COMMUNITY POLICY AND INITIATIVE
NECESSARY TO RURAL-URBAN
BALANCE AND ECONOMIC WELLBEING

Part Two

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INTRODUCTION

In this series of Community Comments we seek to bring economics out of the realm of esoteric abstraction and reintegrate it with social process. We seek to reconcile what have been conceived as mutually exclusive values: the newly developing economy of the wider society and world with the old healthy stable local economy -- no longer isolated or living unto itself. Even the critical problem of population control cannot be abstracted from this context of the local and regional society within whose economy for most of human history social control has been the primary means of preventing overpopulation.

Now that instant beverages, TV meals, prefabricated houses and jet air travel have altered time relationships, it has come to be assumed that technology can yield instant communities as quickly as it can throw paving, plumbing, wire and houses together. Group dynamics and teaching machines are to replace the evolution of social groups, and cybernetics is to relieve people of much of the exercise of intelligence and judgement. But we have not succeeded in replacing the requirement of time and experience for the maturation of human beings and communities.

Karl Marx's insistence on the importance of economic processes in history -- the time dimension of life -- can be inverted to emphasize the time required for the economic evolution of the community and the integration of economics with the life of the community. The small community has been one of the few universals of human society. If we remove the time -- or historical -- preconditions for the community it becomes a crowd. And if we remove the economic functions from this historical reality it becomes a cipher.

Sociologist Charles L. Horn wrote about the first part of this series: "I have been especially impressed with your article 'The Community's Need for an Economy.' Many people in sociology ignore the economic sphere in studying social institutions." Mr. Horn questioned the thesis that preoccupation with money-making in the larger society could be subordinated to design and purpose in the community: "The idea of transcending the competitive, money-oriented features of this culture are indeed problematic. One can cut oneself off virtually from advertising and other media only at a certain peril to one's social self." This need not be an all or nothing matter. A healthy society must resist being a creature of the mass media and its advertising, while yet not cutting itself off from the world. The economy and society of the community must and can hold its own while living in relation to the wider world.

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COMMUNITY COMMENTS is no longer published. However, the COMMUNITY SERVICE NEWSLETTER is published bi-monthly. A $15.00 annual membership in Community Service, Inc., includes a subscription to the Newsletter. Community Service, Inc., a non-profit organization devoted to serving the interests of the community as a basic social institution, invites membership and support from persons interested in this field. For a sample Newsletter and Booklist write Community Service, Inc., P.O. Box 243, Yellow Springs, OH 45387.
In the essay we emphasized that it is not desirable or possible to spell out just how these economic principles should be applied to individual circumstances: "Any one technique may be inapplicable to some circumstances. . . But knowledge of the basic principles and of why the hinterland has so frequently failed can enable communities to use methods that are within their reach." Manas magazine, in reviewing the essay, emphasized this point. After quoting the economist, E. F. Schumacher, with regard to the urgent need to reestablish internal local structure within the large society, Manas observes that Griscom Morgan's essay, speaks directly to this point. . . It is hardly possible to misunderstand his analysis or to fail to grasp the importance of his recommendations. A man who lives in a small community that is losing its young people to the cities can read this essay and the next day go out and do something about reversing the trend. A man who lives in the city, but would like to figure out a way for himself and his family to survive in economic terms in the country, has clear instructions concerning what must happen if he and others are going to be able to make such moves. The first essential is to begin thinking in terms of community welfare, and that of course is what Mr. Morgan has done. For example: 'Small communities and hinterland areas must have enough money for economic exchange within their own economy for their economies to give adequate work and employment. If people do not employ or buy from one another within the community, but buy primarily from the metropolis, more money tends to go out of the community than comes in, and to make a living, people are impelled to go where the money goes. Poverty and depopulation characterize even well endowed parts of our nation, in consequence of the movement of money to the city.' Mr. Morgan has several examples of small towns where definite efforts, successful ones, were made by individuals and groups to counteract the forces making for urban migration. . .'

When you read these things you realize. . . There is little or nothing in modern community life to stimulate people to think in terms of social wholes. Economic processes are conceived to be controlled by remote impersonal laws, with the proper economic effects achieved by a hypothetical 'invisible hand' which works behind the scenes. People are early indoctrinated with the notion that all they have to do is concentrate on getting what they want, and then everything else will work out for the common good. Well, it doesn't. . .
Mr. Morgan says other things which need to be said: "Without foundation in higher values and purposes, economic processes tend to degenerate into ends in themselves and to betray and defeat human values. Preoccupation with profit-making will lead people to sell out all that differentiates a man from a beast, and even to descend below the level of beasts in sacrificing well-being of community, family and children for the getting and spending of wealth.

Today, we seem barely able to recognize concrete evidence of a descent below the level of the beasts.

In this issue of Community Comments we carry the current of study introduced by the last issue both into more specific examples of its application and into a more generalized discussion of economic principles. The first part, "A Threefold Economic Balance", is an abbreviated version of an address by Arthur E. Morgan.

In 1933 at the depth of the depression, Arthur E. Morgan was appointed Chairman of the Tennessee Valley Authority. He had just been involved in a small scale endeavor to bring economic and social health to his own village and region. From this experience he had a different insight into economic problems from that of the economists and other university and governmental personnel usually engaged in such projects. Arthur Morgan summarized some of his insights in an address to the student body of the University of Tennessee in November, 1933--shortly after the initial formation of the TVA. The perspective he developed in that informal preliminary talk was the object of some of the most intimate and widely disseminated criticism he received while in the TVA.

It was only recently that Arthur Morgan discovered that this talk of November, 1933, had been recorded and preserved, and secured a copy of it. Because we believe that this talk touched on one of the most crucial problems now facing the nation and the world, we reproduce it with some editorial changes.

"The Operation of a Community Exchange" by Ritz Schmieder goes into detail about the Chicago economic experiment mentioned in the last Community Comments. Mr. Schmieder had participated in the community economic development that occurred in Germany before it was prohibited on the insistence of the Reichbank, and then moved to Chicago where he worked as a baker. In Chicago, he was able to persuade the many experimentors in economic innovation to go beyond the ineffectual experiments they were involved in and join in the United Trade Exchange.

We have said that the economic principles of the community economy must be applied with intelligence and in diverse ways. As an example of this diversity the role of the life insurance company and its investment is particularly important. Our concluding articles review examples illustrating the general principle with which this series of Community Comments is concerned.
A Three-fold Economic Balance

by Arthur E. Morgan

We have our theories of the economic determination of industrial developments. Our economists will tell you that they can pick out the spots on the map where a city is going to grow, but that is not always true.

Take for instance, Akron, Ohio. This city has made most of the rubber tires in the world. Akron has not any rubber, it is not even on the seacoast. It has to bring rubber half-way round the world past the cheap labor of Europe, unload it at New York, ship it a quarter of the way across the continent to a little town that has no water power, nothing except some men who knew what they wanted, and yet Akron has gathered to itself the dominance of the rubber business of the world. Quite true, if it has violated economic considerations in too great a degree its supremacy may fade.

There is not any one way to work out the development and location of industry. The City of Kingsport, Tennessee, is one kind of answer. I have listened to its founder, J. Fred Johnson, discuss the factors that entered into its development. If there were a good many J. Fred Johnsons in America, the problem of developing industries in areas of underdevelopment would be simpler.

The decision of whether an industry should locate in Kingsport has not always been determined on an actuarial basis. For instance, I recall J. Fred Johnson telling about how the Eastman industry became established there. Johnson went to see Mr. Eastman, who sent one of his best men to look over the situation. This man was about to leave, and had not yet called on Mr. Johnson. Mr. Johnson rather suspected the investigator had received an unfavorable impression. He met this investigator, who was not enthusiastic, and who he found was preparing to go home to Rochester to make an adverse report. Mr. Johnson told him he had not yet shown him the best he had, and asked him to stay over another day.

Johnson took him out in the hills where there was a little one-room schoolhouse, with forty or fifty boys and girls in the schoolroom. Johnson talked to them in the presence of his visitor, and told them they might possibly have a new industry come to town
and that it would make opportunity for them, whereas now there were no jobs for them when they quit school.

When he was through talking, a little red-haired boy in the back of the room got up, walked up to the front, and said, "Please, Mister, bring that factory to our town." It was that incident and the personality of Mr. Johnson, and not statistical computations, which secured the Eastman plant.

The growth of Kingsport is not due solely to any strategical geographical location, nor to any unique natural resources,—it is due to a man who has overcome adverse conditions, and who, just out of the quality of his personality, has made men care enough for his picture of the town so that they would come there because of it. That is to some extent the story of Kingsport.

Kingsport represents one kind of a relationship of industry to community. It is big business that happens to have located in Kingsport. It is still big industry, fitting into the conventional pattern of American industry. The Eastman factories produce and distribute in a standard American way. A great printing press, one of the largest in American industry, is located in Kingsport. The industries of this city are very successful and sell their products through regular channels.

Leaving out such a human spirit as J. Fred Johnson's, the same factories might be there. They might be slaving their labor, and there might be slums in Kingsport. Only a certain individual outlook gives the town its preeminence as a place where economic problems are being solved. There are other industrial cities in the South with manufacturing on a large scale where the results to the population have not been so happy. By being the kind of person he is, J. Fred Johnson has drawn to Kingsport people like himself, people who treat labor decently. He proved to Kingsport that people are interested in his kind of an outlook. He has gathered from over the United States industrialists who cared for the things he cares for.

Now to some extent, a companionship of Community and Industry can be worked out by persuading industry to locate in your town instead of in some other town. The Eastman Company is perhaps not making any more money there than it would have made in a similar town in Maryland. It is getting its raw materials nearby,—but it could get them in other places as well.

Balance in Size of Industry

There is also another phase of companionship of Community and Industry that I'd like to talk about. If we achieve a good industrial condition in this country we won't have all large, all medium sized, or all small industries. We will have a variety, and in such proportion as best to suit this country. Some American industries are naturally large and they can be run better when
they are large. They ought to be large, and they will continue to be so. Steel rails will be made in large plants, and unless processes change, cement will be made in fairly large plants but not too large. The economic unit of an industrial plant should determine the size of the plant. There is room in America for big plants and there is room for small plants. I have imagined that especially the mountain region of Tennessee and the neighboring states would be a good locality in which the small industries of America might find themselves at home. That is true for a number of reasons. Geographically that result might well be worked out. The broken country, the tendency for communities to be in small units because of topography, lend themselves to individuality of development.

In recent years it has been frequently said that the day of small industries is past. That has been a popular belief. In 1928 I was talking about Antioch College to the president of one of the two or three largest banks in America, and I mentioned the fact that I frequently advised Antioch students to associate themselves with small industries, so that they could see all phases of the job, selling, production, management, purchasing. This president of the great bank said he thought I was entirely wrong. He stated that within a short time there would be only two kinds of industries in America— one would be BIG INDUSTRY and the other would be peanut stands. "If you don't want your boys to run peanut stands, get them into big business."

It happened that about that time I bought some stock in a couple of peanut stand banks. One was our village bank and the other was a little bank in an adjoining town set up to try to beat the loan sharks. Both of them have paid dividends from 6% to 8% all the time since. I can buy the stock of that big bank today for less than 6% of what it was worth when the president advised me about big business.

I do not think that the day of little industries is necessarily past. I can imagine in the geological ages when the dinosaurs were running around as you see in the comic strips today, when they weighed about forty tons and were thirty or forty feet long, it must have seemed as though they had the world well cornered, had everything their own way. But at the time there were some little critters running around in the rocks trying to keep out of the way,—they were the forefathers of the mammals, and the dinosaurs are now only fossils in the rocks.

It is possible that industries may get overgrown, and it may be possible that there is room for a large variety of small industries. If there is room for small industries, there can be no better place for them than in East Tennessee and the hill regions adjoining.
The Need for an Economy

There is still another answer to the economic problem. It is that this region has too low a consumption. For the things we should like to use ourselves here we have little money with which to buy, and we have so little to sell to ourselves. This region is largely trying to make a living on agriculture. Agricultural products ought to be something to live on at home, so that we will not have to buy things from the outside. Agriculture ought to be like the home garden that sustains people, but is not the primary source of income.

Taken as a whole, there ought to be a place for agriculture in the southern mountains. It ought to largely support this region in food but not to bring in its money except from special crops. There are special regions in the Southern Highlands that can produce special products, but in most crops other regions can beat us on mass production. If we use our agriculture to feed our own region and then begin to manufacture the things we need at home, we shall have another answer to the problem of a healthy, balanced economy.

In the mountain region here I think we have about six million people. That is a larger population than Switzerland, larger than Holland, larger than Denmark. It is big enough to make our own work shoes, our own work clothes, our own furniture. But when we start to do that, we may get into trouble, for a business does not consist of a factory here and there. American business is a very complex organism. You cannot cut a piece off your finger and say, "Now, you be a little man," -- it is only the end of a finger, it is not a man. And neither is a small factory a little industry: it is only a little piece of a great industrial fabric. And if an industry here should decide, "We will make our own shoes," it would have difficulty, because making shoes is only a small part of the shoe industry; the buying of material from which to make shoes is a part; getting the shoes to the wholesaler is a part; getting them from the wholesaler to the retailer, the sales force, the credit for selling and buying shoes, all are parts. Taking the whole process together, it is a collection of industrial forces, resources, credits, methods and devices.

I once tried to go up against that great industrial organization with a small distributing system, and I got a course in economics out of it.

Under the disturbed conditions existing last year, I thought it might be good as an experiment for us to organize a little exchange system. Our factories were largely shut down. The plants were all there, the raw materials there, the administration was there -- all doing very little. We went to about fifty of these industrial establishments and we said, "While you are short of orders, why don't you make a little organization among yourselves, like the shoe factory, the food products factory, the hardware
producers; get an organization together here with a clearing house; and when you produce more than you need, try to dispose of it through the clearing house, and if there is something you want, instead of paying cash, pay with your own goods through the clearing house. You can be doing business among yourselves here. What if the rest of the country is broken down? You can make a local prosperity."

That was a perfect picture--on paper. It looked good to many of the business men; but when it came to carrying it through we found our troubles. I can illustrate these:

We wanted to exchange tires through this organization, and found there must not be any sale of tires except through regular dealers. We wanted to do business with a stove manufacturer, but his whole distribution was through the retail stores, and so he could not work with the exchange. So it was with nearly every product. It must be sold through established channels, through dealers, or in some other already settled manner. There were not many roads for business in any other way. The established channels in business determine which road you will take.

Suppose you want to build and operate a shoe factory in some part of this region, and in another town, furniture; in another, clothes, etc. You might think, "We have people here doing nothing, and they might as well be producing; they might as well be making their own goods, lifting themselves out of the economic depression. If we can make shoes, we can wear more shoes; we can make shoes for each other, and so with other goods which we go without now. We can have our own economy in our little world."

But suppose the shoe dealer starts to make shoes. The trouble is that he is not a part of the existing industrial and distributive organization; his shoes have to go to the jobber; but the jobber already has his arrangements with a big St. Louis manufacturer, so when you buy shoes at the local store in the community, you find they are from St. Louis and not from the nearby community.

Because of these deeply worn channels of trade, nearly all leading into and out of the big business and industrial centers, it seems necessary to set up a new economy if we are to deal with ourselves and for ourselves. When we talk of balancing agriculture and industry by making things which can be consumed in this country, when we talk about having the people consume what they produce, we ran into these difficulties. There are no roads going our way.

What is the answer to that situation? Does it mean that this region must always continue to be a vassal of the big centers? Is there any other answer?
No single answer will do. I do not think starting a local shoe factory, trying to serve the neighbors with shoes, will do if it is done alone. I do not think any furniture factory for local consumption is going to do a satisfactory business alone. Either the product will go into the channels of trade and when the furniture gets back here it will have 50% to 75% overhead added and it will be crowded out by the products of big industry, or else we shall have to create channels for ourselves. I think it is not impossible to create new channels.

I believe that to a certain limited degree this region might well set up its own local economy. It can produce its own goods and deal with itself. But if a region is going to build up a new economy by making things it needs at home, it will in a limited sense have to build up a whole economy and not a fragment of an economy. If I were going to build a whole economy, it would be somewhat in the following manner:

I would build a distributive system of some sort. I would have a central purchasing organization, a central sales organization, a distributing organization, and I think I'd have that organization have its own tokens of credit—a sort of local money.

If a local shoe manufacturer should sell shoes to an exchange, he would get exchange money, not United States money, at least for a part of his payment. The same would be true of the clothing manufacturer, and of all the others. If a man should go to buy shoes he could use this kind of local money in which the shoes were paid for. That money would not be good at a distance, so those who sell things for home consumption could be paid only by buying other things made for home consumption. In that way, home shoes would in some degree outlaw St. Louis shoes.

I would have everybody who was producing for home consumption as a part of this cooperative paid at least in part in the money of the exchange, so there would be a kind of money that would buy the things we made ourselves but not buy the things outsiders make. In that way we would be compelled to buy from each other. Not all business would be done in this way. National currency would also be necessary. I believe this compulsion to buy from each other may be necessary in order to break across the deeply worn channels of trade which all lead into and out of the great commercial centers. Such compulsion would be better than the present compulsion of sitting at home in idleness, buying nothing because we have nothing to sell, and selling nothing because people have no money to buy with.

As I think it over, I believe it is going to be almost necessary to have that element of local exchange, because otherwise, after your shoe manufacturer has made shoes and has turned them into the exchange, he will get money for them and will buy Grand Rapids furniture; and the furniture manufacturer, after
he has made furniture, unless he were paid in credits good only for home products, he would buy his shoes from the St. Louis trade and not the local shoes. Soon the local money would be gone, local goods would be unsold, local factories closed, and everyone idle and unable to buy. Therefore he must leave his land, home and setting and go to the city where the money is.

Now whether this thing can be done, I do not know. But if we are going to build up a local economy, if we are going to be somewhat independent of mass production, I believe we are going to have to go all the way and develop our own tokens of local and regional credit, as well as our own distributing center, our own purchasing center, and our own credit system that will make the exchange.

Whether that can happen or not, depends upon personality. Whether Kingsport would happen or not did not depend upon its locality, but it depended upon whether there was somebody like J. Fred Johnson who was a genius in accomplishing certain kinds of things to make it happen. There were probably hundreds of spots in the Tennessee Valley that were just as good as Kingsport, except they did not have a man of that kind.

The Necessity of Personal Commitment

If some personality should come along and say, "This looks like the place to organize a local economy, and it is going to be my life's work to organize it,"--if he would say, "There is another kind of life that could exist here, and I am going to be the creator of an organization of that kind," and get a number of people to work, it might be done, but it would be a life-time work for somebody. He should be dedicated to that, and should not know when he was discouraged. If such an organization could be developed with one or two people at the center making it develop, I think it is not at all impossible that such a degree of local economy might be created.

The great historical developments usually begin with one man (or a few men) with an idea, who break across the channels of the day and cause a new type of living to come. Take the Russian situation. It is a tremendous break from the ways of the world. Somebody had an idea--a few men worked at that idea, defined it, organized it and threshed it out.

The same is true in Italy. The same is true in a deformed way in Germany. In the history of the Jews is the shadow of a man who had an idea; a man who took a horde of slaves out of slavery and led them around for forty years and made a people out of a mob.

When things happen, they happen because somebody with spirit has a picture and lives by it and creates things.
The Balance

I have mentioned three ways in which Community and Industry can cooperate:

(1) As it is done in Kingsport, bringing in standard American industries, raising the level of labor to some extent, going ahead with mass production, using men who live on the farm and work in the city and so make a living—that is a good way.

(2) Another way is that of developing a pride of workmanship in highly individualized products located in small communities where character and individuality enter into fine products that America will buy because she is so tired of mass production. That is a good way.

(3) The third is that of reorganizing our economic life here so that in supplying our own needs we can raise ourselves above our present economic level by begetting a cooperative production in which we have our own business management units, our own production and sales units, and get the advantage of cooperative work, and also of freeing ourselves from those deep channels of trade that are drawing nearly all the money out of the small communities. That is a hard way, but it may be a very good one.

There are then three ways in which Community and Industry can work together. I think all three are worth following; it would probably be a mistake to follow any one alone. If we would do a perfect job, we must have those in good proportion, in proportions that are best for the community and for the nation.

If we can see our way rightly for the future of the Tennessee Valley, we would have some mass production for national consumption, some production of finer goods that the rest of the country is too busy to make; and I think to some extent we would make our own economy and would free ourselves from those deep worn channels of trade that drain our resources off into the great centers and leaves us poor at home. In the right balance of all these methods we can achieve stable prosperity insofar as that can rest on economies and on regional management.

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The Annual Report of the Tennessee Valley Authority, released Jan. 4, 1970, states: "Economic growth in the Tennessee Valley has been centered in small and medium-size towns, rather than converging in the larger cities like the national growth pattern. Over the past three years some 89 percent of the region's growth in manufacturing and 56 percent of its growth in trades and services employment occurred outside the region's five largest metropolitan areas—far above the comparable rates for the Southeast and the Nation. Opportunities in these smaller communities have been emphasized in recent years." Also the trend toward net-migration has been reversed: "the valley has a net in-migration of workers."
The Operation of a Community Exchange--
The Experience of the United Trade Dollar Exchange of Chicago

by Fritz Schleder

During the great depression American communities were so lacking in money, and hoarding of money was so general, that many cities and towns issued their own scrip to facilitate economic exchange. These local exchanges were often of real value, but they suffered from the same tendency to hoard money, among the poor as among the wealthy, that characterized the currency they were to replace. With the advent of NRA and governmental spending most exchanges were discontinued.

One exchange was in striking contrast to all others in America. Profiting by earlier experience, during the severe recession that resulted from the temporary discontinuance of governmental expenditures in 1937, a Chicago businessman organized a large number of businesses to employ an unhoardable scrip as a medium of exchange. This businessman, Mr. Fritz Schleder, planned the exchange scrip to be fully secured by United States currency held in a trust fund. Over a hundred and twenty thousand dollars worth of one-dollar certificates were sold; the proceeds of this sale, in United States currency, were held in a trust account.

This exchange currency was used for millions of dollars worth of transactions. Being unhoardable, this taxed currency circulated about three times as fast as United States currency, despite the great handicaps of having exchange members dispersed over a large city, and having among the exchange members no "primary producers," such as farmers or lumbermen. Because of these handicaps the exchange was forced to charge a fairly high membership fee to support a field man and a periodical by which to facilitate exchange transactions.

The Chicago Exchange was designed for a large dispersed group such as would be found over a state, region, or large city. A small community--as in the case of some European towns that employed such an exchange--would have a much simpler organization, one that would not require a special periodical or field man. Such an exchange gives the small community and region opportunity to redevelop its local economy. If the nation cannot buy sufficient goods from the local community to give it full employment and prosperity, this new type of exchange causes the community to develop full employment for its members in supplying its own needs.

The exchange dollar was backed with ninety cents of national currency. Members could buy exchange dollars for ninety cents. If they did not trade with their scrip, they suffered loss because the exchange dollar lost value if there was not added a one-cent exchange stamp every month. All exchange members were committed to
accept this scrip at par value from fellow businessmen and from consumers. If they had more exchange scrip than they could use they could convert back into United States currency at the ten percent discount. Thus businessmen and consumers were given incentive to buy from and to employ exchange members.

The exchange demonstrated a strong tendency to spread in time of a "buyers market" or of depression. Merchants are anxious to sell their goods for exchange certificates even if a small proportion of their scrip income must be redeeded in national currency at a discount. People who have exchange scrip desire to spend it quickly to avoid the loss resulting from its "depreciation" or depreciation. If one merchant rejects exchange scrip the consumer will take his patronage to the merchant who will accept it; thus it is in the interest of all to accept the scrip and to purchase goods and services with it as rapidly as possible.

In our opinion, it was the most modern and beneficial cooperative existing between merchants and consumers and has resulted in many lifelong friendships, understanding, and a sense of fair dealing among the users of Trade Dollars, businessmen and customers alike. It created one big family out of many factions, which otherwise would not understand each other. It was effected by the use of an unhoarded medium of exchange circulating at high speed among users, and showing with every exchange the necessity of cooperation for the common good.

The question is often raised, what will the community exchange do with the taxation of its scrip, over and above exchange operating expenses? Since the depreciation of the currency is a formal recognition of the depreciation of the goods which our national currency is ultimately based upon-houses, factories, and reserves of wealth-the surplus of income from the exchange rightly belongs to the community and should be spent for public purposes. All who accept exchange scrip are therefore voluntarily accepting a taxation for public benefit.

The United Trade Dollar Exchange was organized and incorporated under the laws of the State of Illinois September 1, 1937, and operated successfully until December 21, 1943, on which day the Exchange was voluntarily dissolved due to wartime conditions. The following is a brief outline of the organization of this exchange.

Capital: The stated capital of the Exchange at the time of incorporation was a total of $1000.00, consisting of 100 shares at $10.00 each. Each share represented one vote. The money received from the sale of these shares was kept in the general fund at all times, because the operation of the Exchange was on a pay-as-you-go basis. To start operating, only a fraction of this sum was required and was raised by the charter members before the incorporation. The issuing of stock was at that time more for the purpose of securing
votes and in general to secure the interest of the members, which helped in the establishment of the Exchange. A dividend has been paid on the shares every year.

Stockholders: The number of stockholders ultimately reached 37, among whom the 100 shares were distributed. The shares could only be transferred through the Exchange.

Directors: The Board of Directors consisted of seven stockholders.

Purpose: The purpose of the Exchange was twofold:

1. To stimulate and increase trade among members and associates by the use of a nonaccountable medium called Trade Dollars.

2. To educate members and friends toward a better understanding of our monetary and economic system.

Membership: The membership consisted of over 300 small and medium-sized business or professional men; the total users of Trade Dollars, however, ran between seven and eight hundred. Members paid one Trade Dollar initiation fee and one Trade Dollar per month. These members were entitled to free listing in the official paper and directory of the Exchange, and they also had the privilege of liquidating Trade Dollars in excess of their need. Participating members paid one Trade Dollar each three months. They were consumers, not in business, or did not care to be listed in the directory.

Directory: The official paper or directory was published every two weeks and contained the listing of the members, also editorials and other items which were of interest to the members. All Exchange announcements, numerous ads from the members, and the like made up the eight-page paper. Full-paying members were entitled to listing under three separate titles. For example: An appliance store could be listed under radios, washing machines, and refrigerators. The paper was distributed free and served as a guide for others to see where Trade Dollars were especially wanted and welcome, judging by the ads, or the listing.

Expenses: The general expenses for printing, stationery, salaries, commissions, rent, taxes, etc., were raised through membership fees, profits on numerous entertainments, parties, picnics, etc.

Fieldmen: In order to give service to members and keep in constant contact with all members, so-called fieldmen were required to visit every member at least once every two weeks. They worked on a commission basis, paid out of ads, fees, and securing new members.

THE YELLOW SPRINGS EXCHANGE

agrees to supply the bearer on demand, in return for this certificate, goods or services on hand at its headquarters at Yellow Springs, Ohio or at any branch Exchange.

This Exchange Directly Entitles

THE Holder to the Goods, Services or Money Indicated.

The holder shall present this certificate to the Exchange in exchange for the goods or services described herein.

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The holder shall present this certificate to the Exchange in exchange for the goods or services described herein.

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BEEF STEAK BILL'S COLUMN

Happy New Year Ed!

Well, everything is as good as new among the Trade Dollar matters. I am happy to report that many of the good people have enjoyed some very nice holidays and will be ready to see the Trade Dollar members and their friends at their next gathering.

I had a pleasant talk with J. E. Doane, well known for his work at the Trade Dollar Club, who was visiting us last week. He is now operating a restaurant in Orono, Maine, and expects that his business will be good. He says that the Trade Dollar Club members are really enjoying the new arrangement and that they are happy to have such a progressive group promoting new businesses.

John Anderson reports that the Christmas dinner was a success and that the members of the Club enjoyed a fine time.

We hope that John will be on deck with his guests next year and that he will be able to send the Trade Dollar business to new heights.

E. A. Christiansen, owner of the White Street Hotel, reports that the Trade Dollar business has been quite successful and that he is looking forward to further improvement during the coming year.

The Trade Dollar Club has been well merited as it is always willing to help the Trade Dollar and put them in circulation when they are needed.

...I'd like to mention one thing that happened at the last meeting of the Club. A lady was present who had been a member of the Club for a number of years. She had never missed a meeting and was looking forward to the next one. She thanked the Club for its help and support over the years.

HARE-BRAINED HENRY BIRDCAPE

GREETING'S from the salaries and wages division of the United Trade Exchange for a happy new year.

Our club, which has been in operation for about two years, has recently opened a new office in the city center. The new office is larger and more comfortable than our old one. We are very pleased with the new place and are looking forward to a successful year.

The Board of Directors is constantly reviewing and working to improve and coordinate the working methods of the club. They are making arrangements for the coming year and are confident that the results will be successful.

The last meeting of the club was held last week and the members enjoyed a fine dinner. They discussed various topics and the future of the club.

The club is looking forward to a successful year and is planning various events for the future.

FRITZ SCHMIEDER ENTERTAINS BOARD

Last Monday, January 6th, the Board of Directors of the United Trade Exchange were the guests of Dr. E. J. Fritz Schmiede.

Mr. Schmiede, has been the club's secretary for the past few years, and has always been willing to help with any problems that may arise. His work is greatly appreciated by all members.

During the meeting, various topics were discussed, including the future of the club and the possibilities for expansion.

The meeting was held in a very comfortable and pleasant setting, and all members present were very pleased with the results.

THE STOLEN CAR

On December Ninth, nineteen forty, Gerhardt Kraus was feeling sorry.

He had lost his new car to the police and he was very sad.

He went to the police station to report the theft and he was told that they would do what they could.

He went home and sat by the stove. He felt very sorry for himself.

He went to the police station the next day and he was told that they had found the car.

He got the car back and he was very happy.

He said, "I am very sorry about the car and I am very grateful for the police."
The following merchants and professional men accept and use United Trade Dollars. Any merchant or professional desiring to become a member of the United Trade Dollar Exchange, Inc., should see one of those listed below.

ATHLETIC CLUBS
Hazards Social Athletic Club 118 W. North Ave.
--- Glee Athletic Club 2247 W. Cortland St.

Auto Parts & Accessories
Coca Cola Service Co. 515 Madison St. Oak Park. Att. 1158

ARTIFICIAL FLOWERS
Burlington Flower & Gift Shop 3617 Fuller Ave. Spc. 1127

AUTO REPAIR
Grose Motor Company 111 N. 87th St. Van Buren 2722

AUSTRIAN SHOES
Colonel Auto Service Co. 5225 W. Irving Pl. Pye 9173
Major Lawrence Service Station 5170 W. Irving Pl. Pye 1731
Rick Herman 3052 N. California Ave. Alby 1700
Jes Roquebecker

AUTOMOBILE Service
5602 W. Chicago Ave. Spc. 1458

AUTO SALES
Oak Leaf Motors 218 Harding Av., Oak Park. Att. 9448
Dodge & Plymouth Dealers

AWNING
West Side Awning Co. 6441 W. Division Ave. Att. 6101

BAKERY
Marxen's Bakery 1137 W. Division St. Col. 3191
Schroeder Discount Bakery 720 N. Clinton Ave. Main 0050

BARRIE
Joe's Barber Shop 1736 N. Kedzie Av.
Joliet Barbers 6326 Kedzie Ave. Main 5877

BARBER SHOPS
De Rosa Bros. Barber Shop 4546 W. Madison St. Kedzie 5967
Kraus Barber Shop 5223 W. Division St. Alby 0203

BASS FISHING
Emil J. Walter, Barber 1226 Fuller Ave. Alby 0529

BATHS
Henry Spa 3821 Lincoln Ave.

BEAUTY SALON
Cerutino Auto Service Co. 2248 W. Irving Park Rd.

BEVERAGES
Beverages Brooks Bros. 4537 W. Madison St. Atch 7260

BIRD SHOP
Armstrong Floral & Bird Shop 2183 W. North Ave.

BUILDING REPAIRS
Paris Robertson 2444 Southport Ave. Loc. 4691

CARPET
H. L. Tripp, Carpenter 600 Illinois Ave.

CARPET
H. L. Tripp, Carpenter 600 Illinois Ave.

CHURCH ORGAN
H. L. Tripp, Carpenter 600 Illinois Ave.

COAL
Jamboski Bros. 2302 N. Kings Ave. Att. 2990
CONTRACTOR
Merchant's & Motor & Others 1520 N. South Ave.

DANCING SALOONS
Major Contractors of Maine 3606 Milwaukee Ave. Att. 2600

DENTAL HOSPITAL
Dr. Robert Burns 1081 N. California Ave. Ann. 3650
Dr. Warren W. Java 855 N. California Ave. Att. 1764
Dr. J. H. Jeffrey 3003 S. Division Ave. Ext. 1111
Dr. C. S. Sorensen 4114 Fuller Ave. Spc. 2600

DRUG STORE
Allied Drug Store 1900 N. California Ave. Hom. 0027

ARNOLD PHARMACY
Bick Pharmacy 6258 S. Eola Ave. Berk 4260
Seavey Pharmacy (John Oke) 2800 N. Kedzie Ave. Main 4618
Thom & Konzynski, Drugs 3003 N. Kedzie Ave. Ext. 3561

Witte's Pharmacy 3941 S. Michigan Ave. Att. 1094

DOUGHNUTS
Engle's Donut Shop 3635 W. Greenfield Ave.

DREAM CAN COMPANY
Walter Kuzma 7160 S. Michigan Ave.

ELECTRICAL CONTRACTORS
M. K. Sign Service 1741 N. Damen Ave. Berk. 1512

ELECTRICAL HOUSEHOLD APPLIANCES
Fischer Furniture Co. 920 N. Damen Ave. Gro. 2224

FLOOR STONE FOR LOCK AND HARDWARE
Wm. Fug于 3140 North Ave. Spc. 1591

FLORISTS
Armstrong Floral and Gift Shop 2128 W. Rockwell St. Gro. 2150
Walter Kratalis 2140 N. Milwaukee Ave. Att. 5700
Peter Lutes 2006 W. North Ave. Att. 1211

FOOD SHOP
Ideal Food Shop 3200 N. Kedzie Ave. Att. 9269
Ruth's Food Shop 2028 N. Mayfair Ave. Att. 2424

FURNITURE
Golden Furniture Company 5030 N. Lincoln Ave. Gro. 2299
National Furniture Co. 5030 N. Lincoln Ave. Gro. 2299

FURNITURE
John's Cabinet 808 N. Clinton Ave. Atch 7260

CARPET OR RUGS
Hoover W. 1006 W. North Ave.

CONSTRUCTION
Mahanay Automobile Co. 3606 W. Chicago Ave.

COURT SHOES
Emil J. Walter, Barber 1226 Fuller Ave. Alby 0529

CUTLERY
Emil J. Walter, Barber 1226 Fuller Ave. Alby 0529

DAYScheda Bourn 7160 S. Michigan Ave.

BEAUTY SALONS
Furmaneaut Shop 4537 N. Damen Ave. Hom. 1214

BRASS BROS.
5275 W. Madison St. Atch 7260

BEER, WINE & LIQUOR
"Ed's" Service Station 7228 Belmont Ave. Main 8704
Johnny's Corner Service Station 9151 S. Halsted St. Atch 7126
Joe's Battery & Tire Service 9151 S. Halsted St. Atch 7126

FISH FARM
Paris Robertson 2444 Southport Ave. Loc. 4691

CARPET
H. L. Tripp, Carpenter 600 Illinois Ave.

REPAIRS
Three Keys Service 9151 S. Halsted St. Atch 7126

DENTAL
Major Lawrence Service Station 1320 Lawrence Ave. Att. 7260

LAUNDRIES
Schram's Laundry 4929 W. Division St. Mass. 2395

GLASS AND MIRRORS
Ada Glass Co. 5600 Irving Park Rd. Att. 5553

GIFTS
Burlington Flower & Gift Shop 3617 Fuller Ave. Spc. 1127

MUSICAL INSTRUMENTS
Gus Fugenzo 3145 N. Mayfair Ave. Spc. 1201

MUSIC SCHOOL
Master Continental Music 4603 Milwaukee Ave. Ph. 4626

NOVELTIES
St. Elmo Stamp & Novelty Shop 43116 Lincoln Ave. Race 2137

OPTOMETRISTS
Dr. H. R. Merritt 3006 Division St. Hom. 3363
Dr. Eric A. Turew 2006 Fuller Ave. Att. 2521

OUR PIANO
Master Continental Music 4603 Milwaukee Ave. Ph. 4626
Three Brothers Orchestra 3600 N. Milwaukee Ave. Bel. 4175

PAINT
R. A. Bergman 4600 N. Northwest Ave. Ph. 9407
Cragle Hardware & Paint 2148 W. Grand Ave. Att. 9410

WINTER PAINT
6700 Fuller Ave.

PLANTERS
R. A. Bergman 4600 N. Northwest Ave. Ph. 9407
Cragle Hardware & Paint 2148 W. Grand Ave. Att. 9410

PICTURE FRAMES
Daniel Kromple 2454 W. Lincoln Ave. Alby 2586

PHOTO SERVICE
Mount Prospect 1722 W. Grand Ave.

PHOTOGRAPHERS & STUDIO
D. H. Lindgren 4603 N. California Ave. Ph. 4983
Dr. Fred A. Paradis 1544 S. Puyuhuapi St. Ph. 3163

POULTRY
Joseph Pietrzyk 3318 W. North Ave.

PUBLISHERS
Creative Printing & Publishing 3611 W. North Ave. Alby 9407
Kannenberg Printing House 4515 N. Lincoln Ave.

PRINTING CO.
500 - Montague St.

PLASTERER
Charles Kahl 5121 N. Lincon Ave.

PUBLISHERS
Creative Printing & Publishing 3611 N. Lincoln Ave.

RADIO SERVICE
Monarch Radio Service 3511 W. North Ave. Alby 1-12

RADIO
Ogles Motor Company 1121 N. Crawford

RUBBER STAMP
Sunday's Rubber Stamps and Office Supplies
6001 W. Grand Ave. Atch 7260

RUG CLEANING & DYEING
Mayfair Cleaners 3910 W. Chicago Ave. 6314

HOME WASHING WORKS
1050 Milwaukee Ave. Hom. 1216

NOTICE! Anyone wishing information or desiring to join the United Trade Dollar organization, please get in touch with R. A. Ching, 3508 W. North Ave. Capital 4240
United Trade Dollar Users, cont'd.

COLORFUL WOOL

New Granular Yeast Raises Bread Dough in Two Hours

These pictures illustrate the changes that should take place during the first raising of bread dough. At this stage, the dough is just beginning to rise. But it should now be covered and set in a cool, dry place, preferably between two and three feet above the floor. If the house is below the temperature of the dough, it should be placed in a heated kitchen or carried into a warm room at this time.

Right. Two hours later the dough looks like this. A deep red is being brought to the edges of the dough. The dough is fully risen and should now be baked.
For a hurry-to-breakfast aroma try crusty Oatmeal Muffins

Easily made this
Aunt-in-law may
be willing to give you different
recipes to use for your breakfast menu for odd openings. Then you can have three crusty,
fluffy Oatmeal Muffins for breakfast. The full,
flavored goodness and flavor. And your tantalizing recipe is custom
made, just right for you. You are trying toward the breakfast table.

You won’t find them preparing these Oatmeal Muffins, nor will you
expect your Aunt-in-law to cut the muffins the night before.
Even now, in a moment’s time, I have only a tip to cut the
triple-layered Special with this. For this it is a lighter,
unurpose shortening is in so well it is the original doughnut
mold. But the doughnut mold is still a dandy.
Cutting, you can see how much better the recipe
smells. Your Aunt-in-law and Cider have
made for you. Oatmeal Muffins are usually
making treats.

Friends, old friends!

QUALITY FOODS — PRICED RIGHT!

IDEAL FOOD SHOP

2506 W. NORTH AVE.

PHONE CAPITOL 148

WE SPECIALIZE IN

HOME COOKED

DELICACIES

TRADE DOLLARS ACCEPTED

Fruitland Grocery

Tom Caldwell’s Prop

We feature G. A. Grosvenor

Vegetables

6105 ADDISON STREET

PENNSACOLA 4350

United Trade Dollars Accepted

DREFFEIN BROS.

Grocery & Meat Market

Quality Merchandise at

Reasonable Prices

We Welcome Trade Dollars

323 E. Central Ave. Men’s 2301

SPALDING 5454

Frank A. Winger

3615 Fullerton Ave.

Children’s Wear

Ladies’ Wear

Men’s Wear

Household Goods

Curtains Blanks

Small Rugs

United Trade Dollars Accepted

PHONES:

COLUMBUS 5448

Estebrook 0500

Fred W. Hartman

INSURANCE

IN ALL ITS BRANCHES

5134 W. Chicago Ave.

TRADE DOLLARS ALWAYS WELCOME

Optical Illusion

Optical illusion is a valuable
device when applied to house paint-
ing as a means of correcting bad
proportions. Painters and decorators,
for example know that if the house
seems too high for its length, a
dark roof color makes the house
appear to be shorter. When the house has shutters, it

is sometimes desirable to paint the shutters the same
color as the roof. This is used to bring the roof line visually
lower, as the eye will travel to the bottom of the dark shutters.
The remaining shutters should be painted a color of the body of
the house, unless personal taste
determines otherwise.

This is just one of the many
methods by which color may re-

align bad proportions.

Pedestrian Hints

Feet—Physical Condition

Modern urban traffic imposes the
need for high physical fitness upon
the pedestrian. He must move like
a man at the wheel. Speed and volume
has increased to a degree that
requires at least the ordinary good
operating skills of most of the human
species and a normal muscle con-
condition and reflex action. These
statements are the result of data
compiled by the Chicago Human
Clubs from thousands of surveys,
observations and tests. Their need
is to be more aware of motor vehicle
accidents reports kept by those cities that
consider detailed report of ma-
terials of this sort important to
future regulations.

One constant threat is in
effect of alcohol. Speed with
which the modern vehicle moves
more than in the regulations
set by law, carries it toward
pedestrian at a rate that makes
the reduced range of vision one
of the worst safety hazards. It is
actually possible that the persons
are waking the streets whose eye-
light is so bad that they are
not visible to see a car until it is
doing to such a distance that
the driver is virtually unable
to stop. At 28 miles per hour it
may be 150 feet at least to stop a

Actual figures are not available,
but it is known by those who have
time to time taken spot tests
that the average pedestrian and

ARNOLD’S BRONCHIAL ELIXIR

FOR BRONCHITIS. CHRONIC COUGH AND ASTHMA

ARNOLD PHARMACY

2856 DIVERSEY AVENUE • Phone ALBANY 1932

TRADE DOLLARS WELCOME

"BUY WITH CONFIDENCE

GUNDERSON’S MARKET

5545 N. NORTH AVENUE • 18 YEARS AT THE SAME LOCATION

Phone MERRIMAC 9054

Trade Dollars Welcome

BRUHNKE BROS.

5437-39 W. Division Street

SILVER PIGEON BRENDEN

Distributors of Bottled and Draught Beers

— Trade Dollars Accepted

Aurora 2782

Telephones: Columbus 9118
Meetings: Meetings for the regular membership were held every two weeks. In these meetings guest speakers gave lectures on various subjects.

Trade Dollars and Operation: It was mandatory for all retail members to accept Trade Dollars in trade at full value and on a 100% basis. Wholesalers were allowed to accept them at a percentage basis; on a one hundred dollar purchase the percentage could be fifty dollars currency and fifty Trade Dollars. In purchases in a retail store the transaction was all Trade Dollars, according to the rules. Trade Dollars were sold to all users for 90% each, thus giving the user an added 10% in purchasing power to compensate him for any inconvenience for trading with member stores. Members receiving Trade Dollars in such large amounts that they were forced to liquidate some, received 90% for each; thus they were penalized 10% in order to discourage liquidation as much as possible. However, experience shows that it was still profitable for all concerned, because part of the Trade Dollars they used for their needs and part for their business with firms accepting Trade Dollars. That reduced the penalty to two or three cents on the dollar.

The question comes up soon, how about the small change, less than a dollar? That is a minor thing, as experience will soon prove. It is a part for a storekeeper to just not bother with it, rather just give the change in coin as always, even if the sale is a small one, and even if the customer has bought the trade dollar for 90% and therefore is a little ahead.

Trustfund: All monies received from the sale of Trade Dollars were kept in a trustfund for the sole purpose of redemption or liquidation.

General fund: All other income received was kept in the general fund, out of which all expenses were paid. This fund was the stockholders' fund.

Circulation: From 1937 to 1943 a total of 120,000 Trade Dollars were sold and put into circulation. After the Exchange was in full swing, the monthly turnover was 3000-4000.

Safety: To insure against counterfeits, the following measures were taken: On each certificate two signatures, serial number, date of issue, corporate seal. The fact that only certificates in one-dollar denominations were issued, served as a fairly good safety measure. In addition, for the first three years a complete record was kept of all individual certificates, checking the serial number whenever the certificate came back for liquidation. That method also gave the Exchange an idea of how many of them got lost and never came back. That rate was three out of each 1000 that were issued.

Dissolution: Due to wartime conditions, resulting in a shortage of goods in our most important member stores like gasoline stations, grocery stores, and meat markets, it became increasingly difficult.
to circulate Trade Dollars, and the Exchange was therefore dissolved December 29, 1943, and all outstanding certificates, stock shares, and all other obligations were paid and redeemed.

**Sample:** While the Exchange was in operation, certificates were used which required stamps in the spaces provided for them. If and when a new Exchange should be operated, new certificates with three series not requiring the use of stamps may be used. They save a lot of work and should be much more acceptable to the public.

**Use of Trade Dollars:** As long as there is not a complete cycle of circulation, it is important that trade dollars are put back into circulation by all means; once that cycle is complete it would be the most perfect example and proof that: Idle money means idle men and circulation means business.

**Some Details of Exchange Operation**

by Griscow Morgan

There are a number of technical details relating to a community exchange that should be on record in conjunction with the more general account given elsewhere in this pamphlet. The more complex history and technical details of how exchanges have operated is not necessary here, for intelligence can reproduce them or diligence can find them. But the problem of the legality of such an exchange is a basic one to people considering the establishment of an exchange.

For some reason there is in federal law a provision in Title 18, USC, Section 336 a legal provision that prohibits the issue or payment of "any note, check, memorandum or other obligation for a less sum than ".1. intended to circulate as money or used in lieu of lawful money of the United States."

This provision is no obstacle to an exchange currency. The minimum exchange token can have a face value at the time of its issue of ".1.04, ".1.05, ".1.08, or whatever amount of depreciation is planned to take place in the value of the certificate during the year, with the year-end value of ".1.00. At the end of the year the certificate would have to be replaced with a new certificate with the higher value. In practice it has been found that the problem of determining the demurrage of the currency at any time during the year in pricing and selling goods can be handled in a number of ways, and tends to take care of itself as people use the currency. It can be established on the currency as stated values by the two month period, the third or the quarter year, or left on a yearly basis, which is the way it worked in Medieval Europe.
A community nearly devoid of United States currency can use other than that currency as security for an exchange currency—it is not necessary to have a full security in national currency, though it may be a decided advantage. Commodity security can serve an exchange just as it serves the Federal Reserve banks, if there is the contractual understanding that in case liquidation of some or all of the currency becomes necessary holders of the currency would have to accept commodity assets at their appraised value in exchange for their currency. To dispense with a security reserve of assets as backing for a community currency has been found unwise, for without such security runaway inflation could result from loss of confidence, and if an exchange currency had to be discontinued as happened in Germany, holders of the exchange currency would have to take a loss.

An exchange currency can work in time of rapid inflation by having the unit of value pegged to the cost of living rather than to the inflating national currency. The rate of demurrage on the exchange currency should exceed the rate of inflation. This gives security to obligations, incomes and prices while making for an adequate market and full employment.

The Self-Help "Economic Ring"

by Karl Walker

(Thirty-five years ago an "economic ring" cooperative was established in Switzerland after the example furnished by Scandinavian countries, by which the exchange of goods and services among middleclass businesses and artisans was organized according to definite principles. The enterprise is today well founded and works to the complete satisfaction of its members. An article by Karl Walker published twenty years ago describes the function of the ring which is still applicable today.)

The Economic Ring of the city of Basel has made it possible to transact business for its 1100 members in 1949 with about two million francs by means of check account transactions in addition to two more millions of francs against cash.

Today's economic conditions of the western world are marked by sales difficulties causing curtailment of production and employment. It is imperative to breathe life into our markets, to promote enterprise, sale and employment in the community. The problem is fundamentally the problem of the exchange of products and labor. The enterprise "Economic Ring" has the purpose of giving to its members sales, orders, and income on the basis of a mutual exchange of products and services. The "Economic Ring" is a
free self-help cooperative requiring no political legislation because no compulsion and regulation and no change of existing laws and legal conditions is necessary.

Since difficulties of distribution exist also in Western Germany, an enterprise has been established at Stuttgart, seventy miles north of Basel, which will make use of this method of distribution of goods. The firm has been founded under the name "Ring Economy, Ltd.," with a founding capital of DM30,000. To show the interest which the business world is displaying in a systematic promotion of sales as proposed here, of 160 firms which have been approached 127 immediately promised their cooperation, among them such eminent firms and personalities as: MAHLÉ, Light Metal Works, Cannstadt; Dr. Peter V. Siemens, Siemens-Reiniger Works, Erlangen; R. Wittenmann, Metallhose Factory, etc.

Every businessman can make use of the promotion of business turnover by means of the Economic Ring. Necessary for this purpose is: (1) To open up an account at the bank of the Economic Ring by payment of national currency; (2) To subscribe to the Information Organ of the Economic Ring with the list of businesses; (3) To make use of this balance by transferring it to others through buying within the Economic Ring.

The Ring gives to every new cash payment of national currency an additional credit of 5% as a compensation for adding to its working capital. Purchasing power once directed into the Ring remains therein, augmenting the working capital of the community and creating by its circulation sales and employment for all members.

The cash money capital forming the credits is invested as an untouchable liquidity-reserve. The Ring also provides for letting the entire accounting be done by a banking institution.

For the keeping of the account and to stimulate its use the Ring levies from its members a compensation of 1 mill of the daily credit balance. With this regulation the Ring gains if a member leaves a large amount untouched for a longer period. But if the member uses every payment entered on his account again in a purchase of goods and services from other members, he saves expenses and increases the turnover for others and for himself. This stimulant to exchange creates employment by making maximum use of its working capital.

From the national economic viewpoint, the working method of the Ring leads to an unfolded demand for products and services which is increased with every additional cash deposit on account. There is no possibility of the cash disappearing, for it remains in trust, yet because of the simple businesslike means of supporting the Ring, it remains in circulation.
Life Insurance and the Community Economy

by Griscom Morgan

Capital investment has a critically important influence over economic development. Sixty-five per cent of the nation's invested wealth is directly or indirectly controlled by life insurance companies; their direct assets in 1969 totalled 113.6 billion dollars, according to the Life Insurance Fact Book. Through this control of investment there follows a powerful influence over where people can make a living and hence where they will live. Four case studies of life insurance companies illustrate this.

A valuable pamphlet on community development by Harold Sherman, entitled Picture What You Want, was published by the Southern Equitable Life Insurance Company, of Little Rock, Arkansas. Included in the pamphlet is a description of the origin of the company:

"Why Southern Equitable Life Insurance Company is Interested in Public Service

In 1955, when it became known that over $58,000,000 is flowing from the state each year in premium income to out of state firms--and only $5,000,000 staying at home with companies previously organized within the state of Arkansas--it was decided to organize the Southern Equitable Life Insurance Company.

This company was formed through the banding together of over 500 leading Arkansas citizens in order that Arkansas money might be kept at home to build Arkansas--to create more jobs and more prosperity for every citizen and every community. Arkansas law requires that each insurance company which has its home office in Arkansas shall pay taxes in Arkansas. This means that as Southern Equitable profits, the state directly benefits.

...Southern Equitable's program of public service--our investment in the people, resources, business and industry of Arkansas--has produced a phenomenal response."

Thus a state-wide insurance company was organized and operated as one means to deal directly with the crucial problem of the community's need for money, capital investment, and working capital. This company concerned itself with the development of communities large and small, employing two men as community workers available to all communities in the state.
In contrast to the Arkansas example, the Ohio Farm Bureau initiated an insurance company that also aimed to bring capital to the service of the people. To a significant extent the capital investment of this company, now named Nationwide, has been channelled into investment in and near large cities. Its Lincoln Village, adjacent to Columbus, Ohio, is a mammoth real estate development that houses a huge industrial complex and a large suburban housing development. Recently Nationwide announced:

"Nationwide Life Insurance Company will invest another $2.4 million as part of the life insurance industry's Urban Problems program to provide a second $1 billion for housing, job-creating enterprises, and community services in the nation's inner-city areas. . . . Nationwide invested $2.2 million in inner-city projects during the past year as part of the life insurance industry's first $1 billion program. . . . Some 227 cities in 42 states. . . . were beneficiaries of the program. More than 75% of the funds went into 64,000 new housing units."

Thus Nationwide within its state is accentuating the very problem of population congestion of which it asserts it is trying to alleviate the effects. Many rural areas of the state of Ohio are in severe poverty, their people moving to the cities or suffering as Appalachia suffers from near starvation and lack of economic opportunity.

A third example of the influence of life insurance investment on community life is that of the companies located in Hartford, Connecticut. The late Clarence Jordan reported that there are more Negroes born in the county of which Americus, Georgia, is county seat now living in Hartford, Connecticut, than live in their native county. The land on which these people had been making a living by agriculture belongs to others, among them insurance companies, and the Negroes have insufficient capital to obtain land and agricultural machinery to continue living there. The cities to which they can move are those in which insurance premiums are concentrated. The cost of maintaining these people on relief in Hartford is greater than would be the cost of setting them up with the opportunity to continue making a living in their native county. It is poetic justice that not only do people go where the money goes, but that being displaced persons they engender social problems in the cities to which the insurance premiums have taken the investment capital.

During the depression of the thirties William Bailey from his position as president of Clarksville, Tennessee's First National Bank was working to develop the economic wellbeing of his county. This county needed more capital than was available from the bank's depositors to supply loans to local enterprise. The bank's program of advancing the fortunes of its county required
financing of promising farmers and entrepreneurs. So Mr. Bailey turned to insurance companies and found one that would give good terms for the county. Out of the bank's "Four Pillars of Prosperity" program of fostering the local economy and production came the remarkable improvement in the county's wellbeing rising from among the poorest ten per cent of the counties of Tennessee to among the top ten per cent—without primary dependence on such government programs as the Tennessee Valley Authority.

Access to good credit or money capital is not alone an adequate answer to the capital problem. For example, in one community the credit union found that its loans are going disproportionately to enable people of low income to buy color televisions, large new automobiles and expensive furniture. One cannot dictate to people what they will buy with their income, except through the media of commercial advertising. But good allocation of capital investment can make the difference between a community squandering its wealth and going on relief or investing on the foundation of a sound economy, as was done by the First National Bank of Clarksville, Tennessee.