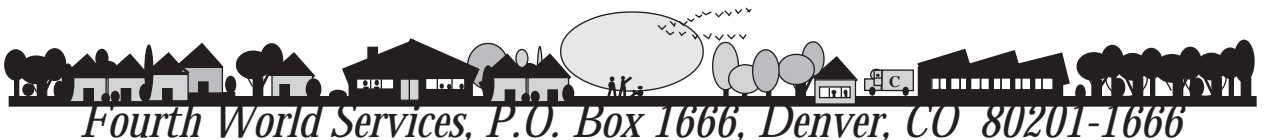


TIME-BASED ECONOMICS

A Community-Building Dynamic

A. Allen Butcher

Includes the Natural Law Community



Fourth World Services, P.O. Box 1666, Denver, CO 80201-1666

Life in the plenty paradigm is like living in a ...



Money-Free Zone.

Acknowledgements

This work, as with most creations, is based upon the good work of many others. It takes a lot of concerted thought and action on the part of many people to create something having the potential of replacing the monetary economy, and I wish to express my appreciation for all those who have worked, are working, or may begin to work for the alternative.

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Fourth World Services
PO Box 1666
Denver, CO 80201-1666
303-355-4501

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Introduction: Formulating a New Economic Theory

The original goal of this monograph was to present labor credit and labor service systems as an emerging economic paradigm distinctly different from the monetary system. To do so, a range of new terms had to be created, and these are presented in the next section. Of course, once having embarked upon this adventure, it soon became clear that the goal would be not just to create a few new terms, but to identify and explain an entirely new economic school-of-thought. Since the general discrediting of communism,¹ there is today no succinct economic theory actively challenging monetary economic theory. There is, however, a body of experience in labor sharing systems that do not involve the use of money or any kind of exchange of private property. The fact that these experiences have successfully proven themselves to be viable economic alternatives indicates the need to begin to develop a set of ideals, concepts, theories, doctrines and a pedagogy to help us to recognize, understand and teach this alternative economic paradigm. This monograph is an attempt to conceptualize a new way to think about our economic experience, and to encourage the reconstruction of (at least on the local level) our 21st Century civilization in alignment with the concepts of sharing and cooperation.

It may be particularly useful to advocate the concept of a new economic paradigm when we consider that we have growing today in our culture an alternative political paradigm to that of the win/lose, parliamentary, majority rule, democratic process. Consensus decision-making process is diametrically opposed to any form of authoritarian process, and takes the democratic ideal to a new level of individual responsibility for the welfare or best interests of the whole group or community, not just the desires of a subset of it. The importance of having a governmental process which facilitates the involvement of a population in what might be called "deep democracy," becomes evident as we consider that when creating a parallel economic system, it also becomes essential to rethink many other aspects of culture and society.

The fact that the influence of the monetary system upon contemporary Western civilization is pervasive is hardly debatable, and this certainly includes the legal and political systems. The current issue of "campaign finance reform" indicates that many in our government recognize the conflict-of-interest between a private property economy in which wealth is so concentrated in the hands of a minority of the population, and the ideal of representative government of, for and by *all* the people.

When a people are involved in rethinking their economy and government, the common direction is toward looking beyond human constructs and considering the larger context of our existence. Many people consider religious and spiritual themes, and seek a method of applying these to our mundane existence. One method used through the ages is to revisit the concept of "natural law," which is often defined as right reason, or the appeal to our inherent or given capacity to know right from wrong, which is also sometimes referred to as our inner light. Yet the problem often found is that we cannot always see with certainty how natural law relates to particular issues. For instance, natural law can be used to justify both private property and common property, and so determining how best to design an economy or a political or legal system, or any other issue, quickly becomes reduced to the question of how best to make a decision. This is the importance of consensus process: if we believe that it is important to affirm that we all have part of the truth, then we need a governmental process that respects the goal of significant individual participation.

If we feel that our current dominate political-economic system, often called "neoliberalism," has proven itself to be less onerous than more authoritarian plutocracies, then this is an indication of the importance of the ideals of participation in government and a balance, of sorts, of private and common ownership in an economy (government property and tax-exempt organizations represent forms of common ownership in capitalist economies). If, for what ever reason, we see problems in

¹ "Communism" is defined, for the purposes of this monograph, as the authoritarian form of common ownership of wealth, distinct from "communalism," which is used in this monograph to represent the participatory form.

our contemporary political-economic system, the goal ought then to be to further these concepts of governmental participation and balancing of private and common ownership of property. Only in the past few decades have we (i.e., those familiar with the contemporary communitarian movements) been able to point to political and economic alternatives which effectively advance these ideals, and only more recently have we recognized a viable method of sufficiently integrating these alternatives into a succinct political-economic model. As consensus process represents a political paradigm different from that of the dominate culture, so also may we seek to identify and proclaim a new economic paradigm which similarly focuses upon the wellbeing of the whole community or society.

The sections of this monograph present first a discussion of monetary and nonmonetary economic theories and processes, and why it may be best that we consider that both have a role in our culture. The primary focus of this work, however, is in explaining the importance and unique nature of the latter, via the idea that time-based economics better represents the transcendent ideals of natural law than does monetary or debt-based economics. A short comparative study of the two economic systems is then presented via the concept of "Economic Paradigms," and a longer presentation of a range of economic systems, both historical and contemporary, is included called the "Economic Continuum." An important part of this section is the discussion of the Spanish Civil War, pointing out the importance of cultural preparation for radical change through both educational programs and connections to culture-specific traditions. Further discussions of time-based economics present the idea of creating "money-

free zones" through establishing businesses operated through labor sharing, along with a further discussion of the relationship of this economic design to natural law. Once the concept of time-based economics is presented, we then need to consider how to take the ideas and experiences already available to us and apply them to new or different situations or opportunities. This is the topic of the section discussing the "Natural Law Community." Finally, a section on each of the two primary models in use of labor exchanging and labor sharing systems is presented, along with material on other groups using similar processes.

This monograph is written primarily to present the alternative economic issues involved in various existing labor systems, and only begins the discussion of how our experiences with these suggest possible strategies for their extension and development on larger levels in different contexts. Thus, a goal of this work is to inspire in others the desire to take these ideas and experiences further. Cultural innovation and design is a fascinating field of study and work, and a potentially satisfying lifestyle. In addition, this time at the turn of the millennium presents opportunities that will soon be lost if not utilized.

It is toward the utopian ideal of identifying and disseminating cultural innovations relevant to the contemporary society, or which represent viable alternatives to that society, that I welcome the reader's consideration of the concept of time-based economics. May this work prove to be inspiring and useful to all those who appreciate the goal of furthering the diffusion in our society of the cultural innovations of communitarianism.

If you would like to comment on the ideas presented here, or on the explanations or uses of the terms coined for this publication, I would welcome your correspondence.

A. Allen Butcher

Denver, Colorado November, 1997

Labor Systems Terminology

Since the idea of building an economy that does not use money is such a radically different way of thinking, totally out of most people's understanding, a clearly presented set of new terms is essential. The following may comprise the foundation of a new economic theory.

TIME-BASED ECONOMICS—This term was coined in order to have a generic term by which to refer to all forms of labor and service credit systems. The terms "hour-based" or "labor-based" could be used, but I prefer to emphasize the concept of time as an economic resource rather than the unit of measure itself (hour), or the human component (labor) which is complicated by the issues of skills, competency, proficiency, productivity and so on.

DEBT-BASED ECONOMICS—This term was coined in order to have a way to refer to what the capitalist/monetary system is based upon. This is an interesting issue as U.S. dollars essentially are based upon nothing other than trust in the system (the inscription "In God we trust" is aptly phrased, since the U.S. dollar has no material backing). Generally, U.S. dollars are considered to be created by bank credit (see: "Multiple Deposit Creation" in "THE ECONOMIC CONTINUUM"). However, calling this a "credit-based system" would confuse it with the alternatives described here called labor credit and service credit systems. Additionally, the focus upon debt orients the issue to the individual's perspective rather than that of the bank's.

PLENTY PARADIGM and RATIONAL ALTRUISM—These were easy calls, since monetary systems and classical economics use the terms "scarcity" and "rational self-interest" in explaining their conceptual dynamics.

COMMUNAL PRIVACY THEORY and COMMUNAL SHARING THEORY—These theorems are a first attempt in building a set of principles as a foundation for the emerging school of communal or time-based economic theory. (See: "Economic Paradigms") The practice of communal economics has always existed in civilization (e.g., monastic societies), yet it is the advent of labor credit systems which prompts the effort to conceptualize and formalize a new economic order and school of thought.

LABOR EXCHANGING and LABOR SHARING—These terms are developed to distinguish between the two forms of time-based economic systems. Labor exchanging involves the accumulation of personal hour-credit balances (called "service credits" or "time dollars") for exchange for other people's services, or for donation to programs or individuals. There is no minimum hour work requirement, or quota, in labor exchange systems. In contrast, labor sharing uses accumulations of personal hour-credit balances (called "labor credits") only for personal vacation time, since each person is responsible for filling an hour quota (often presented as a weekly quota). Labor credits in labor sharing systems are not transferable.

NATURAL LAW COMMUNITY—This term is for a proposed form of mixed-economy intentional community involving systems of both private and common property ownership through different levels of sharing. Developing such an intentional community supporting the time-based economy can be an effective strategy for creating the plenty paradigm. The community would provide for substantial diversity in lifestyles, with regard to spiritual and religious beliefs, political affiliations, dietary and sexual preferences, family structures, and other cultural differences, through a decentralized social structure. Economic sharing, through both private property and common property systems, would be facilitated through forms of consensus decision-making. Such processes serve to affirm a trust among members that each will manage their participation in community government and society in a manner which they believe to be consistent with natural law.

Discovering a Parallel Paradigm

Throughout this last third of the 20th Century an economic system has been quietly growing that does not involve the use of money, barter, or any other form of exchange of private property. This economic system can be used to coordinate all production and consumption in a society, effectively creating an alternative to the monetary system, or can be used to coordinate only some economic activities, thus complimenting the monetary system. This economic alternative works by recording and coordinating the time that people spend helping other individuals, or working for the benefit of the community in general. In comparison to the monetary system, the simplicity of the idea of time-based economics often causes people to overlook the full implications of the resulting paradigmatic shift in how we view the world and our culture, when the time-based economy is fully developed.

Time-based economic systems represent an economic structure that respects natural law and transcendent ideals by manifesting a culture of personal, social and environmental responsibility in a stable, sustainably-paced economy. These values are qualities that are hard to maintain in the monetary system, and so to find a way to better serve them it is necessary to step outside of that system and reorient how we think and work.

One of the advantages of the time-based economy is that it is not necessary to give up the monetary system entirely in order to benefit from the alternative, since in some cases people can easily participate in both. This represents the perspective that time-based economic systems offer a means for carrying on the activities necessary for life, liberty and the pursuit of happiness when the monetary system, as a result of market disadvantages, fails to serve these goals.

There is a set of spiritual values or transcendent ideals, such as justice, fairness, nurturance and harmony, that many of us would like for our society to respect and serve. When humans make a law to live by, we call this "positive law," and sometimes it is a just and fair law; sometimes it is not. When our laws respect spiritual values or transcendent ideals we say that they reflect "natural law," but this is not the case

when they benefit elites or support authoritarian governments, and exploit people and abuse or waste our natural resources. The problem is that the monetary system that our laws support (or the laws supported by our monetary system) engenders a world view or paradigm, and thus a form of civilization, that is too often in conflict with natural law. An economic system based upon acquisition, greed, and hoarding, and that encourages the competitive values of artificial scarcity, rational self-interest, comparative advantage, monopoly capitalism, and forms of authoritarian government (such as a democratic facade concealing a controlling, wealthy elite), and that too often relies upon negative externalities, such as pollution, five-percent unemployment, patriarchy and other harmful, unpriced by-products of a market economy, will forever work against spiritual and transcendent values and ideals. Such a world view we may call the "scarcity paradigm." Building a world view, and a civilization, that reflects natural law requires an economic system that encourages the cooperative values of caring, sharing, nurturance, rational altruism, mutual advantage, and a consensus-based (and therefore decentralized) or participatory government. This world view we may call the "plenty paradigm."

WHO'S AFRAID of ECONOMICS?

Much of the culture in which we live we take for granted, without really thinking about why things are the way they are, or whether doing things differently might result in more happiness for us, or at least fewer problems. Monetary economics is one of those things that we assume is a given, something that we have to learn to manage, but that we can never really ever change. Monetary economics is a mystery to most of us, with its successive levels of inscrutable complexity being like veils obstructing our perception and preventing our understanding. We never really know who all those people are behind the curtains pulling the levers, ringing the bells and blowing the whistles, and so we are forever susceptible to conspiracy theories and dark myths like that of an "Illuminati" controlling the new world order.

Then too, our monetary system keeps throwing disfunctionalisms at us such as an increase in homelessness while unemployment remains steady or drops. The "working poor" is the oxymoron of the day.

The simplest indicator, although certainly not the best,¹ of the success of a monetary system is often considered to be the continued growth of a middle class. This is a general indicator of capitalism's ability to provide a good life to a population. Unfortunately, in America since 1968, the gap between incomes of the rich and the poor has been increasing, and the middle class has been shrinking.² At the same time, the percentage of the population who are rich has grown while the number of poor has stayed the same. Although it is good news that more of the middle class have gone up than down in income, the disparity of wealth remains a problem, particularly as the poor have benefited not at all in the past thirty years of fairly steady economic growth. It is a serious indictment against our management of the capitalist system that the poorest one-fifth of our population, involving more than 50 million people, remain disenfranchised. Consider, too, that we have a higher rate of incarceration than any other country. If these patterns continue, we can expect more violence in our culture, and the need will increase to modify our monetary system, or work to build an alternative to it, that better serves the needs of all economic classes, rather than just the well off.

The capitalist system can be designed and

managed to support a socially and environmentally responsible economy, and a number of proposals and models exist which uphold these values, most notably geonomics (see the section "Economic Paradigms"). Although we have these models, and we can hope to see them more widely implemented, the nature of the system is such that people will always find a way to benefit at the expense of others. The fact is that we do not really understand the monetary economic system. We can understand how money is created in the monetary system (see: "Multiple Deposit Creation" in the section "Economic Continuum") but we don't really know what the effect is of increasing levels of debt. Today we have massive amounts of governmental and consumer debt (each in the trillions of dollars), yet enjoy a growing economy. Is debt therefore some kind of an illusion (like bank credit itself)? How much debt is too much, or do we not need to be concerned about it? Could debt-based economics really be a firm foundation upon which to build a global civilization?³

What we know for certain is that in most monetary systems a problem exists in their tendency toward the centralization of wealth and power. This trend is quite advanced today, particularly as we consider the growth of the transnational corporations which, because of their size and power, are essentially unaccountable to any authority. The fact that it is to some of these entities that governments and consumers are

¹ See: The Caracas Report on Alternative Development Indicators, *Redefining Wealth and Progress: New Ways to Measure Economic, Social & Environ. Change*, TOES Books/The Bootstrap Press, Suite 9A 777 U. N. Plaza, New York, 10017, '90.

² See: "Inequality: Still on the Rise," *U.S. News & World Report*, July 1, 1996, v121 n1 p15 (data: U.S. Census Bureau). Also: Mary C. Daly, economist at the Federal Reserve Bank of San Francisco, defines the middle class as those families with incomes between twice and five times the official U.S. poverty line. "(T)he proportion of Americans in the middle class declined throughout the 1980s, from 50.5 percent of the population in 1979 to 45.4 percent in 1989" Mary C. Daly, "Middle Class Shrinks as Americans Climb Income Ladder," *KRT FORUM/Bridge News*, Knight-Rider/Tribune News Service, March 7, 1997 p307K4397. Published in *Economic Letter*, by the Federal Reserve Bank of San Francisco. Also: "A broader definition of the middle class as households with incomes of \$15,000 to \$75,000 in 1994 yields similar results. With this definition, the middle class shrank to 64 percent of all households in 1994, from 70 percent in 1970." Elia Kacapyr, Peter Francese, Diane Crispell, "Are You Middle Class?" *American Demographics*, Oct. 1996, v18 n10 p30. Also: "In 1989. ... The richest 1% of families held: 45% of all nonresidential real estate, 62% of all business assets, 49% of all publicly held stock, 78% of all bonds. The richest 10% held: 80% of all nonresidential real estate, 91% of all business assets, 85% of all stocks, 94% of all bonds." Nancy Folbre, *The New Field Guide to the U.S. Economy*, The Center for Popular Economics, The New Press, NY, 1995, ISBN 1-56584-153-0.

³ A big part of the question of the role of debt in the monetary system is tied to the issue of interest rates and the time value or present value of money. Consider that, if a dollar paid to you one year from now will be less valuable than a dollar paid to you now, due to interest rates (e.g., if you invest it today you get more than one dollar a year from now), then it is logical (if not empirically supported) that as money loses value over time, our debt load can increase with no negative effects immediately, and if the economy continues to expand, none in the long term either. This is because wage and price inflation, economic growth and similar factors all suggest that we "don't worry, be happy." This is essentially our government's current plan for balancing it's budget. Of course, an individual could have a problem if —continued next page

indebted is cause for alarm as we consider what power this gives corporations over our future. Corporations are currently causing massive change in the health care industry, making an important part of our lives that used to be locally controlled by physicians and hospitals, now increasingly controlled by Wall Street financial imperatives. Next to fall victim is our educational system.

The proposed Multilateral Agreement on Investment (MAI)⁴ will result in further erosion of national and state sovereignty, since its proposed provisions will result in a reduction of the control we have over the financial and investment actions of trans-national corporations on the level of our local or even continental economies. MAI is just the latest initiative in a long line (including other acronyms such as WTO, GATT, NAFTA and EU, spelled out in the section, "Economic Paradigms") that have been working to consolidate and strengthen the monetary system, with slight regard to the effect upon people and the environment. The general term used today to refer to economic policies which place the increase of corporate wealth above all else is "neoliberalism."⁵

On the level of the individual, many people are susceptible to the ethical wasting caused by greed, and as much as 5% of our population is susceptible to the addiction of gambling. Gambling in particular is becoming more of a problem as an increasing number of local governments have been choosing to adopt programs using this indus-

try to increase public revenue. The monetary system feeds these obsessions, and the resulting madness is called "gold fever," which is indicated by a total disregard for anything other than the accumulation of wealth and the exercise of the power afforded by it.

Even without the questions and problems of the monetary system, there is no reason to believe that monetary systems in general are the best type of economic system that we can devise. Monetary systems may be considered to be nothing more than sophisticated forms of barter. If we have progressed at all as intelligent beings, we ought to be able to base an economic system on an emotional or experiential foundation other than possessiveness, alienation, greed and the will to power. The fact that we have an economic system based upon such negative values only suggests a lack of focus upon positive values in economics, not that economics precludes sharing. Consider that Adam Smith, who gave us the concept of the "invisible hand" as an explanation for the market system based upon "rational self-interest," recognized that society is based upon ethics and virtue. "How selfish so ever man may be supposed, there are evidently some principles in his nature, which ... render (others') happiness necessary to him" (Adam Smith, *The Theory of Moral Sentiments*, 1790. Quoted by Francis Moore Lappe in "Self and Society," *Creation*, March/April 1988, p.15, PO Box 19216, Oakland, CA 94619.)

³ continued —

most of one's debt were in markets that are prone to overpricing and crashing, such as real estate. And there are other reasons to avoid personal debt. A diverse, global economy, however, may have enough flexibility to survive regional or economic sector, market corrections. If all this is confusing, then this just serves to point out the arcane, obfuscated nature of the monetary system.

⁴ "(T)he Western Governors' Association details the potential for the proposed Multilateral Agreement on Investment to override state rules and warns that the MAI could permit foreign investors, ... to challenge state laws. According to the WGA report, proposals for the agreement could affect state sovereignty in a number of areas including limits on state investment incentives; state economic, land use and environmental regulations; and state policies that favor local businesses. Many state practices could be subject to the MAI if U.S. negotiators do not reserve and make exceptions for state laws." The WGA report, "Multilateral Agreement on Investment: Potential Effects on State and Local Government" may be viewed in the publications section of WGA's web site at www.westgov.org. Paul Orbuch, April 21, 1997 (303) 623-9378. Posted by Emilie F. Nichols, on the list serve of The Alliance (the-alliance@igc.apc.org), Fri, 30 May 1997 15:37:42 -0400 (EDT).

⁵ "Neoliberalism' is a set of economic policies that have become widespread during the last 25 years. ... The liberal school of economics (Adam Smith, c. 1770s)... advocated the abolition of government intervention in economic matters. No restrictions on manufacturing, no barriers to commerce, no tariffs, ... Such ideas were "liberal" in the sense of no controls. ... Then the Great Depression of the 1930s led ...an economist named John Maynard Keynes to a theory that challenged liberalism as the best policy for capitalists. ... The belief that government should advance the common good became widely accepted. But the capitalist crisis over the last 25 years, with its shrinking profit rates, inspired the corporate elite to revive economic liberalism (Milton Friedman, c. 1970s). That's what makes it 'neo' or new. Now, with the rapid globalization of the capitalist economy, we are seeing neoliberalism on a global scale." Elizabeth Martinez and Arnold Garcia, WHAT IS "NEOLIBERALISM?" at the Intercontinental Encounter for Humanity and Against Neoliberalism, July-August, 1996, La Realidad, Chiapas, Mexico. E-mail posting by Paul Robertson (probert@rapidnet.com) on the list serve of The Alliance (the-alliance@igc.apc.org), Sat, 14 Dec 1996 09:28:31 -0700.

If we could manage to design an economic system based upon the higher values of mutual aid, sharing, participatory governance, and social and environmental responsibility, while at the same time encouraging individual initiative through a rewards system providing recognition for achievements, we would then have an alternative to the monetary system that could grow as a parallel economy. Such an alternative would attract those people who are motivated by transcendent ideals as opposed to mere materialism, and also appeal to those who would simply prefer to avoid the corporate ladder, the rat race, the "jungle out there," and other euphemisms for the capitalist labor market. As an economic system, the time-based parallel economy could appeal to people of any spiritual or religious belief, as all have some focus upon nonmaterialism, and some form of the "golden rule" admonishing us to think about other's welfare as we think about our own. The time-based parallel economy may also be supported by those focused upon secular or ideological beliefs in, and academic concepts of, building the best of all possible new worlds.

ONE COUNTRY, TWO ECONOMIES

Through looking at all of the experimentation in alternative economic systems since at least the beginning of the Industrial Revolution, from local currencies to demurrage scrip to labor credits (see the section "Economic Continuum"), we have a range of experiences and information to draw upon in the effort to design a viable alternative economic structure. Time-based economics facilitates production and consumption through a world view of plenty, rather than of scarcity. This

change involves a relatively simple reorientation of how we think about the world, like the change from the pessimistic view of the half-empty water glass to the optimistic view of the water glass as being half full. The change is from a cultural paradigm of rational self-interest, as represented in classical economic theory, to a cultural paradigm of rational altruism, as represented in what may become a new school of time-based economic theory.

The PLENTY PARADIGM

In time-based economies the world's natural resources are shared, and individual labor contributes to a common wealth (by maximizing public goods and services) which provides for individual happiness through a system of "rational altruism." With a sharing of wealth, fear of economic loss or exposure (fear of scarcity) is reduced and greed is not rewarded. Happiness, then, is found as much in working for the good of all, as in work for personal benefit. In the plenty paradigm, the service or labor credit is the root of public good, and rational altruism is the process by which individuals work for mutual advantage.

Saying, however, that we have a viable alternative to the monetary system is not intended to suggest that the goal should be to abolish the monetary system, as it is generally more effective to focus upon building and creating than to focus upon destruction. Further, there is value in diversity, and social stability in providing options from which people can live the lifestyle of their choice. Therefore, the goal might best be to create parallel societies, organized respectively by the monetary and the time economies, with the two interacting and benefiting from the lessons of the unique nature of the other. Certainly, there is no good reason for the two to be in conflict with each other.

The idea that two economic systems based upon opposing values might be able to coexist would be consistent with the ideal of unity in diversity, the dynamic of bipolarity, and of the ecology of symbiosis. To present such a coexistence as a conceptual image, consider the theories of yin and yang in Chinese cosmology. Yang is the masculine, active principle in nature that is exhibited in light, heat and dryness, and evokes the desert image, while yin is the feminine or passive principle representing darkness, cold and wetness, which evokes an image of the forest. In Chinese philosophy, yin and yang combine to produce all that comes to be. What we have currently, however, is an overemphasis upon the yang concept or energy, represented by the monetary

system, as in the desert image or scarcity paradigm, goading us to a manic excess of private property hoarding. What is needed in our culture is more of the yin concept or energy, represented by the time-based system, as in the forest image or plenty paradigm of a vibrantly nurturing economy producing plenty for all when the gifts of nature are shared. The error would be in believing that as a global civilization we could expect to build a sustainable, climax human culture with just one or the other of these two economic systems, when in essence, both are important to our long-term survival. In Western philosophy, we can see the concept of unity in diversity in process theory where a thesis, countered by an antithesis, can result in a synthesis of apparent opposites in a dynamic or dialectic which is greater, more enlightened, or more sustainable than either alone.

A COMMUNITY-BUILDING DYNAMIC

The difference between the two paradigms and their attendant economic systems may be explained by defining the forms of community which each supports. The primary quality that explains that difference is the issue of rewards for labor. In the scarcity paradigm, people are given variable monetary rewards for their work, while in the plenty paradigm all work is valued equally, at one credit per hour regardless of who is doing the work or what is done. In monetary systems (including local currencies), everyone could be paid the same, and in time-based systems variable credits could be used, but neither works this way. The processes used in each system are those which are appropriate to their particular value structures, and the forms of community created are correspondingly different. One is based on possessiveness, the other on sharing.

Within the plenty paradigm there are two forms of time-based economies. The difference between these two may be explained by the types of community which each supports, and in this case the difference is the level of sharing. There is also a difference in the ways that the two forms of time-based or sharing economies interact with the external monetary economy, or scarcity paradigm, which is based upon possessiveness.

The first of the two forms of time-based economic systems may be named "labor exchanges" using "service credits" or "time dollars,"

and the second may be named "labor sharings" using "labor credits." There are three general differences between these two forms of time-based economies. One is that the former exchanges labor for labor on an hour-for-hour basis, while the latter does not involve any exchange at all, but simply a sharing of labor. Secondly, labor exchanges today rarely ever involve work in income-producing businesses. Therefore, there is less structure involved in this kind of time-based economy, and the amount of individual involvement in the labor exchange system is not regulated. People participate as much or as little as they like. Third, members of labor exchanges can transfer their positive service credit or time dollar balances to others, while labor credits are usually not transferable.

The prohibition against transferring labor credits in labor sharing communities is due to the use of credit balances in representing an individual's level of compliance with their agreement to the community to contribute their time to the areas of work recognized by the community as being important to its maintenance or survival. If someone can not meet this commitment, the appropriate response is a reduction of the amount of labor they are expected to contribute, or finding a way to help them meet their commitment. Thus, labor credit systems function in a community much the same way as paying dues in other organizations, since both establish one's right to the benefits of membership.

In labor sharing forms of time-based economies, nothing is exchanged because everything is already shared. This is the concept of common ownership or communalism. The importance of labor credit systems is that for the first time in the thousands of years of communal experience we have a formal economic system to coordinate a communal economy. The process of labor sharing, facilitated by labor credit systems, effectively coordinates production and consumption in a time-based economy, including the organization of businesses which serve to provide an exchange between the time-based community economy and the external market economy. It is this feature of labor sharing communities that make them substantially different from labor exchange systems.

In labor exchanges, people must have their own sources of income, participating in the service credit or time dollar system on the side. Including

an income-producing activity in the time-based economy, however, requires much more coordination and commitment among participants, since the people involved must also decide on how to use the income generated, and thus, how the group collectively interacts with the market economy. One of the features that is added to labor sharing or labor credit systems that is not found in labor exchanges, is the "labor quota." A successful business requires an ongoing, reliable labor supply, and this is provided in the labor credit system by the community agreeing to a minimum level of individual labor contribution, or a labor quota, with "over-quota" work accumulating for vacations. Consistently failing to keep community agreements, such as "making quota," can result in one's termination of membership in the community.

Since domestic work, agriculture, construction, purchasing and other labor is all included in the labor sharing system, along with income producing labor, members of the community have a great deal of flexibility in scheduling different kinds of work in one day or one week, and enjoy opportunities for learning many different skills. The community itself decides, through a participatory planning process, what work areas are "creditable labor," and the community's labor supply is budgeted to these areas, or otherwise distributed. The result is that the community does not pay salaries or wages for labor, and there is therefore no exchange of property within a community that uses a labor credit system. The money that is generated by the community businesses is budgeted for various community and personal needs, including individual allowances or discretionary funds. The effect is that the communal community thus formed uses labor credits to support businesses within the labor sharing system, effectively pushing back the market economy and creating a "money-free zone," organized according to principles of the plenty paradigm.

It is possible that a labor sharing commu-

nity would also permit members to participate in the monetary system, with each person free to strike one's own balance between the two systems or paradigms, or between sharing and privacy. Such a community would be considered to have a mixed economy, with some private and some communal aspects. Some members might work full-quota within the community and be supported by it, while other people might work at partial-quota and receive fewer benefits. And, people could change their level of involvement as their life circumstances changed over time. Such a community would have different levels of membership, and would likely have to have very clear requirements for membership at each level.

This ideal of free choice is one reason why it is important to recognize that the goal of building the plenty paradigm would be not to replace the monetary system or scarcity paradigm altogether, but to create a parallel paradigm through building communities based upon systems of labor sharing. The resulting dual or mixed economy would serve to affirm that the motivations of selfishness and possessiveness are no more a part of our basic nature than are caring and sharing.

A TIME for the DISSEMINATION of INNOVATION

In the past, implementation of economic alternatives to the monetary system were usually developed and utilized in response to economic depressions, when the official currency was unavailable or not sufficient for people's needs. People then printed their own currency or started labor exchange organizations. When the banks started lending again, or the government hired for public works, or the economy heated up in response to a war, the local currencies and labor exchanges faded from use. Today, however, time-based economic systems have been developing in the midst of our current period of economic growth. The reason for this must be that, not only have some

⁶ Many writers have explained the history of the market system's tendency toward appropriation by private interests of what was formerly considered to be common property. The classic dynamic is called the "enclosure of the commons," involving the fencing off of previously common village land for private use. (Among other sources, see: Will and Ariel Durant, *The Story of Civilization*, Simon and Schuster, NY, 1957) Another form of enclosure is failure of governments to tax land value, permitting unearned income (i.e., the portion of market value, derived from concentration of population, governmental services and natural resources, that morally belongs to society as a whole) to become property of the land owner, thereby depriving the community of its common wealth. Many other examples may be cited of the monetary system's negative effect upon community, from the replacement of sole proprietor, family businesses with chain stores, and shopping malls, to the conglomeration of family farms into corporate industrial farming, to the loss of the small town and neighborhood land use plan to suburban residential developments and commercial sprawl. Today the market system is even —continued next page

people been disenfranchised from the mainstream economy, but others recognize the value of community, and understand that the monetary system destroys community⁶ while time-based economics builds community. Considering the issue of exchanging property versus exchanging labor, it is interesting to note that at least in one instance it was found that when both local currencies and labor exchanges were used in the same area at the same time, many more people participated in the labor exchange than in the local currency program (see: "Scrip Exchanges versus Labor Exchanges during the 1930s Depression," in the section, "The Economic Continuum.")

It is the desire to find a method and a program to replace the lost experience of community in our culture, or the support and affections that come with stable local affinity groups, that leads people to experiment with and become committed to forms of communitarianism. Developing an economic system that builds community life is one important

element, along with a system of governance, behavior codes, and often belief structures and values. All of these elements of culture are important, but not all of them are readily replicable. Economic models in particular are the most transferable between societies or cultures, and thus potentially one of the most effective methods available to us for expanding the appreciation and practice of community, on various levels, in our society. For this reason, it is important that we recognize that time-based economics may provide one of the most effective elements of a community movement-building strategy.

6 —continued

monetizing many of the traditional functions of the family, as well as of the community, including child care and education, elder care, health care, food production and service, recreation, and even in some cases religion. In Western industrial societies, some reports indicate that 40% to 60% of the population now lives in single occupancy units, and single-parenting is becoming more common.

TWO FORMS of TIME-BASED ECONOMIES in the PLENTY PARADIGM		
PROCESS	LABOR SHARING	LABOR EXCHANGING
UNIT of ACCOUNT	Labor Credits	Service Credits or Time Dollars
TYPE of COMMUNITY	Used to support communal communities, but may also be used in mixed-economy communities.	Used in mixed-economy or private property communities.
METHOD of OPERATION	Sharing labor on the basis of a community agreement of a minimum labor contribution. Labor credits are usually not transferable since they represent individual's compliance with the primary requirement for membership, which is the contribution of "labor dues" or working the "labor quota."	Exchange of labor on an hour-for-hour basis. Balances may be transferred or donated to others. People self-regulate their participation in, or the amount of work they do in, the labor system.
CONNECTION with the MARKET ECONOMY	Income-producing activities are always included in the labor system. These may be community-owned businesses (representing a form of collectivism or of producer or worker cooperatives) or "outside jobs."	Usually no income-producing activities are involved in the labor system, requiring that each person manage their own involvement in the capitalist labor market and monetary system.

PLENTY PARADIGM: Time-Based Economics

Time-based economics facilitates the sharing of the world's resources, and individual labor contributes to a common wealth (i.e., maximizing public goods and services) which provides for individual happiness through a system of "rational altruism." With a sharing of wealth, fear of economic loss or exposure (fear of scarcity) is reduced and greed is not rewarded. Happiness, then, is found as much in working for the good of all, as in work for personal benefit. In the plenty paradigm, the service or labor credit is the root of public good, and rational altruism is the process by which individuals work for mutual advantage.

Time-based economic systems can be either auxiliary (complementary) to the monetary system, or a complete alternative to it (supplanting it). The difference is whether the time-based system coordinates only a few economic functions (via service credits), or is the only economic system in the community, coordinating both domestic and income producing labor (via labor credits).

As service credit systems (using "Time Dollars") are backed by moral obligation and a norm of reciprocity, they do not constitute a "commercial exchange," and therefore have been ruled to be tax-exempt by the Internal Revenue Service (IRS). As communities that use labor credits to coordinate work in their businesses do not pay salaries or wages for labor, the IRS has created a section of the tax code [501 (d)] providing for them an exemption from corporate tax and from the Social Security tax.

To explain the communal (labor credit) system, several theories have been developed: "Trusterty Theory"—refers to what is held in common (attributed to the nineteenth century anarchist theorist, Peter A. Kropotkin). In land trust theory, society has the responsibility to manage trusterty, or all natural resources. In communal theory, trusterty refers to all community property held or used by individuals. Two other time-based economic theories include, first, the "Communal Sharing Theory"—stating that the greater the experience people have of sharing among themselves, the greater will be their commitment to the community thus formed, and the stronger the bonds between them will grow. Sharing, in this context, relates to thoughts, beliefs, ideals, feelings, and emotions, as well as to material objects, leadership and power. Second, the "Communal Privacy Theory"—states that increasing levels of privacy, afforded by additional resources or powers being entrusted to individuals, does not reduce the community's level of communalism as long as the equity or ultimate responsibility remains under communal ownership and control.

The unique luxury of the communal economy is the experience of mutual support and caring among people, as each person is seen to be working for the good of all. Such a caring, nurturing society requires an efficiently managed participatory decision-making process on a decentralized scale (see "Consensus Process" below). The resulting trust and commitment are essential aspects of a society which affirms the values of justice and peace.

ECONOMIC

The term "economics" is derived from the Greek words for household management, and is defined as the production and consumption of goods and services.

The dominate economic system today is the monetary (debt-based), which is increasingly recognized as being manipulated in order to concentrate ever more wealth and power among an elite, resulting in increasing economic difficulties for many people, and continued environmental degradation. In response to the problems of the monetary system, a number of alternative economic systems have been developed to provide for our life, liberty and pursuit of happiness when the monetary system fails to serve these goals.

How these various economic systems use time as an element of measure provides a coherent method for comparing the different systems. Debt-based systems generate economic activity through the process of creating money, which (largely) begins when banks make loans—creating debt. (Bank lending policy is controlled by the Federal Reserve Board.) Such debt-based systems use time to determine the present-value (or time-value) of money in relation to interest and inflation rates.

In contrast, time-based systems utilize time strictly as an hour-for-hour unit of measure, with no monetary or other value placed upon the hour-units of labor contributed to the system. Time-based systems generate economic activity by the agreements individuals make to contribute their time to the system, which simply manages and records their hour contributions. In time-based systems, no exchange

NATURAL LAW—Human-made or "positive laws" are said to reflect natural law when they seek to be consistent with transcendent ideals or spiritual values such as justice, fairness, nurturance and harmony.

POSITIVE LAW—Laws made by human authorities. Postive laws can be just and fair (reflecting natural law), or can be arbitrary, as when benefiting elites or supporting authoritarian governments.

PARADIGMS

SCARCITY PARADIGM: Debt-Based Economics

of property is involved, and in the case of labor credit systems, there is no direct correlation between labor and compensation; service credit systems, however, do exchange labor for labor. Various alternative economic systems combine aspects of both debt-based and time-based systems as presented on the "Economic Continuum" (following pages).

The time-based and the debt-based economic models are presented as having opposite values, facilitating the creation of very different cultures. For example, time-based economies generally value all labor equally, meaning that one hour of work is worth the same (one service or labor "credit") whether that labor is in domestic cleaning or industrial production. Whereas time-based economic systems could use variable-credit values for different levels of skill, it is conversely true that monetary economies could pay all labor at the same dollar value—but neither does (in most cases). The two economic systems are thus operated in ways appropriate to their respective values and goals.

Through understanding the range of economic alternatives available to us, we can choose to support the economic system which best reflects our personal values, or selectively engage in different economic systems as appropriate to our various personal needs.

Monetary or debt-based economics divides the wealth of the material world between individuals, with each person working to advance their own "rational self-interest."

The political-economic system (called today "neoliberalism") constructs legal walls for the enforcement of private property rights, which are often combined into legal entities called corporations. The tendency is toward privatizing even the unearned income resulting from natural resources, the concentrations of populations, and the provision of governmental services, even though this unearned income morally belongs to society as a whole (see "Geonomics" below). The resulting scarcity of resources gives rise to comparative advantage, the drive toward monopoly, and the eclipse of national sovereignty by the brute economic force of ever more powerful transnational corporations. Local and national governments attempt to ameliorate the excesses of predatory capitalism (theory of protectionism), while corporations seek to circumvent these laws (free trade theory). While protectionism can be harmful to a country's economy in the long term, too much free trade can result in problems as well. Today the dynamic tension between government and corporations is being lost in favor of the corporations via trade and investment treaties and organizations including: General Agreement on Tariffs and Trade (GATT), North American Free Trade Agreement (NAFTA), World Trade Organization (WTO), World Bank, European Union & the proposed Multilateral Agreement on Investment (MAI).

In a society where there is an increasing inequality of wealth due to exploitative labor practices and unfair tax systems, greater degrees of social stress are experienced. This results from: the transition from an industrial to a lower-paying service economy, increasing use of contract labor, increasing disparity between production-floor and executive pay rates, shrinking middle-class and growth of the working-poor class, the change to the two (or more) income family, the feminization of poverty, increasing use of day-care and elder-care, increasing teen violence, suicide and pregnancy, increasing homelessness while the unemployment rate remains constant, racial tension and minority incarceration, and increasing environmental destruction. In response, many researchers and authors are reporting the statistics of the increasing concentration of wealth and income in America, while many others form paramilitary groups to fight the enemy! Domestic terrorism becomes a primary concern of the police state.

In response to the growing problems of the scarcity paradigm, the trade and investment organizations adopt the strategy of supporting governments in focusing upon social welfare, using alternative wealth indicators, micro-credit, community controlled banking, service credits, etc. in place of protectionist policies, as a means to preserve and expand the neoliberal economic program of free (i.e., exploitative or predatory) trade. Another response, different from the neoliberal model, is the adoption of the geonomic program of taxing land value (see definition below), enabling the maintenance of a somewhat more socially and environmentally responsible debt-based economy.

CONSENSUS PROCESS - a method of decision-making which encourages each individual to work toward the good of all, by either agreeing or standing aside from an agreement. Blocking agreement obligates one to continue to work toward acceptable compromise or alternatives.

GEONOMICS - refers to earth management, and is an economic program of land- or site-value taxation. This assures that unearned income resulting from natural resources, population concentrations and governmental services is shared by all the population through governmental programs. The land tax also preserves earned income as private property by abolishing the income tax, sales tax, value-added and other taxes, thus encouraging individual initiative. Geonomics is an economic design based upon natural, self-regulating feedback mechanisms, and is an effective means of reforming the monetary system toward being socially and environmentally responsible.

THE ECONOMIC CONTINUUM: Time-Based to Debt-Based Systems

1967 Labor
Credit System

1984 Service
Credit Systems
and Time Dollars

Multiple Deposit Creation: How the Federal
Reserve and the Banking System Create Money

1909
Kibbutzim

Barter

Indirect
Barter

Two Forms of Monetary Systems:
Funded and Nonfunded Currencies

1991
Ithaca Hours

1982 Local Employment and
Trading System (LETS)

Self-Help Association for a Regional Economy
(SHARE)

CONTEMPORARY SYSTEMS

HISTORICAL SYSTEMS

1827 The Time
Store and
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merce

1930s
Reciprocal
Trade

Types of Scrip

Constant
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Demurrage or
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Currency

Stamp
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1729
Benjamin
Franklin

1890s Labor
Exchanges

1936 - 1939 Spanish
Civil War

Railway Notes

Scrip Exchanges versus Labor
Exchanges during the 1930s Depres-
sion

Outline of "The Economic Continuum"

Covering the following pages, the "Economic Continuum" serves to present a method of explaining various economic systems according to their foundational principles. Common property economic systems (on the left above) are based upon the sharing of time or labor, while private property systems (on the right above) are based upon the creation of bank credit and borrower debt. In the middle are economic systems involving (again, left to right) labor sharing exchanges which often value labor in dollars, and alternative currencies of various types (such as scrip and the LETS "green dollar").

Notice in the discussion "Scrip Exchanges versus Labor Exchanges," that the latter involved far more people (in the 1930s Depression in California) than the former. Notice also in the LETS discussion that there are few LETS programs in the

U.S. while there are far more in countries of the British Commonwealth and in Europe. Michael Linton, founder of LETS, has suggested that the problem with the expansion of LETS programs in the U.S. is the overbearing Internal Revenue Service (IRS), which taxes any exchange where goods and services are valued in dollars.

The unique aspect of labor exchanges and labor sharing systems is that they do not value their economic activity in dollars, but in hours. The IRS has ruled that these economic structures do not constitute a commercial exchange and are therefore not taxed. This is one reason to optimistically project that the number and size of labor sharing and exchanging systems may continue to grow in the United States.

THE ECONOMIC CONTINUUM: Time-Based to Debt-Based Systems

TIME-BASED ECONOMICS

—common property system, with varying levels of private property. Participatory form is "communalism." Authoritarian form is "communism."

Service credit systems coordinate only non-income producing labor, while labor credit systems integrate both domestic services and income producing labor within the time-based economy.

Time-based economic systems generate economic activity by the agreements individuals make to contribute their time to the system, which manages and records their hour contributions.

1967 LABOR CREDIT SYSTEM

The psychologist B.F. Skinner wrote a utopian novel titled *Walden II* developing the ideal of a social structure based upon the principles of behavioral engineering. In 1967, Twin Oaks Community was founded, and others followed, applying to different degrees the planner-manager form of government and the labor credit economy developed in the book. Although behavioral engineering was largely abandoned, the political-economic system was further developed as a successful model of communalism. The

1984 SERVICE CREDIT SYSTEMS and TIME DOLLARS

Edgar Cahn developed a labor exchange program using service credits or time dollars (one credit or dollar per hour) as a means to further the social safety net and community development agendas of local government, and the philanthropic programs of corporate and non-profit organizations. The basic concept is that a member of a service credit program can get hourly time credit for helping someone else, doing anything for them that they will report as a service, or for contributing labor to a community program or project, and bank those time credits for when they themselves need a service.

Estimates of the number of service credit programs in existence range from 150 in 38 states involving 20,000 people (Colin Greer, *Parade Magazine*, August 27, 1995, p.20), to the list of service credit projects printed in the June, 1996 listing of 67 from California to Maine by the Time Dollar Institute. Much of the growth of the program is due to the IRS ruling that service credit programs are exempt from the income tax. The Time Dollar Institute has successfully developed service credit programs in health care organizations, elementary, high school and college programs, juvenile justice, welfare reform, food, housing and legal services. (Time Dollar Institute, PO Box 42160, Washington D.C. 20015 <http://www.cfg.com/timedollar/timekeeper/files.html>)

IRS has created a tax structure for similar organizations exempting their businesses from the corporate tax, and their members from the Social Security tax.

All labor is valued equally, one credit per hour, whether in industrial production or domestic work. Members agree to a weekly hour-quota of labor, with over-time accumulating for vacations. Sick time and pensions are budgeted as reductions of personal labor quotas. The community's total labor supply is budgeted to managers, with whom members must contract for creditable work. Managements are grouped into Councils (Twin Oaks) or Branches (East Wind), while the managers are given substantial autonomy in their areas. East Wind has dropped labor budgeting, but recording of done hours continues.

The labor credit system represents a radical flex-time model, based upon trust among members to honor commitments and agreements. All members are encouraged to participate in community meetings which have final authority. The general goal is for social, economic and political equality, and the term is used in the name of the networking organization, The Federation of Egalitarian Communities (FEC). Twin Oaks and East Wind Communities total about 200 people. (FEC, East Wind Community, Tecumseh, MO 65760)

CONTEMPORARY SYSTEMS

HISTORICAL SYSTEMS

The "Time Store" opened in 1827 in Cincinnati, Ohio (corner of Fifth and Elm) as the Cincinnati Labor for Labor Store. Three similar stores were opened in Philadelphia the following year by the Producer's Exchange Association. The Time Store's owner, Josiah Warren, was one of the first members of Robert Owen's New Harmony communal experiment, leaving after its failure and starting his store later that year. This first equity store was operated on the cost principle, "cost the limit of price," which stated that commodity prices should not be controlled by the laws of market supply and demand, but solely

on the cost of materials and labor. (In theory, Warren also suggested a variable exchange, with more disagreeable labor valued higher.) The Time Store had a minimal markup of 5% (for rent, etc.), while the sales clerk's labor (Warren's labor) was paid by labor notes or IOUs. (Warren also accepted money for his time at a penny per minute). When a sale began, Warren set a large clock at the checkout counter, checked the time at the conclusion of the sale, and accepted the labor IOU to which he and the patron had agreed. (A bulletin board for labor exchange notices was also available to patrons.) Thus, the cash

1827 THE TIME STORE and EQUITABLE COMMERCE

transaction was limited to wholesale cost plus 5%, and the cash exchange was never eliminated entirely at any of the Time Stores. Regardless, Warren declared his experiment a success, closed his store after two years, and went on to found a succession of intentional communities on the labor exchange model: Equity OH 1833-35, Utopia OH 1847-58, Modern Times NY 1851-63. (John Calvin Spurlock, "Anarchy and Community at Modern Times 1851-63," *Communal Societies*, Vol. 3, 1983, p. 32-33, and Kit Firth Cress, "Communitarian Connections," *Comm. Societies*, Vol. 7, p. 68-69, 73)

THE ECONOMIC CONTINUUM: Time-Based to Debt-Based Systems

UNIQUE ASPECTS of the LABOR CREDIT ECONOMY

Access to goods and services is facilitated in the labor credit economy by various methods of equitable distribution. The labor credit system itself does not involve the exchange of property among people, or involve the regulation of an individual's access to goods and services. Labor credits are designed solely as a means of coordinating each individual's contribution of time or labor to the community. A community labor quota and individual labor balances against that quota provide for each member a record of their fair-share labor contribution. The budgeting of member labor to income producing businesses provides for trade with the "outside" monetary economy, effectively pushing the monetary system out of member's lives. Increasing community self-reliance involves expanding the labor credit system to successively larger economic scales.

1909 KIBBUTZIM

The first kibbutz, formed in Israel in 1909, was Degania, and today there are about 125,000 people in 266 kibbutzim. These are divided among three different movements, with Kibbutz Artzi being the most determined to maintain its communal ideology and systems. Many kibbutzim, however, have been privatizing aspects of their society, dropping the ideal of having no direct connection between labor and rewards, and beginning to pay wages and offer bonuses for individual productivity. Some kibbutzim now give clothing, food and other allowances to each member, with amounts linked to the work they do. As a whole, the kibbutz movement is diversifying, with different kibbutzim adopting different ratios of communal versus private economics. (Janine Zacharia, "21st Century Kibbutzim," *The Jerusalem Report*, April 3, 1997. Reprinted in, *Communes At Large Letter* (CALL), No. 10, Summer 1997, International Communes Desk, Yad Tabenkin, Ramat Efal 52960, Israel.)

1991 ITHACA HOURS

Ithaca Hours is probably the most successful local currency in the U.S., started by Paul Glover in Ithaca, New York in 1991. A free newspaper is distributed, called *Ithaca Money*, listing goods and services available in trade for Ithaca Hours notes. These ads are paid in either dollars or Hours, and the advertiser receives four Hours simply for their participation. Monthly Barter Potluck meetings also grant Hours to support community organizations. *Ithaca Money* offers a "Home Town Money Starter Kit," which, as of 1993, has been sold to 150 people in 39 states. (*Ithaca Money*, Box 6578, Ithaca, NY 14851.) (Tom Greco, *New Money for Healthy Communities*, PO Box 42663, Tucson, AZ 85733, p. 96-102).

Ithaca Hours are accepted by 300 local businesses, including one bank which pays staff partly in Hours. Glover estimates that 5,700 Hours are in circulation and that \$1.5 million in local transactions have been facilitated since the program's beginning. (David Boyle, "Making Money," *Yes! A Journal of Positive Futures*, Spring 1997, p. 28-29.)

1890s LABOR EXCHANGES

Giovanni Battista De Bernardi established the Labor Exchange in Sedalia, Missouri (near Kansas City) in 1890, which grew to 325 branches throughout the country (most in the Midwest) with more than 15,000 members at its high point after the Panic of 1893. One member stated, "While we never attracted that many to our cause, we satisfied many troubled men. ... We did much to save this country from a bloody revolution." (*Progressive Thought and Dawn of Equity*, March 1896; *Cleveland Citizen*, August 24, 1895: "The Story of the Labor Exchange," p. 21-22.)

The surplus of member's labors (either individually or from Exchange businesses) were placed in a warehouse in return for "labor checks," equal to the value of the goods that backed them, written on the front of the certificate of deposit. These could be exchanged for services among members or redeemed at the warehouse. Anyone, however, could pay cash for Exchange items, and such income would be reserved exclusively for transactions with the "outside world." (H. Roger Grant, "Utopia Without Colony: The Labor Exchange Movement," *Communal Societies, The Journal of the NHCSA*, Volume One, Autumn 1981, p. 44-46. Center for Communal Studies, University of Southern Indiana, 8600 University Blvd., Evansville, IN 47712.)

1930s RECIPROCAL TRADE

During the Great Depression, "more than half a million people ... in at least 29 states, ... with about two-thirds of the groups" being in California, worked in unemployed or relief associations, many of which changed their names to self-help or self-employed associations or cooperatives. The novelist Upton Sinclair's 1934 *End Poverty in California* (EPIC) campaign advocated state appropriation of idle farms and factories to make them available to the exchanges. The media, which had been supportive of the labor exchanges, began to call the movement "revolutionary" and its leaders "communists." The Federal Government created the Works Progress Administration (WPA) in 1935, paying cash for labor. The WPA, the exchange's own problems with productivity, and later the start of World War II, all contributed to the closing of the exchanges, or their reorganization into consumer cooperatives. Many of these co-operatives survived at least into the 1980s as the "old wave" co-operative movement.

One labor exchange organization, the Unemployed Exchange Association (UXA) in Oakland, California, began by offering labor in exchange for unwanted, salvageable items. All work was credited at the same value (regardless of gender, skill or efficiency), with one hour of work worth one-hundred points. Items produced by the Exchanges were valued according to the time it took to produce them, and exchanged for points. Members wrote "orders" against their accounts for items or services, all recorded in books with no use of scrip. One problem of the system was low productivity, resulting in increasing point balances and insufficient quantity of products available for exchange. (John Curl, "Living in the UXA," *Express: The East Bay's Free Weekly*, November 11, 1983, Vol. 6, No. 5, Oakland, CA.)

THE ECONOMIC CONTINUUM: Time-Based to Debt-Based Systems

1982 LOCAL EMPLOYMENT and TRADING SYSTEM (LETS)

Local not-for-profit, unincorporated associations have formed a number of different programs for supplementing (not replacing) the official currency through creating mutual or community credit. The most widely applied of these is LETS, which originally stood for "Local Exchange Trading System." LETS was created by Michael Linton in British Columbia, Canada in the early 1980s. As of late 1993, there were about 10 LETS systems in the U.S., 20 in Canada, 20 in Ireland, 120 in Britain, 60 in New Zealand and 160 in Australia. (In 1997 Michael Linton reports 400 in the U.K. and others elsewhere in Europe, 300 in Australia and New Zealand, a dozen in Canada and "a few" in the U.S. "LETS Systems Means Business," *Yes! A Journal of Positive*

Futures, Spring 1997, p. 29) LETS functions as a clearing house and information service, without the brokering function of stimulating trade among members, which is common in commercial barter systems.

The LETS unit of account is the "green unit" or "green dollar," which is usually equated with the national currency, and the value of transactions are generally reported for tax purposes (IRS form 1099-B). LETS dollars are created by members as needed for trade. Each account begins at zero, sales of services increases the balance, purchases decrease it. Debt balances may be limited, but generally serve to encourage members to engage in transactions. In a particular LETS system, the total of positive balances must equal the total of

negative balances. Individual balances are published for all members to see, along with a list of goods and services offered or requested. Some LETS systems are considering using paper "receipts" that would function like currency.

There is a LETS Internet Project (LIP) to design and freely distribute a Unix/Internet LETS model. To join the e-mail list, send to: lets-lip-request@norman.lets.net the message "subscribe lets-lip" For information, write: Landsman Community Services, Ltd., 1660 Embelton Cres., Courtenay, BC V9N 6N8 Canada. Has a simulation game, "LETSPay," and computer software for the LETS system. (Tom Greco, *New Money ...*, PO Box 42663, Tucson, AZ 85733, p. 88-91.)

1936 - 1939 SPANISH CIVIL WAR

More than a political conflict between a liberal democracy (the elected Republican government) and a fascist military coup (led by General Franco) The Spanish Civil War was a socio-economic conflict between the workers and peasants of Spain and the landowners, clerical overlords, industrialists and bankers. The workers and peasants chose various forms of anarchism, socialism, communism and libertarianism in their organizational efforts to resist the coup.

Spanish Anarchism sought out the precapitalist collectivist traditions of the village, and nourished their vital forms of mutual aid and self-management against the assimilation of peasants and workers into the authoritarian and hierarchical industrial mentality. In contrast, Marxist socialism found no value in the collectivist traditions of the village and sought to organize a hierarchical and authoritarian industrial working-class movement. Spanish Anarchism is traced to the influence of (Russian) Mikhail Bakunin's concepts of decentralization, mutual aid and popular organs of self-management, introduced by (Italian) Giuseppe Fanelli in the 1870s. Sixty years of education and organizing led to the spontaneous seizure and collectivization of most of the factories and

agricultural land in the Republican-held regions of the country at the start of the Spanish Civil War. The workers and peasants established a new social order based on direct control of the country's resources by worker's committees and peasant assemblies. Since the Republic's institutions were abandoned, the popular movements administered the cities, organized the villages, and formed a volunteer militia of women and men to resist fascism, electing their commanders to military rank having no social or material advantage.

At the beginning of the war the anarchist and the socialist movements both involved roughly a million members. At first, both adopted direct democracy. The anarchist press brought the ideas of French enlightenment and modern scientific theory, encouraging agricultural mechanization, and advocating a radical popular enlightenment. However, by the end of the war, the urban factory-level worker's committees had formed higher coordinating union committees which gradually came to pre-empt the initiative of the lower, effectively centralizing the economy. When the labor unions entered state government, political bureaucracy replaced the worker's committees in all of the "Republican"-held cities. The labor unions failed to encourage

communication through sponsoring worker's assemblies and conferences about the progress of the revolution, and the organization failed to honor differences of opinion, and to uphold the primacy of the local affinity group or collective.

The success of the Spanish Civil War was the mobilization of millions of people to collectivize their economy with communal principles of work and distribution, abolishing money in some areas and printing their own in others, in the midst of a terrible civil war in which about one million people died. This took place without the chaos or serious refugee dislocations found in other conflicts.

Various estimates suggest that up to 78% of the agricultural land was collectivized in some provinces (60% of all the nation's agriculture) and 40% of these populations lived in collectives. In Catalonia, the most industrialized region of the country, all of the factories were collectivized to some degree, and in the Levant, 70%. In total, perhaps eight million people, or one quarter to one third of the population, were involved directly or indirectly in collectives during the Spanish Civil War. (Sam Dolgoff, *The Anarchist Collectives*, Black Rose Books, 1974, p. 6, 71, 122. The historical analysis is quoted from the introduction by Murray Bookchin.)

THE ECONOMIC CONTINUUM: Time-Based to Debt-Based Systems

BARTER

As the original form of trade between individuals and cultures, barter existed before the invention of money, and it is used today between individuals, corporations and nations. National governments exchange or barter military, energy, technology and food supplies, and corporations of all sizes make taxable barter exchanges, often through non-profit or for-profit organizations. "According to the Barter Research Project, conducted at the University of Wisconsin in 1978, barter is used by 60% of all companies on the New York Stock Exchange who manufacture consumer goods." (Jessica Lipnack and Jeffrey Stamps, *Networking: The First Report and Directory*, Doubleday, 1982.) The May 1991 issue of *Inc.* magazine lists the following sources of information on local commercial barter exchanges: International Reciprocal Trade Association, Great Falls, VA 703-759-1473; National Association of Trade Exchanges, Euclid, OH 800-733-6283.

SELF-HELP ASSOCIATION for a REGIONAL ECONOMY (SHARE)

The SHARE project began as a form of micro loan program where some people's bank savings were directed by a local community association into loans for other's cottage businesses. SHARE then began providing consulting services for small businesses to begin issuing local currencies, now involving at least four issues: Monterey General Store Notes, Deli Dollars, Kintaro Restaurant scrip, and Berkshire Farm Preserve Notes. "The notes are a self-financing technique. The principle is that businesses can issue their own credit, which is also a form of currency. Whether the notes are accepted or not depends on how much credibility the businesses have with the local community." (Susan Witt, quoted by Judith Gains, *The Boston Sunday Globe*, Jan. 28, 1990) These issues are the first step in SHARE's

INDIRECT BARTER

Using commodities as a medium of exchange is indirect barter, and has included (and in some cases these are still used today) such things as tobacco, chocolate and precious metals and stones. Wampum, or beads made of shells, was used by some North American Indian tribes.

long-term plan to issue a regional currency. "Berkshares" would be denominated in units of cordwood, the market price for which in dollars would establish the exchange rate between Berkshares and U.S. dollars. (*Newsletter Spring 1985*, E. F. Schumacher Society, Box 76, RD 3, Great Barrington, MA 01230 413-528-1737) The Society provides a listing of all local currency groups in N. America, and the newsletter, *Local Currency News*.

TYPES of SCRIP:

certificates of indebtedness, tax anticipation notes, payroll warrants, trade scrip, clearing house certificates, credit vouchers, moratorium certificates, merchandise bonds (Tom Greco, *New Money for Healthy Communities*, PO Box 42663, Tucson, AZ 85733, p. 49.)

CONSTANT CURRENCY

The Exeter experiment with constants took place in New Hampshire in the mid 1970s. The plan was that inflation proof "constants" would be backed (redeemable) by a market basket of basic commodities. However, the backing did not progress beyond dollars before the experiment ended. (Tom Greco, *New Money for Healthy Communities*, PO Box 42663, Tucson, AZ 85733, p. 66-67.)

RAILWAY NOTES

These are essentially similar to bus or subway tokens being used as money. Railway Notes were used in Germany in the early 1800s and 1920s. (Tom Greco, *New Money for Healthy Communities*, PO Box 42663, Tucson, AZ 85733, p. 64.)

STAMP SCRIP

Redemption stamps are purchased and attached to the scrip note and initialed by the receiver (buyer) each time the note is passed on in a transaction. Thus, a \$1 note having 54 stamp spaces would facilitate \$54 worth of transactions. At 2 cents each, the stamps would return \$1.08, the dollar to be used to redeem the note, and 8 cents to be used to cover the costs of printing the note and stamps. (Greco, p. 50) Most often, stamp scrip was issued by businesses in payment of wages or for trade, with acceptance by other businesses encouraged. Stamp scrip is usually most helpful to a local economy. The idea is that money should depreciate with time, as do most commodities.

Stamp scrip was originated by Silvio Gesell, and explained in *The Natural Economic Order*, 1913 (translated from German in 1934 by the Free Economy Publishing Co., San Antonio, TX). The goal was to create a currency that would discourage hoarding, and thus encourage economic activity. By requiring that a stamp be affixed once a week in order for the scrip to keep its face value, the holder had to use the scrip to avoid the cost of the stamp. 52 stamp spaces would keep the scrip in circulation for one year. (Greco, p. 56-57.) Acceptability of scrip is dependent upon its basis of issue (whether backed by commodities or can be used to pay taxes), the amount issued, and its regulation. (Tom Greco, *New Money*, PO Box 42663, Tucson, AZ 85733, p. 63.)

DEMURRAGE or NEGATIVE INTEREST CURRENCY

Silvio Gesell developed the concept of the "demurrage charge" with the idea that as a public service, the monetary system should carry a fee for use (or for holding it) like public transportation; essentially a negative interest rate. The result would be a greater emphasis upon the exchange role of money and less upon its role as a store of wealth (see "Stamp Scrip"). Thus, greater value would be placed upon long-term productive assets than upon short-term profits. (Bernard Lietaer, "Beyond Greed and Scarcity," *Yes! A Journal of Positive Futures*, Spring 1997, p. 38. PO Box 10818, Bainbridge Island, WA 98110. yes@futurenet.org) (Tom Greco suggests that in order to preserve the idea of reciprocity, or that the value received is equivalent to the value delivered, the charge should be equally set upon both credit and debit balances. *New Money*, p. 127.)

THE ECONOMIC CONTINUUM: Time-Based to Debt-Based Systems

MULTIPLE DEPOSIT CREATION: How the Federal Reserve and the Banking System Create Money

The central bank in the USA is the Federal Reserve System. Federal Reserve Notes (dollar bills) are IOUs from the Fed to the bearer, promising only to redeem the bearer with other Federal Reserve Notes. The system relies on the popular trust that it will be managed well.

When the Federal Reserve makes a \$100 discount loan (interest bearing) to Bank A, and the required reserve ratio is 10% (called fractional reserve banking) or \$10., then Bank A can loan \$90. to someone, who writes a check to spend the loan, which is then deposited at Bank B. Bank B can now loan \$81. (keeping 10% or \$9. in required reserve), and so on, through banks C, D, E, etc. All of these bank's loans add up to \$900., and the reserve they keep add up to \$100. Therefore, the total increase in deposits is \$1,000., or ten times the original Federal Reserve loan (and the reciprocal of the reserve requirement). Since checkable deposits are counted in the total money supply (along with printed and minted currency), then the banks' acts of lending result in the creation of money out of nothing, that is, nothing other than the promise of each borrower to repay the loans, plus interest. Thus is derived the term, "debt-based economics."

The Federal Reserve can also restrict the money supply by recalling its loans, effectively reversing the process of money creation. Another manipulation is changing the discount or loan rate. (Source: Frederic S. Mishkin, *The Economics of Money, Banking and Financial Markets*, 1992, Mishkin Economis, p. 324-331)

TWO FORMS of MONETARY SYSTEMS: Funded and Nonfunded Currencies

FUNDED CURRENCIES

- Issued on the basis of the holding of assets held in reserve, which may be exchanged for the currency on demand of the holder, or according to specified conditions or restrictions.
- Assets may be any commodity or other valuable item, such as gold, silver, bonds, securities, or other currencies. Preferably, the reserve would be easily liquidatable in fractional amounts (which is usually not the case when reserves are real estate or capital equipment).
- A "fully funded" currency is not issued in greater amounts than the total of reserves. "Fractional reserve banking" is the issuance of more currency than the value of the reserves (such as with US dollars). The lower the fraction or percent of reserve, as in non-redeemable notes, bank credit and computerized accounts, the closer funded currencies come to non-funded currencies. (Greco, p. 138)

DEBT-BASED ECONOMICS

—private property system, with common property in tax-exempt organizations and governmental property.

Participatory form is "capitalism."

Authoritarian form is "fascism."

Monetary systems may be either funded (backed by reserves) or non-funded. Debt-based systems generate economic activity through the process of creating money, which begins with bank credit, or loans made, which create debt. Such debt-based systems use time to determine the present-value (or time-value) of money in relation to interest and inflation rates.

NONFUNDED CURRENCIES

- Issued on the basis of an exchange transaction or agreement. No assets are held by the issuing agency, and therefore the currency is redeemable only in the market.
- The currency may be issued on the basis of the transfer of value between two parties (an IOU is the simplest form).
- The backing is the promise to deliver equal value in return for the currency created and issued (currency is redeemed when a sale is made).
- Amount of currency issued is limited to issuer's ability to produce (by experience, the maximum should be the normal sales volume in a 2 or 3 month period).

(Source: Tom Greco, *New Money for Healthy Communities*, PO Box 42663, Tucson, AZ 85733, p. 137.)

CONTEMPORARY SYSTEMS

SCRIP EXCHANGES versus LABOR EXCHANGES during the 1930s DEPRESSION

Scrip Exchanges are based on "transactions between individuals rather than on a collective form of distribution. ... groups that based themselves on individual bartering attracted fewer people to their ranks. In 1933 the twenty-five scrip exchange associations in California had 18,000 members. By comparison, organizations based purely on barter and emphasizing skills transfer and labor exchange attracted more than 340,000 members throughout the state." (Clark Kerr, *Self-Help: A Study of the Cooperative Barter Movement of the Unemployed in California 1932-1933*. Masters Thesis for the Department of Economics, Stanford University, 1934. Quoted by Stephanie Klein, "The Labor Exchanges of the '30s," *The Journal of Community Communication*, February, 1980, Vol. III, No. 4, Berkeley, CA.)

HISTORICAL SYSTEMS

1729 BENJAMIN FRANKLIN

Benjamin Franklin suggested basing commodity prices on the amount of time needed for an item's production. (Robert Blain, "Money on the Hour Standard," *Alumnus*, Summer 1981, Southern Illinois University at Edwardsville.)

CIVILIZATION? “It would be a good idea.”

Mahatma Gandhi, in response to a British reporter's question. See: The Gandhi Institute.

When we look at the history of economic systems experimentation and the construction of alternatives, we may keep in mind that the goal of these endeavors is generally to create for ourselves a better life, whether the current conditions are situations of monetary economic depression or expansion. In presenting the idea of the plenty paradigm, the goal is to arrive at a new and more hopeful form of human society. This ideal society may be described as one which affirms the values of social, environmental and personal responsibility through the design of cultural, economic, political and spiritual aspects of society which are consistent with our best expressions of love, caring, nurturance, justice, fairness, equality, interdependence and other aspects of natural law.

The connection between the theory of natural law and the practice of time-based economics, and particularly the labor credit system used in certain intentional communities, flows from the writings throughout the history of Western Civilization (e.g., Cicero, St. Thomas Aquinas, John Locke and many others¹) concerning the quest for a moral society consistent with natural law, to the New England Transcendentalist, Henry David Thoreau. His writings, *Civil Disobedience* and *Walden*, influenced the work of the behavioral psychologist B.F. Skinner, who wrote *Walden II*. This book presented the fictional community in which Dr. Skinner created the labor credit system, which was the founding inspiration for the sister communities Twin Oaks, East Wind and Acorn, the former two of which use labor credit systems. It is this tradition of labor sharing and credit systems that takes up the debate dropped by John

Locke in his *Two Treatises of Government*, regarding the question of whether economic systems emphasizing private property or those which emphasize common property are more consistent with natural law. John Locke suggests that since both private and common property can be justified, the question is referred to another aspect of natural law, and he focuses upon an excess of property as the spoilage or waste of creation. We may therefore refer the question to the issue of which economic paradigm better encourages social and environmental as well as personal responsibility.

The case is made earlier in this publication that at least on the larger social levels, building a moral society requires that a balance be found between the two economic paradigms. Expanding the utilization of time-based economics through building parallel economies is an effective strategy for achieving a balance of the scarcity and the plenty paradigms in our culture. Yet establishing a balance of economic or property systems may not sufficiently support the ideal of building a socially, environmentally and personally responsible society. Different people think in different ways and respond to different motives. Greed and empathy are both powerful emotions, and so as some people will resist one, others will find that motive to be the guiding force in their life. As our society likes to celebrate extremes, we are given competing messages, such as the idealization of the "lives of the rich and famous," versus the idolization of the life of Mother Teresa. Although some level of private property is good (even Mother Teresa needed her private space to retreat to, even if she didn't own it), excessive amounts works against

¹ “There is in fact a true law—namely, right reason—which is in accordance with nature, applies to all men, and is unchangeable and eternal.” Marcus Tullius Cicero, c. 106 - 43 B.C., *Commonwealth*. (George Sabine and Stanley Smith, *On the Commonwealth*, Bobbs-Merrill Co., Inc., 4300 West 62nd Street, 1976: Indianapolis, IN, p. 215). “Cicero’s influence has been particularly strong in the United States ... (where it) had the general effect of transforming political issues into legal ones, as was clearly seen by Alexis de Tocqueville in his *Democracy in America* ...” (William Ebenstein, *Great Political Thinkers: Plato to the Present*, Holt, Rinehart and Winston, Inc., Orlando, Florida 32887, fourth edition, 1969: New York, p. 128)

“The unity of man was in itself part of a larger world held together by the law of nature, a law whose validity rested on its intrinsic rationality rather than on the fiats of kings and emperors. The Stoic concept of natural law ... laid the foundations for the later development of international law.” (Ebenstein, p. 147) Zeno, c. 335 - 262 B.C., was the founder of Stoicism.

“In the Bible, too, the law of kings and princes is held to be subordinate to the law of God. —continued next page

transcendent ideals and values. Clearly, we have far more of an emphasis upon the former than upon the latter in our culture, and so it would be in the interest of balance to focus more upon the pure form of caring in our economy and culture, through building labor sharing societies.

The concept of the plenty paradigm, facilitated by time-based economics, achieves an elevation of the empathic, caring motivation in human society to an equal level, if not greater, with the motive of capitalistic greed. The plenty paradigm is a level of expression of economic theory, via labor sharing systems, and an application of the political theory of natural law, via the consensus decision-making process, which best supports the lifestyle of social, environmental, and personal responsibility.

FIGHTING FIRE with FIRE

The strategy of pushing away the monetary system, in order to better live a more balanced ideal of the ambiguities of natural law, essentially creates an economic vacuum that must be filled with another economic system, at least to prevent the monetary system from rushing back in. Of course, this vacuum does not exist in space; it is in our minds. Social systems are human creations, and although the effects of these mental constructs can be seen in what people do in the physical world, their only real power comes from the strength with which we hold the construct in our minds. And we can not simply let go of one construct (like the monetary economy) without first having another to mentally grasp hold of. In this case, we are reaching for a mental construct with which we may build a society ordered by a

design more consistent with natural law. This is the reason why it is necessary that we discuss economic paradigms and alternative economic systems, giving names to concepts and detailing their processes. With such a developed theory and practice, we can feel secure that we are not losing anything of value, but are actually facilitating the progress of civilization by applying in our new labor sharing, time-based economic system what we have learned about the importance of formal agreements, careful accounting, and other lessons of the monetary economic system

This concept of pushing away the monetary system, creating a money-free zone in which it is possible to create a time-based economy that better respects natural law (by extension we might call this a “natural law economy”), can be conceptualized in a number of other ways as well. One common ideal is that of expanding the family. Generally, families share their wealth and labor for mutual benefit, and many economists recognize the importance of the family unit to the capitalist market system. For example, Hazel Henderson explains that a hidden subsidy of non-monetarized altruism supports the market economy officially measured and reported in nation’s gross national products (GNPs). She reports that, “... studies, in France, Sweden, Canada and the United Kingdom, show that roughly 50 percent of all productive work is unpaid, while other studies show that fully 80 percent of all the world’s capital formation and investment is not monetarized, ...”² Increasingly, however, more and more of the functions of the family are becoming monetarized as family size has been shrinking to ever smaller economic units, from the formerly very common extended family to today’s prevalence of single-parent families.

² Hazel Henderson, 1991, *Paradigms in Progress: Life Beyond Economics*, Knowledge Systems Inc.: Indianapolis, IN, p. 120. See also: Orio Giarini, *Dialogue on Wealth and Welfare*, Pergamon press, London and NY, 1980.

continued— This Stoic-Jewish-Christian tradition has had a civilizing effect on the western world because it has always reminded rulers that above their edicts and commands there is a higher law, founded on natural reason or divine revelation." (Ebenstein, p. 367)

St. Thomas (Aquinas, c. 1225 - 1274) "... (T)he order of the precepts of the natural law follows the order of natural inclinations, ... in as much as every substance seeks the preservation of its own being ... whatever is a means of preserving human life, ... belongs to the natural law. Secondly, there is in man an inclination to things ... which nature has taught to all animals, such as sexual intercourse, the education of offspring and so forth. Thirdly, ... man has a natural inclination to know the truth about God, and to live in society, ... to avoid offending those among whom one has to live, and other such things" (Paul Sigmund, *Natural Law in Political Thought*, 1971, Winthrop Publ., Cambridge, MA, p. 53-54.)

In *Summa Theologica*, St. Aquinas writes in the section, "On the Essence of Law," that, "Law is nothing else than an ordanance of reason for the common good, promulgated by him who has the care of the community." Therefore, human

Building time-based economies can be seen as a way of reversing this trend, bringing families together in cooperation and community.

Another way to view the issue of creating a time-based economy is to consider the vessel that contains the non-monetary “vacuum” which will be filled by a labor sharing economy. This money-vacuum vessel is created when people practice income sharing, which is done commonly, to various degrees, in nuclear families as well as in communal groups. The size of the vessel or containment for the labor sharing economy is dependent upon the amount of income that is shared. The best way to create shared income is through developing a community-owned business. A group of people (as well as families) can pool their pay checks from jobs and other private income from outside of the community to create a money-free zone and a labor sharing economy, but this involves taking private property and making it common, which can result in people deciding at some point to reprivatize that collective wealth. In families, this is represented by the common practice of divorce. In the experience of intentional communities, it has been found that courts will uphold income-sharing agreements that individuals freely enter into, and this is one important reason why communal income-sharing groups need to have signed membership agreements. This provides for protection of communal assets in case a member changes their mind and attempts to withdraw a share of community wealth upon their decision to leave. The best way for a communal community to address this issue is to budget a leaving fund. However, only tax-exempt organizations are (relatively) safe from the whole group deciding to privatize communal assets.

The most secure containment for the labor sharing economy is created when the income producing activity is a community-owned business.

When a group of people work together to make money via a collective business, ownership of the resulting income is more solidly communal, and less dependent upon specific individuals. This collective income is then traded with the “outside” monetary economy, and the greater the volume of this trade (or the larger the communal business) the more people the labor sharing economy can support. This is because the size of the population living in the money-free zone or plenty paradigm is dependent upon outside trade as well as the efficiencies of internal production and consumption of the labor service economy. Both are functions of the standard-of-living that the community strives to create or maintain for its members.

The importance of the inclusion in a labor sharing economy of community owned businesses must be emphasized if the goal is to create a long-term, stable alternative economy. Similar to the way that civilization always supplants hunter-gatherer societies, so we should also expect that the monetary system will eventually cause an income-sharing group based upon pooled salaries from “outside jobs” to eventually dissolve. The goal for any group creating a labor-sharing economy might best be to progress from the hunter-gatherer stage of time-based economics (outside jobs) to the industrial level of collective or communal business ownership. If time-based economies were to grow to a significant size, we may eventually see a general acknowledgement of such parallel societies as representing natural law economies. Creating an industrial society based upon labor sharing rather than private property is an historically significant achievement.

It is certainly an irony that it should be necessary to learn to compete in the capitalist market system, building and managing busi-

laws are only derived, at best, from natural law, and are subject to error and misapplication. St. Aquinas goes on to write that, "The natural law is promulgated by the very fact that God instilled it into man's mind so as to be known by him naturally." (Anton Pegis, *Basic Writings of Saint Thomas Aquinas*, 1945, Random House, NY, p. 747.)

Although St. Aquinas' work became the basis of conservative Catholic doctrine, "Modern natural law theory is rationalist, individual, and radical. Natural law in the modern period ... becomes a revolutionary ideology or justification for the transformation of political, economic, and social relationships." (Sigmund, p. 55)

"With penetrating insight (Thomas Hobbes, c. 1588 - 1679, and John Locke, c. 1632 - 1704) foresaw the revolutionary implications of natural-law ideas as they became manifest ... in the American and French revolutions. ... unlike Hobbes, (Locke) was not overly frightened by the prospect." (Ebenstein, p. 368) Locke, the optimist, knew that society would always create a new government after revolution, Hobbes saw only chaos.

"In general, (John Locke) acknowledges that the right to property is limited: 'As much as —continued next page

nesses, in order to create a non-monetary economy. The incongruity of this juxtaposition may be a big reason why such parallel economies are so rare. The closest analogy to this is the process of lighting a backfire to stop a forest fire. At times it is necessary to make a sacrifice to prevent a larger evil. The danger in fighting fire with fire, of course, is in adopting the view that the end could justify any means used to attain it.

If the goal is to build a social structure or a culture which respects natural law, it is essential that the businesses developed to support such an alternative be as socially and environmentally responsible as possible. In this regard, consistency of means and ends is essential, as the “outside world” will judge the alternative economy by the fruit of its labors at least as strenuously as the community will judge its own success.

It is one of the historical transitions of communal societies that self-righteousness leads to the justification of predatory, pirate or outlaw behaviors (some urban youth gangs may be a current example). In every case, the result is either

their annihilation by the larger culture, or the communal society’s eventual reform, and adoption of production and trade. (An example of the former is the militant Taborites of Bohemia who were defeated at the beginning of the Protestant Reformation, and of the latter are the militant Carmathians of South Yemen who became agricultural and survived into the modern socialist state.)

Historically, developmental transitions also tend toward, when success in collective business is experienced, an eventual division of common property into private property (some Israeli kibbutzim are experiencing this dynamic, see “Kibbutzim” in “The Economic Continuum” earlier in this publication). The potential, indeed, the common result, is the dissolution of the communal society. The most effective insurance we have against succumbing to such a trend is the establishment and maintenance of a labor credit system which can effectively manage the communal economy, maintaining the long-term stability and growth of the plenty paradigm.³

continued— anyone can make use of to any advantage of life before it spoils, so much he may by his labor fix a property in; whatever is beyond this, is more than his share, and belongs to others. Nothing was made by God for man to spoil or destroy.’ This relative equality of property, based on man’s limited capacity to consume, would have lasted forever, ‘had not the invention of money, and by tacit agreement of men to put a value on it, introduced (by consent) larger possessions and a right to them.’ (*Two Treatises of Government*, 1690) ... In his doctrine of property Locke makes no serious attempt to reconcile the teaching of natural law, which postulates a reasonable equality of property, with the inequality of property that stems, by consent among men, from the use of money.” (Ebenstein, p. 397-8)

³ Many writers in the past have suggested that a common religious or spiritual belief is the best assurance for long-term survival of intentional communities, communal or otherwise. With the current problems of the Catholic monasteries, Hutterite colonies and even the secular Israeli kibbutzim, there may be sufficient grounds for the assertion that labor credit systems may likely be found to be a better insurance against dissolution than religion or spirituality. Although no human social design compares in longevity to the two-thousand years of monastic history (although the Hutterite church claims to represent the contemporary extension of the tradition of non-Catholic Christian community, which is as old as monasticism), the thirty years of experience with the labor credit system at least surpasses Rosabeth Moss Kanter’s criteria for success, as suggested in *Commitment and Community: Communes and Utopias in Sociological Perspective* (Harvard University Press: 1972, p. 245), which required survival beyond twenty-five years, “the sociological definition of a generation.” At least this offers a good issue for debate. We might also project that the concept of natural law, which may be seen as the secular expression of religious and spiritual values, will prove to be as enduring a foundation for the survival of social innovation as has religion and spirituality.

The Natural Law Community

There are a number of ways that people have applied time-based economic systems in their lives. For some, it is a way to coordinate mutual aid for services which would be much more difficult to manage or afford otherwise. For other people, time-based economics represents an opportunity to live a lifestyle proving that a society can indeed be based upon systems of caring and mutual aid. What is presented in the following sections are aspects of a possible cultural design combining the two forms of time-based economics, labor exchanging and labor sharing, in what is named here the "natural law community."

NATURAL LAW as SPIRITUAL ECONOMICS

Using the concept of natural law in the name of a communitarian design serves to make a solid connection between spiritual ideals and the more temporal realm of logical reasoning.

Articulating an expression of spirituality that is consistent with how we actually carry on our day-to-day activities is a challenge in cultures which rely upon an economic system utilizing the exchange of money and focusing upon the accumulation of private property. If, as it is stated in the Bible that (paraphrased) "it is easier for a camel to pass through the eye of a needle than for a rich person to enter heaven," then the question is how do we reconcile the apparently opposing values of materialism and spirituality?

One of the people who best focused our thoughts upon the issue of the integration of spirituality and economics was the German political economist and sociologist Max Weber.¹ He points out that asceticism (perhaps somewhat similar to the lifestyle that we call today "voluntary simplicity") left the medieval monastery and entered the market system with the idea of "work as calling." Wealth became seen as evidence in one's life of God's grace, and proof of one's piety is then provided through sponsorship of charities and similar philanthropies. Via such eschatological rationalities are the rich admitted to heaven, and religion legitimizes the capitalist monetary system.

The spiritual value of time-based economics, as opposed to monetary economics, is that working within a labor sharing system affirms one's intention to work for social justice and ecological responsibility rather than for strictly the materialistic and temporal goals of personal wealth and power. Working for the common good is similar to cooperative forms of tribal society, and to gender-equal "partnership" societies. Unlike monasticism, where one must renounce all worldly pleasures including marriage and family as well as personal wealth,² the focus of time-based economics, being upon the sharing of wealth, serves to establish the lifestyle of rational altruism as the foundation of a theology of "material spirituality," the oxymoron of the plenty paradigm for a new age.

¹ Although he died before finishing his study of other world religions and their impact upon culture, his work on Protestant Christianity and capitalism provides an excellent general discussion of Western spirituality in economics. Max Weber (*The Protestant Ethic and the Spirit of Capitalism*, 1904-05, translated by Talcott Parsons, Scribner: NY, 1958.) states that "labour came to be considered in itself the end of life, ordained as such by God. St. Paul's 'He who will not work shall not eat' holds unconditionally for everyone. Unwillingness to work is symptomatic of the lack of grace." (Weber, p. 159) While the Puritan ethic of "Work hard in your calling" (Richard Baxter in *Christian Directory*, c. 1650) follows an ascetic lifestyle of denial of material indulgences, the Quaker ethic "set the clean and solid comfort of the middle-class home as an ideal" sanctioned by God. (Weber, p. 171) Yet the tendency of the market system is toward a divorce of spirituality from economics. "In the field of its highest development, in the United States, the pursuit of wealth, stripped of its religious and ethical meaning, tends to become associated with purely mundane passions, which often actually give it the character of sport." (Weber, p. 182)

² Monastic history provides a fascinating insight into the potential future of time-based economics as it is applied to communitarian structures. Although monasticism is based upon religious vows including poverty, chastity and obedience, many other spiritual or religious societies have been based upon the opposite values of common wealth, family and a degree of participatory governance. When these groups have a Christian orientation, they are often called "apostolic societies," after the form of community existing among Christ's apostles. Such communities have existed parallel to monastic traditions through history. Yet the Catholic Church has never recognized these, instead, calling them heresies and calling crusades against them. Examples of persecuted societies include the Cathari or Albigenses 1100 —continued next page

Yet it remains important to emphasize that although material spirituality suggests an emphasis upon sharing commonly-owned property, the greatest value is the balance of private and of common property. The concept of the natural law community is that members of the society must be able to change as they desire their degree of participation in the two economic systems, monetary and labor. The focus upon natural law is helpful in this regard since both common and private property are justified by the concept.

The emphasis in the natural law community is upon supporting the individual in their economic and lifestyle choices, through facilitating their support for and participation in the community economic system, while at the same time enabling their participation in the monetary system. Some community members may wish to divide their time between careers outside of the community and work in the community labor exchange system. Other members may wish to work totally within a labor sharing system, supporting and co-managing community-owned businesses.

One appropriate business would be real estate investment and development. Since the community would want to create a residential center, perhaps as an urban block, community retrofit design, involving a number of smaller existing structures or one large one, learning real estate finance and construction would be essential. Developing this into a business would involve extending these activities into buying, remodeling and selling properties, holding onto just those that are particularly suitable for community purposes, and perhaps placing those in a community land trust legal structure.

The theory involved in a community-owned real estate business is that common ownership and group speculation in land is a way for people to collectively receive their fair share of land value. The increase or appreciation of land value is considered a form of unearned income, and therefore sharing this wealth is a form of socially responsible investment. If the real estate development also involves energy efficient designs, passive solar space and water heating, edible or xeriscape landscaping, composting, grey water recycling and other appropriate energy and resource systems, the community business would be environmentally responsible as well.

With one or more community-owned businesses managed within a labor sharing system, and a labor exchange system involving both non-community members and community members having outside careers or jobs, the natural law community would therefore be comprised of both a communal core separate from the monetary economy, and a cooperative periphery more integrated with the monetary system. It may then be easy for any member to transition between these different economic structures as they wish, as their desires or needs change.

NATURAL LAW as SPIRITUAL GOVERNANCE

Another element in a cultural foundation laid by a communitarian design focused upon natural law's connection between spiritual ideals and temporal logical reasoning is the field of decision-making, law and governance.

continued— to 1244, Waldenses 1170 to 1532, Beghards/Beguines 1200 to 1500, Brethren of the Free Spirit 1400s, Taborites 1420s, Anabaptists 1524 - on, and others.

Kenneth Rexroth, the poet and classical scholar, explains the tension between the two forms of Christian communalism. "Organized monasticism appears as a reflex of the State Church. ... Its theological disputes were settled by councils of state attended by functionaries appointed by the emperor. ... The apostolic and Pauline organization of intervisitation, correspondence, and wandering missionaries ceased. ... The contrast is so great that it is easy to see why future heretical and Protestant sects would come to look on the established Church as an organization for the suppression of Christianity, and its heads—emperor or pope—as Antichrist."

"The apostolic life, said the established Church, was a council of perfection meant only for those with a special vocation—monks or nuns. In the future the term 'religious' would be applied to them only, in distinction to the laity. Since the dynamism of the apostolic life was so great that if it were allowed to run loose in society it would bring down established Church and empire, or for that matter any worldly polity, then or now, it was necessary to isolate this dynamism. ... This is why the Church has always insisted that monasticism be celibate. ... Lay monasticism, a community of families holding all things in common, living a life modelled on that of the apostles, unavoidably becomes a counter-culture...." Kenneth Rexroth, *Communalism: From its Origins to the Twentieth Century*, 1974, The Seabury Press, 815 Second Avenue, New York, NY 10017, p. 29-30.

The communitarian experience throughout the ages can be characterized as groups of people separating themselves from the larger society and government. It is this individual election to participate in an intentional community that has been attributed to the spiritual concept of the doctrine of the "inner light." During the Reformation in particular, the Protestant movements drew heavily upon this concept of an individual spiritual awareness, making allegiance to authoritarian structures of church and state unnecessary. The concept, however, is much more ancient, going back to Egyptian mystery religions, and some suggest even earlier (to lost civilizations such as Atlantis, and even to the influence of alien cultures). The Masonic orders served to bring the concept of the inner light forward to the American Revolution, seen even today in the imagery of the Great Seal of the United States printed on the dollar bill.³

We generally consider the concept of the inner light, or our ability to know right from wrong and to seek peace, love and harmony, as originating from a spiritual quality such as the experience of God's grace. The idea of divine revelation suggests that God or Goddess (to include feminist spirituality) instills in individual's minds a capacity for reasoning so that each may inherently know natural law. However, there is another potential explanation for this knowledge.

The study of paleoanthropology postulates that the cultural emphasis upon rational altruism in human society is precisely the quality that assured the survival of our species. Hence, there is nothing spiritually mysterious about the inner light; rather, it is simply an aspect of human development, like language capability, that evolved through natural selection.⁴

Richard Leakey's study of human prehistory in Kenya, East Africa, suggests that our long history as an "intensely social creature" resulted in the embedding in our brains of the senses of obligation and generosity as powerful human instincts helping to assure the success of our species. As Richard Leakey wrote (*People of the Lake*, p. 120), "Sharing, not hunting or gathering as such, is what made us human."

Although the idea that our "inner light" resulted from a natural process of evolution may be taken as an argument in favor of atheism, an alternate suggestion is that the spiritual force of the universe (however named) is more fundamental than the mere awareness of right and wrong, peace, love and harmony. The mystery of life itself, human consciousness, and the evolutionary drive toward increasing degrees of complexity, differentiation and subjectivity (see: Murray Bookchin, *The Philosophy of Social Ecology*, Black Rose Books, New York, 1990, pps 30, 40, 84 www.social-ecology.org), simply become more appropriate areas of spiritual or religious concentration. And further, the concept of process theology, which may be seen in the changes in spirituality, for example from the Old Testament to the New Testament, and the evident need to write a "Third Testament" (see: www.thirdtestament.com), suggests that there is an ongoing spiritual development of which we are a part.

Earth religious spiritual traditions also have followed a developmental process, from prehistoric and contemporary native cultures to the resurgence of Neo-Paganism. An essential foundation of earth-based religions may be explained as affirming that the planet itself, including the life supported by it, is a source of spiritual energy, as are, by extension, all

³ "The most obviously Masonic symbol is the uncompleted pyramid capped by a radiant triangle enclosing the All-Seeing Eye, which occupies the center of the reverse side of the seal. Whatever other meanings this ancient symbol may have had ... it clearly proclaims that the works of men ... are incomplete unless they incorporate divine insight. This symbol is meant to indicate that the nation will flourish only as its leaders are guided by supraconscious intuition." Willis Harmon, *Global Mind Change: The New Age Revolution in the Way We Think*, New York: Warner, 1988, p. 163.

⁴ In his book, *People of the Lake: Mankind and its Beginnings* (Avon Books, 1979), Richard Leakey (with Roger Lewin) writes that, "People help each other all the time, and they are motivated to, not by repeated calculations of the ultimate benefit to themselves through returned favors, but because they are psychologically motivated to do so. This is precisely what one would expect; over countless generations natural selection favored the emergence of emotions that made reciprocal altruism work, emotions such as *sympathy*, *gratitude*, *guilt*, and *moral indignation*. ... Because by helping other people an individual helps himself, keenly developed reciprocal altruism becomes a powerful force in the success of the species. A social group in which skills are pooled achieves so much more than a collection of individualists." (p. 137, 139)

Given that natural selection no longer insures against anti-social behavior (behavior counter to natural law), society must confront, rehabilitate or separate deviants. Thus, we have the need for mediation, alternative dispute resolution, courts, social workers, police forces, social service, incarceration and more drastic measures, or alternatively, the teaching of communitarianism, which can more effectively focus upon the ideal of living according to natural law.

bodies in the universe. Consistent with this is the new age myth called the Gaia Hypothesis which suggests that the planet may be considered a living entity.⁵ Clearly, there is much remaining in the definition of spirituality even after removing the question of ethics.

There is also much value in considering "primitive" cultures with regard to the question of governance. The political structure which many tribal cultures developed was participatory, at least among the men, and in some cases even egalitarian in that women held important roles in the tribal political process. Some writers, such as Rianne Eisler (see: www.partnershipway.org *The Chalice and the Blade*), suggest that a "partnership society" may have been the norm in many prehistoric or ancient societies. It is certainly the case that some Native American tribes practiced participatory governance, including power sharing among genders or gender role balancing. The structure of the Iroquois Confederation in fact actually influenced the framers of the U.S. Constitution.⁶

It is documented that among the ancestors of Northern Europeans a participatory form of governance was practiced. The Roman historian Tacitus recorded this about the German tribes in 98 A.D., and also reported that at that time some of the German tribes still worshipped goddesses. Julius Caesar in his writings stated that the "... king of ... a German nation, described his authority so limited, that, though he governed, the people in their turn gave laws to the prince."⁷

The prehistoric instinct of which may be called "rational altruism," which led to the tribal experience of

participatory councils, was developed further by early Christian sects, later inspiring the Protestant Reformation and the concept of the "inner light," particularly as developed by the Quakers or Society of Friends, now is expressed in egalitarian intentional communities and other areas of contemporary culture as the decision-making system called consensus process.⁸

A particular value of the governmental process of consensus is the legitimacy which this structure provides to the natural law community. Too often, governments build a democratic or participatory facade which conceals the machinations of a controlling elite. Consensus process is an effective method of avoiding this problem, as by its nature, consensus is a system of governmental legitimation.

The need for legitimation of government becomes more important in situations as our current era of growing globalization of wealth and power. Individuals must now rely upon their government (local and national) to represent their interests against those of the transnational corporations. This is a difficult proposition given the issues raised in neo-liberalism with such programs as global "free-trade."

One of the best analysis of this problem is the classic work of by Jurgen Habermas called *Legitimation Crisis*. Habermas distinguishes between substantive democracy (also called direct or deep democracy) and formal democracy, and suggests that the latter represents a crisis tendency in advanced capitalism. He explains that formal democratic institutions make decisions largely independent of popular participation through a legitimation process

⁵ See: James Lovelock, *Gaia: A New Look at Life on Earth*, London: Oxford University Press, 1979. This work details the physical, chemical and biological evidence for the suggestion that the Earth is an organism in its own right.

⁶ See: Jack Weatherford, *Indian Givers: How the Indians of the Americas Transformed the World*, Fawcett Books, 1989. And Bruce Johansen, *Forgotten Founders: Benjamin Franklin, the Iroquois and the Rationale for the American Revolution* (Boston: Harvard Common Press, 1982).

⁷ See: Arthur Murphy, ed., *Tacitus: Historical Works: Vol. II The History, Germania & Agricola*, New York: Dutton, 1908.

⁸ The goal of the consensus process is to reach a decision with which everyone can agree, without resort to the win-lose decision-making process of voting. As a group process, consensus requires that each person places the highest priority upon the good of the group as a whole, with personal needs and wants being secondary. Consensus does not necessarily mean unanimity. A group can proceed with an action without having total agreement. In the event that an individual or small group cannot agree with a given proposal and is blocking consensus, the facilitator may ask if the individual(s) are willing to "stand aside" and allow the group to act, or if they feel so strongly about the issue that they are unwilling for the group to act. If the individual(s) agree to stand aside, their disagreements can be noted in the minutes of the meeting, and the group is free to act on the decision. If, instead, the dissenters feel that their concerns are important enough to block group action, it becomes their responsibility to work for a compromise or substitute agreement. They then caucus (a term from the Algonquin tribe), enabling the large group to move on with other business until they return. This assures that the dissenters are concerned enough about the issue to work out another solution.

that elicits diffuse mass loyalty among a passive citizenry having only the right to withhold acclamation.⁹ Generally, corporations are subject to the same threat of withholding of acclamation, in this case by consumers' refusal to patronize them through the organized objections of boycotts. Yet these are after-the-fact remedies, suggesting the need for proactive interventions in order to focus upon avoiding as opposed to remedying problems. The value of the consensus process is that participation is facilitated before a decision is made, more likely resulting in decisions respecting the views of all involved stakeholders, providing a process for legitimacy in governance, toward the "community power" model.

Two other areas related to governance in the natural law community are the programs of worker ownership and of alternative dispute resolution. Both involve forms of consensus decision-making. Worker ownership in particular suggests the value of participatory decision-making, since worker-owners should also be in control of their business. Interestingly, forms of consensus decision-making are currently being used in boards-of-directors of investor-owned corporations, along with participatory planning processes involving even front-line staff.¹⁰ Worker-owned businesses, however, tend to develop the processes of worker participation in corporate governance furthest since these workers also have an ownership stake.¹¹ Although the worker-ownership or worker cooperative movement have not advanced as far in the U.S. as in other countries, it is possible that natural law communities which develop worker-owned businesses could expand the movement in this country (see: www.geonewsletter.org). If natural law communities were to develop community-owned businesses utilizing labor credit systems these could be

exempt from the corporate tax.

Alternative dispute resolution is another area of potential application of participatory decision-making processes for natural law communities, particularly in urban settings. Similar to service credit programs, alternative dispute resolution involves the community in a neighborhood-based program that serves to integrate the two. Alternative dispute resolution can involve mediation, arbitration, conciliation, facilitation and negotiation, and much of the process involves a major role of volunteers in delivering services. The principle is that parties in a dispute are responsible for devising their own solutions to their conflict, rather than having a solution imposed upon them by a court or by police. This process is facilitated by trained mediators, often provided by a non-profit organization that may accept case referrals from public agencies such as courts, prosecutors, police or administrative agencies. Applications of dispute resolution processes have evolved in criminal and civil justice systems, and in neighborhood, cross-cultural, family, juvenile, school and public policy conflicts.¹²

Alternative dispute resolution provides an excellent opportunity for the application of the values of self-reliance, neighborhood outreach and local control of decision-making processes of the natural law community.

NATURAL LAW COMMUNITY as SPIRITUAL CULTURE

Integrating spiritual or transcendent values and ideals with cultural traditions and practices is a long-term process that can either happen organically, or that can be facilitated by an intentional effort on the part of a community.

⁹ Jurgen Habermas, *Legitimation Crisis*, Boston: Beacon Press, 1973. See also: Daniel Hellinger and Dennis R. Judd, *The Democratic Facade*, Pacific Grove, CA: Brooks/Cole, 1991.

¹⁰ See: Leslie Brokaw, "Books that Transform Companies," *Inc.*, July, 1991. And: William Halal, "The New Capitalism," *The Futurist*, Jan.-Feb., 1988.

¹¹ See: Frank Adams and Gary Hansen, *Putting Democracy to Work: A Practical Guide for Starting Worker-Owned Businesses*, Hulogos'i Communications, PO Box 1188, Eugene, OR 97440, Eugene, OR, 1987. Includes an excellent resource list. And: Len Krimerman & Frank Lindenfeld, *When Workers Decide: Workplace Democracy Takes Root in North America*, New Society Publishers, 4527 Springfield Ave., Philadelphia, PA 19143.

¹² See: *Community Dispute Resolution Manual: Insights and Guidance from Two Decades of Practice*, The National Institute for Dispute Resolution, 1901 L St., NW, Suite 600, Washington, D.C. 20036 (202) 466-4764. And: *Dispute Resolution Training Manual*, Conciliation Forums of Oakland, 672 13th St., Oakland, CA 94612 (510) 763-2117. And: The Community Boards Program, 149 Ninth St., San Francisco, CA 94103 (415) 552-1250.

The unifying theme of the natural law community is that all that is required to maintain the community is the desire on the part of the members to work together in cooperation. No other unifying bonds are necessary; neither spiritual, nor cultural, nor political nor any other. However, this assertion assumes that the natural law community includes two primary design elements. The first is that it is a large, diverse community, comprised of many different affinity groups which are individually based upon a commonality of some form: spiritual, cultural, political, dietary or sexual preference, familial, or other bond. The second design element is that the various individuals and affinity groups interact through a range of different economic processes, ranging from sharing private property to sharing common property, using both monetary and labor systems. Processes of governance, dispute resolution, worker-ownership, and economic sharing together would serve to maintain the community's cohesiveness and identity.

Essentially, creating a time-based economy that can justify the maintenance of a labor credit system requires a certain minimum level or "critical mass" membership. Small communities can manage sufficient communication processes such that a labor credit system is unnecessary. And of course, "critical mass" will be different for different groups, depending upon the form of communication process used, which in turn is dependent upon the type of bonding factor (e.g., cultural, spiritual, etc.) involved in the building of cooperative interpersonal relationships. Critical mass for a time-based economy, however, assumes a relatively large number of people.

Labor credit systems and service credit systems are not powerful bonding agents, although they can be stable ones. If the people involved in the labor or service credit economy also have other bonding factors, preferably nurtured by small affinity

groups within the larger community, then the time-based economy can be expected to survive and grow. This is due to the nature of the community-building dynamic of rational altruism. In previous sections the bonding factors of economic and governmental processes have been discussed. In this section, other cultural factors will be addressed, focusing upon cultural issues of child and elder care, health care, education, religion and recreation.

The basic concept of community is that people serve to take care of each other, particularly in our most vulnerable times of childhood and of advanced years. In contemporary society these two generational groups are usually kept separate, isolated from one another, and their care services are monetarized, whereas in traditional societies and extended families all age groups interacted, and their important roles in the community were acknowledged and appreciated. This ideal may be consciously recreated in the natural law community, affirming that the encouragement for children and elders to learn from and enjoy each other's company represents a design of cultural elegance.

Involving a number of adults in a community child care program serves to maximize community child care and educational services while also supporting those who give individual care and attention to their children.¹³

In a community where parents and other adults share parenting roles and responsibilities, children find comfort, security and nurturance in a happy childhood, and adults find relief, support and encouragement for a happy parenthood. In turn, people who grow up in the extended family or village atmosphere of community may seek a similar environment for their own children later in life.

The diversity of relationships children enjoy in community provide a full range of learning opportu-

¹³ Values to Teach Children (from the Twin Oaks Child Program and other sources):

Self-reliance and independence are encouraged through providing spaces which are child scale, safe, comfortable and interesting for each age group. The child environment will have as few rules and limitations upon the child as possible, while also teaching "daily living skills" such as cleaning up and self-direction. Self-reliance is encouraged in the child when adults practice "active listening" to aid the child in recognizing and communicating feelings, and in generally supporting the child's articulation.

Children are taught to be able to recognize and avoid dangerous situations, to say "no" to adults or other children who are threatening them, to call for help when they need it, and to otherwise preserve their own rights, and to respect other's rights to be safe, strong and free.

Values of self-motivation, initiative and competence are encouraged through the provision of a learning environment which maintains individual interest in and pursuit of learning. The "prepared environment" is one which meets the child at their own level, which permits development at their own speed, and which presents a —continued next page

nities. The presence of younger children to teach and older children to learn from are both valuable learning experiences for children. Adults in community provide a range of role models and of other learning opportunities through the practice of shared parenting. When adults hold agreements involving child care practices, the result is a stable environment conducive to healthy child development and growth. These agreements include the process of teaching values to children, such as: independence & self-reliance; self-motivation, initiative & competence; freedom & discipline; self-esteem; and social & ecological responsibility.

Education in the natural law community, however, is not only for children, but a cultural process that continues throughout life. Every person may be encouraged to set educational goals for themselves and to work toward their achievement. Community is then seen as a learning organization, facilitating each person's efforts to achieve a greater potential. Accordingly, the community may maintain collections of material on educational opportunities available in the locality, and maintain its own library and media, and sponsor educational programs for members and others.

Another concern offering both educational and neighborhood outreach opportunities is health care. The natural law community may provide health and wellness programs, including alternative medicine, to both members and others. A particular opportunity in health care exists in the industry's interest in what is called community-oriented primary care (COPC). As the community seeks to provide for its own health care needs, it may at the same time seek to develop health care systems in conjunction with the needs of others in the neighborhood.

Community-oriented primary care is a health care delivery model which integrates primary care

medical services with the principles of public health and preventive health care. This field of health care practice is becoming more important as the changes in the health care industry are requiring shorter hospital stays and more ambulatory medical services. Home health care services are becoming much more in demand, and this provides an opportunity for a community to provide its own services, and seek to extend these to others in the neighborhood. Service credit programs are particularly helpful in this effort as health care issues involve many opportunities for people to work together in problem-solving projects. These include access to food sources and services, nutritional education and planning, safe and comfortable living spaces, transportation to medical facilities, recreational opportunities, and programs to systematically identify and address neighborhood health issues and problems, from safe drinking water and clean air, to public safety issues such as traffic control, and crime, and individual health issues such as contagious disease, and drug abuse, reproductive and child health, and sports medicine. All of these health related concerns can be addressed through processes of community-oriented primary care.¹⁴

Recreational and celebratory activities provide another opportunity for any community to build a sense of cohesiveness and belonging. The creation and maintenance of facilities and equipment for recreation and celebrations can involve, not only the construction of a community common building, but participation in neighborhood resources as well. The range of activities can be very broad, from holiday observances to rituals or rites-of-passage for births, coming of age, graduations, marriages, deaths and other life-cycle transitions, to parties simply for music and dancing, to organized trips outside of the city or town, or to cultural opportunities within the locality.

continued— noncompetitive atmosphere. Trying to do ones' best, or better next time, however, creates a valuable sense of competition with oneself, or of self-motivation. Persistence in the face of failure is encouraged when additional effort is recognized as a means to overcome failure. As personal effort is understood as enhancing one's chances of success, personal initiative becomes rewarded by pride in one's accomplishments.

Values of freedom, autonomy and inner discipline are taught as a child is supported in being aware of, and in organizing one's environment in terms of, one's own needs or desires, and in developing one's own unique personality within a socially responsible context. Children are given as much autonomy as possible, invoking few rules, and expressing many directives as preferences rather than as musts. The child's opinions, desires and rights are respected, giving them choices in what affects them, and forwarning them of things over which they have no control.

The value of a positive self-concept or self-image is conveyed as the child is shown respect by talking with them and explaining things to them. Children's questions are treated seriously, answered honestly and completely to the degree which they are likely to understand. Appropriate expression of feelings (anger, sorrow, joy) is —continued next page

Another opportunity is group trips to visit other intentional communities around the country and elsewhere.

Finally, the effort to "integrate spiritual or transcendent values and ideals with cultural traditions and practices" can refer specifically to religious programs sponsored or supported by community members. The community organization itself may remain secular while encouraging a multi-faith expression of spirituality. In this way the natural law community would affirm the importance of religion to culture

while refraining from endorsement of any particular belief structure. The effect would be the community's focus upon the commonalities among the world's, or at least the community's, various religious groups or organizations.

The concept of natural law itself offers a potential spiritual focus in its expression of a belief in a source of knowledge, love and grace beyond the individual, which all may affirm, provides a context within which to build human community.



Urban Cooperative Block graphic by the Shared Living Resource Center
2337 Parker Street #9, Berkeley, CA 94704-2841 (510) 548-6608 slrcnorwood@earthlink.net

continued— encouraged rather than stifling emotions. A child's self-assurance is nurtured by stressing positive reinforcement whenever possible rather than only giving negative attention when necessary. Positive things about individual children are appreciated when they are noticed, and laughing at children's frustrations is avoided. Children are not talked about in their presence as though they can not understand. Over usage of "no" and "don't" is avoided through creating alternative means of telling a child what is not wanted, then following up with reasons why (health, safety, etc.), thus preserving the child's self-image. By speaking of negative behaviors as separate from the person, a child is encouraged to change their behavior without conveying to them that they are bad. Each child is valued independent of comparisons with other children.

Values of cooperation, responsibility, caring and empathy for others are taught by encouraging children to share, take turns, be polite, listen, and to be considerate of others' person and property. Children are asked to consider how they would feel in another's position, and to be aware of their own and others' needs. The concepts of exploitation and oppression in relation to sexism, racism, agism, etc. are explained when appropriate. Children's awareness of environmental and ecological concerns is encouraged in relation to a lifestyle of responsible consumerism and the sharing of material resources. Children are encouraged to take appropriate action to help themselves, each other and other living things.

¹⁴ See: Paul A. Nutting, M.D., ed., *Community-Oriented Primary Care: From Principle to Practice*, U.S. Department of Health and Human Service, 1987, Health Resources and Services Administration, Office of Primary Care Studies, HRSA Publication No. HRS-A-PE 86-1. For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402

Labor Exchanging: The Quiet Beginnings of a Revolution

From *Time Dollars*, Cahn and Rowe, page 48.

A time-based economic system involves a powerful set of values-based incentives and rewards to facilitate people meeting their needs of family and community. In the process, local self-reliance and citizen-empowered democracy are revitalized, and all of this transpires independent of the measurements and controls of monetary economists. As Ralph Nader explains in his foreword to Edgar Cahn's and Jonathan Rowe's book, *Time Dollars*,¹ nations today have two economies: "the market economy, which the economists all analyze, and the household economy of family, neighborhood, and community. ... (M)any of the serious problems our society faces come from the erosion of the second economy." How a local network of people can respond to this erosion of their sense of connectivity to family and community is answered through building a labor exchange economy.

The quiet revolution taking place today is the community economy beginning to be recognized as not simply a non-monetarized frontier for capitalist markets to exploit, but a social construct rich in values and meaning in its own right. Once recognized and invigorated by its members, the community economy can become a force able to resist death-by-monetarization, and able to reform itself into a social entity possessing the awareness and the commitment to action that can support self-preservation and growth.

To quote Ralph Nader further, "money does not buy complete substitutes for what the family, the neighborhood, and community used to provide." "(T)he informal bonds of family and community give rise to the literacy, lawfulness, health, and stability on which a market economy depends." (Cahn, Rowe, p. 28) Although the primary economic indicator of Gross National Product (GNP) ultimately relies upon the informal economy of family and community, economic growth requires a cannibalizing process of monetarizing, and therefore an eating away of, the flesh and sinews that holds society together.

(Cahn, Rowe, p. 24) The fact that we have a debate today about alternative indicators of wealth (see footnote number one for section "Discovering a Parallel Paradigm") suggests a growing awareness of the problem, and of the need to develop solutions.

As time-based economics advances a number of spiritual or transcendent values, rather than the temporal values of acquisition, possessiveness, greed, hoarding, competition and conflict, nothing short of a process of social evolution toward a caring, nurturing society would result from a greater application of the labor exchange economy.

In the programs where labor exchange systems have been utilized, people have identified a set of motives which maintains and extends the time-based economy. Values such as the desire to help and the need to be needed are given time and space to develop, and as a result, public service is generated from people whom the market has no use for, or who have not responded to appeals for volunteerism. (Cahn, Rowe, p. 32) And besides, there is not enough money in governmental agencies and insurance companies to meet all of our social needs. As the participant in a labor exchange program explained, who regularly helps another at 2:00 a.m., "For 10 dollars an hour, I wouldn't do it. ... If I'm doing something because I want to help, that's (another) thing." (Cahn, Rowe, p. 42)

"(M)embers have trouble articulating why the reciprocal exchange aspect is attractive; it seems to have something to do with belonging to an organization that functions something like a family. ... (T)he leaders talk about the good feelings and personal growth." (Cahn, Rowe, p. 54) "When you give to somebody, you get so much in return. It keeps you young. You want to keep going." (Cahn, Rowe, p. 52) With such testimonials, it becomes clear how values, which cannot be measured in money, result in a powerful incentive in the time-based economy.

¹ Edgar Cahn, PhD, JD and Jonathan Rowe, *Time Dollars: The New Currency that Enables Americans to Turn their Hidden Resource—Time—into Personal Security & Community Renewal*, Rodale Press, 1992.

THE TIME DOLLAR

The largest network of time-based economic systems today are the service credit projects inspired by the work of Edgar S. Cahn, Ph.D. and the Time Dollar Institute in Washington D.C. Estimates of the number of service credit projects in existence range from 150 in 38 states involving 20,000 people² to the list of service credit projects printed in June 1996 listing 67 from California to Maine.³ Mr. Cahn developed the service credit idea around 1984, and much of the growth in application of the concept followed his successful gaining of an IRS ruling that service credit programs are not barter systems, and thus are exempt from the income tax.⁴ The Institute acquired its tax-exempt status in 1996, with a mission to serve as a think tank and catalyst for new applications of the time-based economic system. Each service credit program is developed and managed independent from the Institute.

The basic concept is that a participant in a service credit program can get hourly time credit for helping someone else, doing anything for them that they will report as a service, or for contributing labor to a community program or project, and bank those time credits for when they themselves need a service. In some programs commodities such as food, computers, even housing can be returned in part for one's contribution of labor. This reciprocal altruism has a compounding affect as people are encouraged to participate in various service exchange activities, and involve others in the program. The result is the building of a community awareness among individual participants, creating a value that is greater than the sum of its parts.

Although this concept has been experimented with and developed by various secular communities since at least the early 1800s, Edgar Cahn's contribution was in finding a way to integrate the time-based economy into the social safety net and community development agendas

of local government, and the philanthropic programs of corporate and non-profit organizations.

The problem that Mr. Cahn found could be addressed by time-credits, was the concern of many that recipients of welfare and other transfer benefits did nothing to earn those benefits, other than be poor. And further, no amount of transfer benefits could ever address all of the needs of the beneficiaries of social programs, particularly if they required no initiative on the part of the recipients. This, of course, is also the argument for Workfare and other Welfare reform proposals. However, Mr. Cahn saw that transfer benefits could more effectively serve their purpose if they were used to initiate and support service credit programs which would provide the catalyst needed to generate trust, mutual aid, self esteem, personal initiative and labor on the part of many of those who had given up on society, or who felt that their contribution was not valued.

Mr. Cahn developed the "Co-Production Hypothesis" to explain the essential role of the contributions from individual participants to the assurance of successful outcomes for any effort aimed at the improvement of their conditions.

Co-Production is the essential labor needed from the ultimate consumer for any program to work. Without that labor, nothing that professional social workers or case workers or trainers or government do can succeed. Unless the family, the at-risk group, the so-called beneficiary or recipient puts in labor to move toward self-sufficiency, our best efforts fail. But with that labor, the limits on what we had thought possible simply disappear.

We use Time Dollars to pay for that labor. It's that simple. And we have found that Time Dollars do more than simply pay for labor. They reinforce trust; they reward acts of decency. They drive an information system about whom one can trust, about what neighbors can do and when they can do it—in a way that rebuilds community.⁴

² Colin Greer, "What's An Hour of Your Time Worth?" *Parade Magazine*, August 27, 1996, p. 20.

³ The Time Dollar Institute, 5500 39th Street, N.W., (PO Box 42160) Washington, D.C. 20015, (202) 686-5200.
<http://www.cfg.com/timedollar>

⁴ Edgar S. Cahn, "Time Dollars, Welfare and Co-Production: Shaping New Possibilities for Families Receiving Public Assistance." Testimony before the D.C. City Council. September 30, 1996, p. 2.

Time dollar programs have been presented as a means to build “social capital” as they encourage responsibility and good work habits among individuals lacking basic marketable skills. In a Washington Post editorial, William Raspberry quotes Edgar Cahn in explaining that the market system tends to, “uproot community in pursuit of maximum return.” The perception is then reinforced that, “People’s time is too valuable to expend on being merely human” For families unable to pay for the service, “...children are left to be raised, and the elderly to be cared for, by those for whom the market economy has the lowest regard.” Or not at all. The result is the loss of “social infrastructure.” As Hazel Henderson explains it, a hidden subsidy of non-monetarized altruism supports the market economy officially measured and reported in nations’ Gross National Product. She reports that, “fully 80 percent of all the world’s capital formation and investment is not monetarized.”⁵ Thus, strengthening the social infrastructure by investing in social capital is essential to the well-being of the market economy. A value of employing time-credit systems on a large scale, and of keeping computerized records of the transactions, is the quantification thus provided for some of our non-monetarized social capital, and the resulting greater appreciation for the essential aspects of, and primary importance of, human community.

As an example of the degree to which one local government appreciates the importance of social capital, the State of Missouri actually guarantees the value of service credits, promising to purchase services for those who have earned credits if they can find no one willing to provide services for their time dollars when needed.⁶

Another indication of the growth in usage of the service credit concept is the development of the computer systems used to facilitate time dollar projects. Initially, a DOS based program was used, which proved to be inadequate due to the difficulty in adapting it to the growing diversity of applications of time dollars.⁷ Recently a new

program has been made available, distributed free by Internet or at cost by mail, the programmer for which received only service credits for his time.

The “TimeKeeper” service credit software is comprised of a number of tables created in the Microsoft Access database program. These tables are used for data entry, management and reporting. In this format it is easy to modify the program according to specific project applications. At the same time, this format will facilitate the maintenance of a standard that will permit a sharing of computerized information among the many different projects, the aggregation of data from all of the projects for reporting the growth in volume and application of service credits, and the transfer of credits from one service credit project to another. The network is now in its earliest stages of development, yet its potential is already being discussed and mapped.

APPLICATIONS of SERVICE CREDIT SYSTEMS

From the Time Dollar Institute
and The Service Exchange

SECURING LONG-TERM HEALTH CARE

In Brooklyn, New York, HMO members earn Time Dollars helping other members, then pay one of their quarterly premiums to the HMO with Time Dollars. For the HMO, the Time Dollar program serves as a wellness promotion program, a cost-containment mechanism, and a marketing strategy. The Robert Wood Johnson Foundation has granted \$750,000 to HMOs willing to commit to similar programs.

In Colorado, at the Longmont United Hospital, “floating memberships” give a number of people short-term memberships to participate in the service exchange, and either spend their earned credits for services or donate their credits to a community “bank account” for use by those who are unable to earn credits. Other participating organizations are the Boulder Community Hospital

⁵ Hazel Henderson, *Paradigms in Progress: Life Beyond Economics*, Knowledge Systems Inc., Indianapolis, IN, 1991.

⁶ Edgar S. Cahn, "Time Dollars," *Co-op America Quarterly*, Spring, 1993. Cited in: Thomas Greco, Jr., *New Money for Healthy Communities*. 1994.

⁷ Alvin Zack, telephone conversation with Allen Butcher, Boulder, Colorado, April 7, 1997.

and the Caring Pregnancy Center. Kaiser Permanente has donated office space and equipment.

EXPANDING ELEMENTARY EDUCATION PROGRAMS

At 5 south-side Chicago Public Schools, a cross-age peer tutoring program has 7th and 8th graders tutoring 4th and 5th graders, who in turn, tutor 1st and 2nd graders. The tutors can purchase refurbished computers with their Time Dollars, and continue the program online during the summer. 500 students, plus parents and teachers, are working with a coalition of groups to identify new ways to use technology to impart such skills as critical thinking and problem solving using educational software.

EXPANDING QUALITY CHILD CARE

A strategy for converting the home child-care industry into a child development industry using Time Dollars is being developed. A home-based child care business franchise would charge a Time Dollar fee using “indigenous child development specialists” to deliver high quality child care at an affordable price.

In another program, the Department of Health and Human Services has funded a demonstration grant to utilize Time Dollars for five adoptive parent groups in Massachusetts.

INITIATING JUVENILE JUSTICE

The National Institute of Justice and the Washington D.C. Superior Court support a Youth Court where local youths earn Time Dollars as jurors, buddies, and mentors. The non-violent first offenders who appear before the jurors receive sentences of community service, restitution, and service as a juror on the Youth Court. Once the offenders complete their sentences, they can earn Time Dollars by continuing to serve their community and by serving on future Youth Court juries. Recycled computers and preferential access to summer jobs are among the options youths can select for spending their Time Dollars.

REFORMING WELFARE

The “Co-Production Hypothesis” suggests that transfer payments and other welfare programs aimed at improving recipient’s conditions are most

likely to succeed if they involve the beneficiary in a work program. Several states are considering the recommendations of a Wisconsin Policy Institute study that families on public assistance who may not be able to move immediately into the paid workforce be paid in Time Dollars, as a means of filling their Workfare requirements. Work done in child care, elder care, providing transportation, and participating in community projects will build an employment record, enable the acquisition of marketable skills, and build links to a support network.

BUILDING CIVIC PARTNERSHIPS through HOUSING and LEGAL SERVICES

A non-profit developer of housing to low and moderate income residents of Washington D.C.’s Shaw Urban Renewal Area, MANNA Inc., contracted with the Holland & Knight law firm to provide legal services to residents in return for their Time Dollars. Shaw residents developed a set of community-wide goals, involving neighborhood clean-ups, renovating playgrounds, tutoring, helping neighbors, and working with police to get rid of gangs and drugs. Time Dollars earned in this work pay for legal assistance with problems of absentee ownership, code violations, crack houses and drug dealing. As of the summer of 1996, Shaw residents earned 400 Time Dollars, and lawyers worked 375 hours, contributing \$67,000 worth of billable legal assistance to the neighborhood.

In another program, the D.C. Technical Assistance Organization in collaboration with Urban Resources, created an economic development strategy that starts with neighbor-to-neighbor services, moves to community service projects and then to resident-managed and staffed enterprises, where members will earn Time Dollars in businesses where the profit benefits the community organization.

FOOD and HOUSING

Other nation-wide and international programs which use a labor contribution program are the SHARE food distribution network, sponsored in Colorado by Catholic Charities, Archdiocese of Denver, and Habitat for Humanity which requires recipients of Habitat houses to help build housing for others.

The TIME DOLLAR INSTITUTE, P.O. Box 42160, Washington, D.C. 20015. Phone: (202)686-5200. The Institute serves as a think tank and catalyst for new applications of the time-based economic system.

TIMEKEEPER is a computerized service credit or time dollar exchange system, available free by Internet or at cost on disk. World Wide Web: <http://www.cfg.com/timedollar/timekeeper/files.html> E-mail: timedollar@aol.com and yeswecan@aol.com A list of Time Dollar projects around the country is also available.

The Complete Time Dollar Kit includes: the manual "How to Grow Time Dollars," a systems and procedure manual (paper or diskette), grantsmanship manual, 10 minute video segment introduced by Ralph Nader aired on network TV, and a computer program for record keeping, tracking assignments and compiling reports.

OTHER LABOR EXCHANGE PROGRAMS

There are other labor exchange programs that started before Edgar Cahn's project, and others inspired by his work. One is:

WOMANSHARE

Womanshare is a skills exchange system in which 100 women offer each other over 200 skills. It was founded in 1991 with 12 members. A small annual fee is charged of members, and programs include, in addition to the computerized exchange service, workshops and affinity groups.

Womanshare, 680 West End Ave., New York, NY 10025. Diana McCourt (212) 662-9746 Wshare@aol.com From: *Yes! A Journal of Positive Futures*, Spring 1997, p. 27. PO Box 10818, Bainbridge Island, WA 98110 (206) 842-0216.

NOTES on STARTING a SERVICE CREDIT PROGRAM

From: *The Complete Time Dollar Kit*, Edgar Cahn, printed in *Time Dollars*, Rodale Press, 1992

Identify needs you'll meet, services you'll provide, and those you'll serve. This will be your organization's mission. Start with coordinating a limited range of services (1 to 3). That way people come to know the program, rely on it, and can identify it with a particular need. The most common are: services for elders, services for children, and educational services. Do NOT try to launch an all-purpose, social service barter system to provide every conceivable kind of service and meet every conceivable kind of need. Find another organization to coordinate additional services, and perhaps carry on an exchange with them. Coalitions of institutions and organizations often work well.

Current sponsors include: Health Maintenance Organization (HMO), community college, senior center network, state social service agency, churches, community-oriented primary care clinic. Some organizations have grant funding that requires that they have volunteer programs.

Be careful not to threaten existing volunteer programs: Time Dollar programs should add to the institution's programs, not substitute for existing volunteer programs. Distinguish between the two, but be flexible on whether existing volunteer programs are included in the Time Dollar program. Learn about other experiences.

Effective presentation elements: Remind people of their roots in family and neighborhood, and ask if they remember when people helping each other was common. Ask if anyone has helped another recently. If so, they are now actively engaged in the concept. State that the program does the same thing, while renewing and expanding one's circle of friends and acquaintances.

Program administration. The director's minimum role is to see that the hours get recorded, and that volunteers get regular bank statements. They also provide an information service with the program board-of-directors who make policy decisions (e.g., eligibility for membership and planning new initiatives), and coordinate the staff (in some programs these are paid entirely by Time Dollars, others use grant funds).

Training and orientation. Informal means of sharing and stimulating insights, identifying resources, and group problem solving may work best, providing social settings for members.

Record keeping: 1. Bank records of credits earned, spent and given away. 2. Exchange assignments, involving searching the pool of members for someone willing and able to respond to a request, setting up the exchange, and confirming with both parties. 3. Quality-control to track performance, provide follow-up, and deal with complaints. Report all this to the director.

Insurance program for members. Corporate Insurance Mngmnt. Assoc. (CIMA) 216 Payton St., Alexandria, VA 22314 offers premiums at \$3 per year for \$1 million in coverage. \$3 for auto use. Carrier is: Insurance Co. of N. Am. (ICNA). Check your state's law.

Tax-exempt status. IRS rulings state that service credit programs give rise to no "contractual" rights enforceable by either party—either to the provider who wants to redeem credits or the sponsoring organization who wants to get a recipient to "pay back" for services received. The program is based on good will and trust, not on any sense of legal entitlement. Membership fees and pass-through charges for monetary expenses (e.g. lunch) are permissible.

Labor Sharing: The Revolution is Over, We Won

From *The Revolution is Over*, Nesmith, page 1.

A time-based economic system that coordinates income-generating activities for a group of people, as well as service activities, becomes the foundation upon which an entire alternative culture may be built. Once a time-based economy is used to establish businesses with which to trade with the monetary or debt-based economy, it no longer functions as an auxiliary or compliment to the monetary system, but as an alternative to it, supplanting monetary economics.

The dynamic involved in a labor sharing economy is the community-building process of a group of people working toward common agreement and collective action. The foundational issues to be addressed in designing an egalitarian society include how to build a socially responsible economic structure, what sociological system will result in a classless society, and what governmental processes will assure a balance between competence and misuse of power. Independence from the dominate, external or "outside" society, which is afforded by creating community-owned businesses, enables a group of people to begin to experiment with economic, cultural and political systems and structures. Nothing, then, about the internal structure of the community is necessarily a given. Everything is up for evaluation, and modification or replacement.

The best example of such an alternative culture, utilizing a time-based economy, is Twin Oaks Community in Virginia, founded in 1967, now with a population of over 100 people. Originally, the community's intent was to establish a behaviorist society based upon the principles of behavioral psychology developed by B.F. Skinner. One of his design elements was the "labor credit system," which he wrote into the book *Walden II*, a fictional utopia, obviously inspired in part by the writings of the Transcendentalist, Henry David Thoreau. Behavioral engineering was abandoned fairly quickly by the community, but the economic system of time-based labor credits survived, and has inspired a few other groups to also adopt this economic system. Having largely dropped the original Walden II identity, the community now

uses "egalitarian" as the identifying term to describe the community's primary intent.

Two years after the founding of the community, one of the co-founders, Rudy Nesmith, wrote a pamphlet titled, *The Revolution is Over: We Won!* This publication essentially advocated the non-violent strategy of social change called "propaganda by example." The idea is that social change can most effectively be caused, not by confrontation with the status quo, but by simply affirming the kind of society that is wanted, designing it, building it, and living it as though the desired change, evolution or revolution, had taken place. Individuals then internalize in their own hearts and minds the values by which they collectively decide to live. The culture they create may be characterized by the life-affirming values of caring, sharing, love, cooperation and ecological responsibility.

Through intentional community, a group of people who share a set of positive ideals can create the reality of their choice, deliberately designing an intentional culture out of the circumstantial, contemporary culture, upon which they know they can improve. The result is the creation of parallel societies, with the intentional, time-based economy existing symbiotically with the debt-based, monetary economy. Each perhaps learning from the other.

Although a number of the early ideals of Twin Oaks Community were abandoned over the years, including the four-hour work day, variable labor credits and communal child raising, as well as behavioral engineering, these have been replaced with more practical and effective concepts (except for the four-hour day—that remains a utopian ideal). The constant value of one credit per hour of labor, regardless of what is done or who is doing it, proved more administratively feasible. Shared parenting became more socially appropriate. And forms of consensus decision-making became more politically realistic. One point that Rudy and friends made, however, remains functional. Paraphrased here, it may be asserted that through an experimental process, a group of people can establish the cultural ideal of the plenty paradigm, and model it for the world to see.

LABOR CREDITS

Adapted from: Allen Butcher, *The Wonders of Communal Economics, Directory of Intentional Communities 1990/91.*

Time-based economies which use labor credits to coordinate their entire economy, use money only to carry on exchanges with the “outside world.” In these societies, Twin Oaks Community being the best example, labor credits (one hour equals one credit), are used to coordinate each member's fair share labor contribution to the community. Through a participatory planning process the community sets a labor quota for all members (usually 40 hours per week), with over-quota work accumulating in a vacation balance. The labor system includes domestic labor, agricultural labor, construction, maintenance and industrial or business labor. Income from the community industries is deposited in a community treasury, and dispensed via various budgets. In the same way, the total community labor supply is also divided among various labor budgets. Managers control both of these money and labor budgets, which are set by a whole-community planning process. Members then must fill their labor quotas from managerial budgets, which they themselves helped create through a participatory economic planning process.

As the community does not pay salaries or wages for labor, the IRS has ruled that communities which have this form of economy, and that are incorporated via a section of the tax code designed specifically for this type of economy [501 (d)], are exempt from corporate taxes. Income from community businesses is divided equally on a per member basis (and reported on individual tax returns, similar to a partnership), regardless of how much time they spend working in the community businesses. Further, since the community takes complete responsibility for its members' needs, the community is exempt from paying social security taxes, and members may not claim social security benefits. Communal economies, such as that at Twin Oaks, have a unique relationship with taxing authorities, appropriate to their practice of economic sharing of labor and other resources.

Two communal societies currently use the labor credit system, and this is an essential aspect

of their political/economic/social design, which is referred to as “egalitarianism.” Twin Oaks Community and East Wind Community are the two largest communities in the Federation of Egalitarian Communities, and the two have developed different labor credit systems. The above describes Twin Oaks' system, which involves about 100 adults (including visitors), while East Wind uses a simpler system involving only “done labor” reporting and no labor budgeting. At East Wind, the approximately 60 members choose assignments to various work crews or “branches,” depending upon their preferences within the labor plan set by community decision-making process. The difference between the two labor systems is generally the reduced managerial infrastructure at East Wind, and the greater degree of economic information available, and control processes developed, at Twin Oaks.

Despite their differences, both communities' economic systems permit a lower stress life-style than is generally experienced in their respective regions of the county. (East Coast in the case of Twin Oaks, Ozark Mountains in the case of East Wind.) Their labor systems are generally described as permitting “radical flex-time,” in which members can change their work schedules on short notice. While members are trusted to meet their work responsibilities, it is assumed that each person will take advantage of sunshine, each other's company, and other personal and educational opportunities.

To manage this labor system, Twin Oaks has a computerized Labor Accounting System (LAS). The Labor Accounting System is written in Visual Basic with the Access database program, and is run on 486-66 personal computers, networked via Windows NT on a Pentium 166 server.¹ This program organizes weekly labor assigning or scheduling, which involves aggregating input from Managers about current hours available in their budgets, and input from each member as to their choice of work from among the available budgets or work crews of which they are a part. The LAS then returns to each member a “Labor Sheet,” detailing their work schedule for the week. Summaries or “Labor Masters” are printed and posted and are available to anyone needing to locate a member or to monitor current work or other scheduled activities. Done labor is

¹Scott Twin Oaks, email transmission to Allen Butcher, Louisa, Virginia, April 11, 1997.

recorded on the Labor Sheets, and aggregated for various reporting needs, including weekly labor budget usage, monthly and quarterly labor budget reports, and for annual planning and project planning during the Economic Planning process.

Economic Planning is also an information intensive activity, involving all members who wish to contribute their preferences for how their labor is used during the year. This also involves a computerized data entry and processing system.

For nearly three decades both Twin Oaks and East Wind communities have carried on labor exchange programs with a number of other communities, none of which use labor credit systems themselves. Discussions within the continental community networking organization, called the Fellowship for Intentional Community, have focused on how to expand this practice. One concern about how to reconcile and resolve outstanding labor balances between communities led to the idea of monetary compensation when no exchange of labor could be made within a specified period of time. However, no detailed proposals have been developed, perhaps because establishing a precedent of an exchange rate between the monetary and the labor economies would be counter to the ideal of separation of the two economic systems. Remaining issues, however, are the standardization of record keeping processes and of information systems between credit and non-credit community labor systems. This remains a challenge in the interest of intentional community network development.

COMMUNAL VALUES and STRUCTURE

The fundamental ideal of communal economics is that human rights is a greater priority than property rights. The communal economic system assures that a government maintains a focus upon human rights—the right to participation in decision-making, and the right to access to a fair share of the community's wealth. In contrast, the private property system places its highest priority upon property rights—the individual's right to accumulate and maintain private capital, equity and wealth.

The direct value of the communal economic system to its members is the application of acquired wealth to the benefit of each individual on

the basis of need, and on the availability of supply. Yet beyond the shared provision of commodities and services to one-another, the true luxury of the communal system, or in the plenty paradigm, is the experience of mutual support and caring among people—a luxury which is often difficult for even the richest people in the private property system to provide for themselves.

In the time-based, labor credit economy, access to goods and services is facilitated by various methods of equitable distribution. The labor credit system itself does not involve the exchange of property among people, or involve the regulation of an individual's access to goods and services. The process used for sharing income and wealth in an egalitarian society begins with the participatory planning process, assuring that those who are affected by the decisions made have a direct voice in making them.

The STANDARD of LIVING ISSUE

A community planning process focuses member's attention upon standard-of-living issues, as presented by individuals during the planning process according to their personal needs and wants. The methods of communication used include public meetings, surveys and individual consultations. The community must then decide what programs and services it can support through the application of its labor and skills resources. These resources determine some of the necessary tradeoffs involved in the question of whether to apply labor to income work (to make money with which to purchase goods and services), versus applying labor to the internal self-reliant production of goods and services. The efficiency and appeal of this labor, and the productivity and quality of the goods and services resulting from the choice of external purchase versus internal manufacture, is a primary factor determining the community's standard-of-living. For example, a community might value growing at least half of its own food, but if that costs three times the purchase price (in labor and other resources) of the alternative of producing a minimal amount or none of the community's food needs, a tradeoff must be made. Such issues affect how a community determines its standard-of-living. (These tradeoffs are similar to "opportunity costs" in monetary economics.)

The level of sharing versus private ownership

and control of income, land, buildings, equipment and other assets, has a major effect upon the community's standard-of-living. Given a constant income and productivity level, the more that material items are shared, the higher the level of standard-of-living will be, until individual's needs for privacy cancels out the benefits of sharing (another tradeoff). This point of diminishing return is primarily a function of the level of group morale or of collective awareness, whether spiritual, political, ideological, cultural or other focus.

The MANAGERIAL SYSTEM and the COMMUNAL TREASURY

The community's economic plan, set annually through a participatory planning process, prioritizes the many needs and wants expressed by individual members. These projects, such as new equipment (tools, appliances, recreational items, educational materials, etc.), furnishings, buildings, etc. and ongoing programs, such as food service, child and elder care, maintenance, agriculture, health, outreach, utilities, etc., are coordinated by individual managers, by co-managers, or by crews of people who are active workers in particular areas. These managerships are given budgets of money and labor as set in the planning process, along with the community's trust that these resources will be managed in the best manner possible; which includes good communication with workers and other interested members.

The managerial system not only provides the method for which the community's goals are met, but also is an important means by which individual members are able to develop their own ideas and plans. Through managerial work, personal satisfaction is gained in realizing support from others for one's own ideas, and in experiencing the successful completion of sometimes tedious, difficult, aversive or onerous jobs, not to mention those which are a sheer joy in which to engage! The overall executive position (usually a committee, sometimes called "the Planners," a vestige of the Walden II influence) may be considered the most demanding "managerial" position of all, since this group must organize the economic planning process, facilitate community meetings, and address issues not falling to the managers.

Funding for managerial budgets comes from the community treasury, which is supplied by at least

the income from community businesses, and from any other shared income that the community might require for membership. Twin Oaks and East Wind, and other full-member communities of the Federation of Egalitarian Communities, require that all personal income, including interest, dividends and royalties, be shared. Other communities (some of them associate members of the Federation) have some members who share all of their income while others pay housing, food and other costs, keeping the balance of their private income. Such communities may be called "mixed-economy intentional communities."

ECONOMIC PLANNING

The participatory planning process builds community awareness and commitment to the plan as a result of the shared experience of group discussions and work toward consensus.

The process involved in arriving at a plan includes presentations by the Planners, labor, financial, business and domestic managers and others on what happened in the previous year and on what they would like to see accomplished in the coming year. Special projects may be proposed by any member, such as purchasing a musical instrument, building a new building, or raising the personal allowance. If the community agrees to put these items high enough on the priority list that they receive funding, the proposal is successful.

In the planning process many tradeoffs are made. Examples are: additional facilities for new members versus standard-of-living increases for current members, and lowered quota for more leisure time versus more income work for a greater vacation allowance. These and other issues are discussed at (optional) community meetings, and then each member is given a planning survey presenting the general planning parameters. These including the expected income for each community business given different labor commitments, and the total labor supply based upon projected population and different quota options. Ongoing budgets and new projects are presented with their projected money and labor costs. Each member's preferences are tabulated and considered by the Planners, who use this information in making their proposed economic plan. This plan goes to further community meetings until a form of consensus is reached. Typically, industry might require 40 to

50% of the community's labor, with 10% going to construction and maintenance, 12 to 15% to child care, 10% into food service, 10% into agriculture, and the rest to smaller budgets. "Slack budgeting," or planning for 10% more hours (or quotas) than are expected to be available, helps to compensate for the difference between what is expected will be done and what reality permits doing.

At the beginning of each week individuals at Twin Oaks fill their work schedules with creditable labor, that is, hours from managerial budgets. Work done in these managerial areas use up the budgets set by the community, and fills the individual's work requirement or quota. Over quota earns vacation time, while consistently working under quota puts one at risk of losing one's membership. At East Wind, individual's must meet the labor quota, but there are labor budgets set for only industry work (Industrial Quota or IQ) and kitchen cleaning (Hard To Assign or HTA). Everyone, unless given an exemption, does IQ & HTA. All other work is organized informally by agreements made between managers and members.

The communal ideal is that commodities and services are available to members on the basis of need and availability, not on one's ability to "pay." If something is not available in sufficient supply, the appropriate response is to organize collective action to increase its availability to everyone, rather than each person working individually to satisfy just their own desires. There is the need, however, for individuals to tailor their expressed desires according to what is available, or

according to what they can find support for creating. The result is an encouragement for members to communicate their hopes and dreams, and thereby contribute to the feeling of shared understandings and common goals.

SHARED LEADERSHIP

Maintaining a tradition of participatory planning and decision-making requires a sense of commitment among members, which in turn requires a focus upon morale or community spirit. Various processes are used to meet this need, including creating systems to aid clarity and accuracy of communication, encouragement for participation, facilitation of constructive conflict resolution, relieving of tension, and the maintenance of trust and goal awareness. Sharing these functions as task functions are shared is a means of maintaining the practice of keeping the members in control of their community. Getting everything into the open and clarifying each individual's opportunities for maintaining or changing the group's direction helps to maintain commitment to community and reduces irresponsible withdrawal. Because everyone performs some leadership functions at some time, shared leadership builds appreciation for the work of leadership—an appreciation rooted in one's personal experience of power and responsibility. Shared leadership lends to the community that practices egalitarian processes a capacity for endurance and progress.²

Labor Credit System Resources

- Twin Oaks Community, 138 Twin Oaks Rd., Louisa, VA 23093 www.thefec.org/sns
Kat Kinkade, *The Twin Oaks Labor System Principles, Policies, and Instructions*, Twin Oaks, 1990. Also available from:
Federation of Egalitarian Communities Systems and Structures Catalog at www.thefec.org/sns
Kathleen Kinkade, *A Walden Two Experiment: The First Five Years of Twin Oaks Community*, foreword by B. F. Skinner, Morrow: New York, 1973.
Ingrid Komar, *Living the Dream: A Documentary Study of Twin Oaks Community*, foreword by Hazel Henderson, Norwood Editions, 1983, and Twin Oaks, 1989.
Kat Kinkade, *Is It Utopia Yet? An Insider's View of Twin Oaks Community In Its 26th Year*, foreword by the author, Twin Oaks Publishing, 1994.
Allen Butcher, *The Wonders of Communal Economics, Directory of Intentional Communities 1990/91*, FIC/CPC

Sunflower House Owners Manual. This is a student housing cooperative that uses a labor credit system, requiring participation as a determinate of membership. Sunflower House, 1406/1408 Tennessee St., Lawrence, KS 66044 913-841-0484.

² Shared leadership material is from: Bruce Kokopeli and George Lakey, *Leadership for Change*, New Society Press, PO Box 189, Gabriola Island, BC Canada V0R 1X0

Keep the Faith

Although none of the historical experiments with time-based economics are still with us in their original form, a few transformed into consumer or worker cooperatives and continue to support some of their original bloom of values. The fact that we have in existence today two relatively strong time-based economic programs suggests that we may see continued development and expansion of the world view of the plenty paradigm, and gradually see these values come to a new, more brilliant flowering.

The challenge to us is to take this information and experience that we have concerning time-based economics, and find ways to apply these to current situations and future opportunities. Four such ways immediately come to mind:

- First, welfare reform is requiring that people become more locally self-reliant, which is precisely the program advanced by labor exchange systems.
- Second, the continued monetarization of the previously informal, domestic, and non-profit sectors of our society offer many more opportunities for labor exchange programs; most immediately in the realms of health care and education.
- Third, current growth of the intentional communities movement provides a ready audience for the plenty paradigm message. In particular, both the cohousing and the ecovillage community movements have need of a method of coordinating their internal labor systems, which might involve the

adaptation of some hybrid form of labor exchanging and of labor sharing designs. The potential for experimentation in these contexts is exciting.

- Fourth, all forms of intentional community need to maintain a focus upon local outreach and good public relations. Being involved in or starting a local labor exchange program can increase understanding and acceptance of the community among the local population, since labor exchange programs can facilitate community member's positive interaction with their neighbors.

Considering that the concept of a non-monetary economy is likely to be of interest to people of both the radical right and of the radical left, as well as to the politically centrist, we might see time-based economics becoming another area of common interest between these two cultural poles, along with that already found in whole or natural foods and in the homeschooling of children. As such, time-based economics could become a useful coalition-building strategy for activist organizations.

Finally, many people are watching for faith-based movements to arise at this time on the eve of the new millennium. With the transcendent or spiritual values of time-based economics being congruent with precepts of natural law, the ideal of the plenty paradigm might serve to conceptually usher in the post-scarcity new world of peace and harmony.



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