Presentation of Tucson Traders for the Forum Social Money
Thomas Greco, march 2001

After a series of meetings in 1997 which included the author and several other interested people, Tucson Traders was launched in early 1998. The core group wanted to establish a community exchange system that would be fiscally sound and easy and inexpensive both to set up and to operate. It was agreed that a mutual credit system using a set of ledger accounts best satisfied these criteria. It was thought that by keeping the financial and labor overhead low, the system could be allowed to grow at its own pace and without much risk of failure or core group burnout. While the group recognized some of the advantages of circulating paper notes, it was thought that they could be phased-in later after the system had become well established.

The group even decided to pass up the usual computerized ledger systems commonly used by LETS and other mutual credit systems, and, for the time being at least, to opt for a simple pen and paper accounting system. This took the form of a loose leaf notebook which contained a page for each member. All members' trades were recorded on these pages. Periodic account statements could easily be provided to each member by simply mailing a photocopy of his/her page. A sample page of this type is shown below in Figure 11.1.

[Figure 11.1 A Pencil and Paper Accounting System]

The name "Tucson Token" was chosen for the value measure and unit of account, which would have a value equivalent to that of the U.S. dollar. It was decided that each member should have an initial line of credit of TT200 (200 Tucson Tokens), meaning that their account could not exceed a debit balance of 200 Tokens. A voice-mail telephone line was obtained for members to use in reporting their trades, for communication of news and events, and for prospective members to request information packets. Out of the core group of organizers, a decision-making body called the Steering Committee, emerged. The Steering Committee is a non_hierarchical body which makes decisions using a consensus process, and participation is open to the entire membership.

As the word spread, the size of the membership grew rapidly, and, after less than a year, the Steering Committee decided that it was time to computerize the accounts. However, rather than adopting one of the available LETS accounting programs, the accounts were set up on a standard database program. It was early recognized that, given the geographic size of Tucson and the wide distances that separated many of the members from one another, some way would need to be found to make trading more convenient. Various approaches were tried as a way of bringing members together periodically. What seemed to work best was the Saturday trading "bazaars," which were held once every other month at a neighborhood center operated by the City. The bazaars gave members a chance to socialize, to sell their products, and to sell items they no longer needed.

As time went on, however, attendance at these events dropped off. Some members objected to selling their quality hand-crafted items in a "flea market" atmosphere. Also, there seemed to be a number of problems with the venue. First, was the "sterile" atmosphere at the center which had fluorescent lights, white walls, and unaesthetic decor. Another was the location which some people thought was out-of-the-way and inconvenient. Unloading and loading things which members brought to sell was also less than convenient. Besides that, the rules imposed by neighborhood center would not permit any exchange of official cash to be part of the transactions. Venues that do not impose such limitations are being sought. A more ideal place would be one where vehicles can get close to the activity space, and where traders have a choice of setting up their display tables either indoors or outdoors. There has also been some discussion about possibly shifting from trading bazaars, which have been limited to members only, to "community flea markets," which would be open to all. Some people believe that a more open event will increase the quantity and assortment of goods and services offered for sale, which will attract a greater number of people, and provide an opportunity to recruit new members.

Toward the end of 1999, the Steering Committee began a serious review of the system structures and procedures. This arose from the fact that there were some problems which were making administration of the system burdensome, and also from a desire to broaden the base of the membership. First of all, it was agreed that it was important to recruit more businesses to participate in community exchange process, but most of the businesses which were approached were not interested in joining a ledger system because of the extra labor overhead that would entail. Secondly, it was felt that some members were mis-perceiving the role of the Steering Committee and were making inappropriate demands on them. Specifically, some members who were less than satisfied with some of their trades thought it appropriate to bring their complaints to the system accountant or others in the volunteer core. The system administrators' felt that their job was to record trades and update members' accounts, and that mediating disputes between traders was a burden they could not bear.

Another problem which developed was the fact that there were two or three members who had exceeded their allowable debit limit of 200 Tokens. In one case, in fact, the limit had been exceeded by about 500 Tokens. This situation was thought to be detrimental to the health of the system. Various ways of dealing with the problem were considered but none was entirely satisfactory. As the computerized accounting system was improved and it became easier to check account balances, the system accountant started refusing to post transactions which would cause the debit limit to be exceeded. This, of course, caused some ill feeling on the part of those who had made the sale in good faith and expected their account to be credited.

It soon became clear that it was time to implement the use of paper currency. This would, at one stroke, solve a number of problems and offer a number of advantages for trading and system expansion. It would reduce the workload considerably by eliminating the need to record every trade and reducing the frequency of sending out account statements. Further, although it would not remedy the existing cases of excessive debit balances, it would prevent over-spending in the future. By going to a "currency only" exchange system, Tucson Traders could easily enforce the debit limit. No more than 200 Tokens would be issued to any member, so that would be the maximum they could spend into circulation, making it impossible to exceed their allowable line of credit. Shortly after making the shift to paper currency, the system accountant reported that, "The greater advantage so far seems to be a change in people's attitude about TT's administrative role - many folks came to u s with their personal disputes about trades. Now that there's nobody to report their trades to, there's less temptation to report their complaints as well."

In March of the year 2000, at its second anniversary celebration, Tucson Traders made the shift to circulating paper currency notes. One Token, five Token, and twenty Token notes, each designed by a different artist, were printed by a local printer who also happened to be a member of the Steering Committee. Figures 11.2 and 11.3 show the two sides of the twenty Token note. The celebration was held at a popular cafÉ/restaurant which had just become a member and agreed to accept 25% payment in Tokens. For this special e vent, the cafÉ offered selected menu items for either 50% or 100% Tokens.

[Figure 11.1 TT Twenty Token Note - Front Side]

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Any Tucson Token notes issued to a member would be debited to his/her account. Since almost every member already had an account balance, a way had to be found to make the transition smoothly and equitably. It was decided to retain the existing debit limit of TT200 and allow members to draw Token notes up to that amount. For those who already had a debit balance, the amount of Token notes that could be drawn was reduced by the amount of their current debit balance. Thus, a member who had an existing debit balance of 60 Tokens would be allowed to draw notes amounting to only 140 Tokens. Likewise, those members with a credit balance would be allowed to draw more than 200 Tokens in notes. Thus, a member who had an existing credit balance of 100 Tokens would be allowed to draw up to 300 Tokens in notes. It was recommended, however, that members draw out only 50 Tokens to start. It was decided that new members would automatically receive TT50 upon joining and be informed that they could request more, up to the 200 Token limit.

Each member was asked to sign a new agreement acknowledging that their debit balance, which included any Tucson Token notes issued to them, represent an effective "loan" extended to them by the members in general, and that this "loan" must be paid back if and when their membership is terminated. The exact agreement is shown in Figure 11.4, below.

[Figure 11.4 Tucson Traders Membership Agreement]

At the same time, the Steering Committee agreed that it would allow members to submit requests for loans of more than 200 Tokens. These loan requests must be submitted in writing and will be reviewed by the Steering Committee. While the formal criteria for approval are still being developed, consideration is being given to the applicant's past account history and the purpose for which the loan proceeds will be used.

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