contribution to revenue, and that integration of social and market realms would be futile. As similar initiatives like this, for example, there are Orion (Kitakyushu City, it was started in 2004), Sarari (Sarabetsu village Hokkaido, it was started in 2008), and so on.

3-3 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 in order to preserve the natural environment and promote production of local products. In addition, with the expansion of the social realm, other types of CCs appeared. These types 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 and deserve attention.

3-3-1 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 declined 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 for motivating continuous participation in forest volunteer activities, forest volunteers have emerged as new foresters. As a result, Mori-ken simultaneously has motivated participation in forest volunteer activities and contributed to 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 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 is intended 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 after it has expired. Unlike cash or convertible CCs, this CC ultimately is exchanged for locally produced rice. The fact that funds come back to the local area offers peace of mind and encourages exchange between SMEs. This CC circulation 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 social and market realms while simultaneously incorporating ecological benefits, and so, enhances the productivity of the social, economic, and ecological realms.

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3-3-2 CCs for potential development

CC has focused largely on mutual aid and volunteer activities for adults, or
revitalization of local business. However, new types of CCs have appeared recently to 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 chances 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 representatives CC schemes of this type is “Oar” in the town of Toda, Saitama, which started in 2008. In this system, children learn how the purchase and sale of goods in shops work, and they obtain CCs for their work. They can use the CCs to purchase local items, as well as at festivals 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 increasingly appearing, such as “Ma-bu” in the town of Mino, Osaka, which started in 2014, and Omusubi Tuka, referred to in Subsection 3-3-1.

The following case shows increasing local resilience through the use of CC. Originally, the Transition Town movement spread rapidly throughout Japan after being imported from Totnes in England. This movement is designed to reform lifestyles and consumption patterns based on petroleum dependence and to utilize natural resources effectively for enriched lives. One such project that has garnered attention in Japan today is “Yorozu Ya,” which started in 2009 in the transition town of Fujino in the town of Sagamigahara, Kanagawa. The Yorozu Ya CC encourages local ties and improves local resilience in the area. Yorozu Ya 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 there is a shared consciousness about the CC held by users. 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 comprises people with 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 to not only revitalize their area but also 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 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, CC advances and refines the potential skills and talents of each community.

Chapter 4  Discussion

The study depicts in detail the diversity of CCs, whose history shows both conflict between and integration of market, society, and nature. Two important factors for the success of CCs can be pointed out by observing history: psychological aspects of users and interrelationships among CCs. Distinguishing the differences between money and CCs by users is one of the most important factors for the success of CCs. For example, in the case of Yorozu Ya, if users increase debits to their CC accounts, they recognize that it advances other local residents’ potential skills. In a market economy, the behavior of increasing debits is disliked because it refers to rising debt. However, in the case of CCs, increasing debits could bolster 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 could be disagreeable and cause trouble. 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, whether users recognize the difference between CCs and cash has a big impact on the sustainability of CC circulation schemes. The weakness of interaction among CCs is another important factor for their development. Each CC has evolved separately without sharing their 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.
Conclusion

This study focuses on the diversity and evolutionary process of CCs in Japan and classifies their type. Modern CCs began appearing worldwide from the early 1970s and various types of CCs have circulated in each country. In this study, we confirm the definition and classification of CCs by surveying previous studies on Japanese CCs. Three stages are identified. First, many CCs were used to bolster mutual help services, such as the Volunteer Labor Bank and Fureai Kippu. Thereafter, CCs integrated the social and market realms. Since then, new types of CC have emerged, such as the CC coupon, CCs to advance local residents’ potential skills, allow children to participate socially, and protect forestry resources. In Japan, CCs have created diversity as they have evolved. On the basis of these outcomes, we point out some problems. First, user recognition of the differences between CCs and cash is an important factor for the sustainability of CCs because common sense could help users to use CCs increasingly in 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 for the smooth circulation of CCs. In addition, this research could help researchers outside Japan 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.

Reference


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