

IN TOOLS WE TRUST:

Implementing a local currency in Oranssi participatory housing system

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:: Introduction

This paper is both a study of a housing activist group; *Oranssi* (fi: orange) based in Helsinki, an exceptional example of participatory planning and housing applications, but also hopes to act as a contribution to Oranssi's work in the shape of a method for implementation of a local currency into their organization.

The context of this paper is the 2004 Helsinki Summer School and the course of '*Urban Intellectuals; Scholarly Interventions in the Cities*', where we found the inspiration for the *intervention* part of the subtitle. In an act of defying the traditional passivity of academic studies we wanted to take courage in the same way as the *Oranssi* group once did and propose a method of scholarly intervention, based on the three steps of *Intercept – Interact – Intervene*.

Intercept – the identification of the field of study and action. Getting an overview of the landscape of theory and practice and revealing the pacifying operating system of traditional writings under a new light. In this case, it is to identify and explore Oranssi as our partner in the intervention.

Interact – opening a space for practice, orientating the surroundings, mapping and interviewing, finding the points of common interest and possible contribution. Here we interviewed with the founders of the movement, tenants and also

independent scholars and made field studies of Oranssi houses and analyzed the structure of organization as well.

Intervene – contributing physically to the practice of everyday life, trying to implement ideas and break the passivity of institutionalized knowledge production. Get into action with *fresh eyes and dirty hands*. In this case we are proposing the design of a complementary currency for Oranssi and designed the first bill, ready to get started.



:: Intercept/ background

Active participation projects in housing and planning are usually seen as Third World countries' issues within the framework of poverty studies. In developed countries, participation is generally limited with contribution in the ideas level to the planning and the design process and also financial issues in some cases. Taking civic participation into consideration is seen as a success of the plan which is increasing the quality and level of democracy within the process. Examples of participation in means of labor are generally seen as a developing countries' solution in which the governments

cannot give technical support or provide housing directly. With technical assistance from the professionals tenants build their own houses themselves. The nearest example to that in developed countries can be co-housing development and/or participatory communities where you share the space and decisions about using the space and sometimes the income and the costs as well. The concept of collective consumption in Castells' discourse and of the ways people create meaning in their lives through collective action is a source of social dynamics.¹ Within this frame self organized communities can be seen as an opponent dynamic force towards traditional housing communities that raise the life quality, living conditions in social and physical meanings and also user satisfaction.



Oranssi tenants renovating during renovation

Some examples of these participatory communities use local currencies both to strengthen the local economy and to give opportunity to the people (elderly, single parents, students, etc.) who usually cannot access the profits of the existing economic system. Local currencies come to the scene of economy against the 'national or imperial currencies which give faulty or destructive feedback

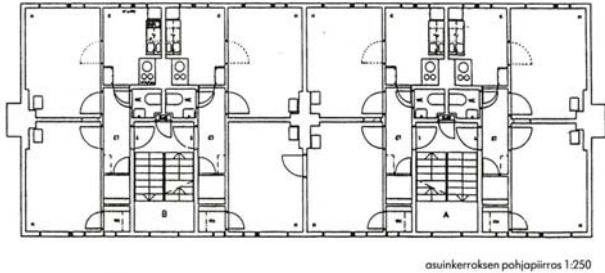
to city economies' as Jane Jacobs describes.² Local currency systems operate within the principle of keeping money and economic exchange circulating locally within their network, usually on mutual agreement, generating continued transactions that support local livelihoods. Time spent for any kind of work (painting a door, fixing a window, etc.), food, and locally produced goods, anything can be subject for an exchange. Successfully operating local currency systems in modern times started in Germany during the post WW I depression but also in more stable economies like in Switzerland where Wirtschaftsring - WIR has been working since 1934.

Oranssi background

Oranssi as an activist group, established by young people who are in need of low rent houses, started in 1990 by squatting the empty houses belonging the City of Helsinki which the government was keeping empty for future development. They had tense times with the police who were getting them out by force after 2-3 days of squatting the places. They acted passive and didn't use force against police. After those confrontations the group changed to a more constructive attitude and established a firm – Housing Company (owned by the Oranssi association)-, in 1992 to have a stronger voice when negotiating with the City of Helsinki and also to be able to take loan from the banks to renovate the old wooden houses for living. In the summer of 1992, Oranssi took over an old taxi drivers' garage, which was turned into a youth house by young volunteers. After long negotiations, the city of Helsinki rented to the Oranssi association two old wooden houses in the Kumpula area, which were going to be demolished. Oranssi members began to work on Intiankatu houses' renovation themselves with some financial support from the Finnish Slot Machine Association and a bank loan which they get over the firm. The first renovation took 6 months starting from April 1992 but they ran out of money to complete the minor construction like fixing the water pipes. The habitants accepted to begin to pay the rent before the renovation was completed so that Oranssi could continue the work with the money coming from the rent.

¹ Castells, M., (1983) *The City and the Grassroots: A Cross-cultural Theory of Urban Social Movements*. Berkeley: University of California Press. Page 86

² Jacobs, J., (1986), *Cities and the Wealth of Nations*, Penguin Publications. Page 132.



Plan of first house at Kumpula.

After this first successful attempt the following negotiations went easier with the city government. The independent renovation projects have slowly improved during the 1990s and new projects have been taken on. Today they have 75 apartments and 120 tenants living in those apartments. Some of the houses are under protection and the construction works are going with the consultancy of the City Museum.

Oranssi firm still continues to renovate houses which the City of Helsinki is offering them for renovation. They usually get the houses that City of Helsinki offers them but in some cases they asked for specific houses. Some of the houses are rented from the City of Helsinki and some of them are directly bought, depending on the current situation of the house. But the general tendency of the City of Helsinki is to sell the houses completely to Oranssi. Therefore the City of Helsinki facilitates the process as much as they can.

Since 2003 Oranssi is based in a former kindergarten building in Herttoniemi since 2003 and has a theater, a café and common use spaces and serving as a youth house that hosts concerts and performances. There is no age limitation for entering the centre therefore they don't serve alcohol. They also host activist groups within the Helsinki region, in different cases, for concerts, activities, self defence courses, cooking and selling food etc.

:: Interact / Orientation

As an active approach for our intervention we made some interviews with energetic key elements of Helsinki activist groups and independent scholars. Information on Oranssi is based on the interviews

with applied housing hacker Vesa Peipinen and underground chameleon Sampo Villanen together with the English translation of the Oranssi booklet published in 1999.

Oranssi structure

For its housing projects, Oranssi chooses old wooden houses in poor condition which suit with their objectives of preserving cityscapes and promoting communal living. Communal living and tenants' participation in forming their own living environment is what distinguishes this active approach to housing apart from the more traditional approach. Oranssi aims to establish a communal and environmentally friendly model within a minimum cost, for renovation of the houses and provides an alternative supply for low rent housing. Tenants decide about their environment via a board of tenants from maintenance to the new applicants for new Oranssi houses. Oranssi firm has three full time employees; a project supervisor, a foreman and an architect. Foreman and the architect are also acting as housing technicians. Oranssi sometimes hires part time workers for complicated techniques and systems and uses the renovation processes as workshops for inhabitants to learn about renovation and reconstruction techniques.



Common tool equipment in basement workshops

Whenever there is a new Oranssi house the firm announces via web and Oranssi youth centre in Herttaniemi and collects the applications. They have two main priorities in selections; being between 15 and 25 years of age and of urgent need of housing. After a basic selection based on these criterion, Oranssi sends the applications to tenants' board which decides who'll have the flat. Most of the current tenants are Finnish; only 5% is from different ethnic backgrounds. They don't have any criteria of eligibility about the background.

The Oranssi houses are very popular because of offering half of the average rent in Helsinki (6 €/m²), at a recent announcement they have received 80 applications for one apartment. Since 1992 they raised the rent only twice, in small amounts. After a tenant enters an Oranssi house he/she can stay as long as he/she wants. Mostly people only move out if they want a bigger space for example after having children. Oranssi houses are varying between 30-60 m², composed of 1, 2 or 3 rooms, a kitchen and a toilet, which have different spatial organization depending on the existing structure. They prefer not to put showers in the apartments for avoiding leaking and moisture problems in the future. Every house has a common sauna and a shower in the basement instead. Once a year, technical staff makes a general inspection and determines the priorities for general maintenance. Each house also has a workshop in the basement where the tenants can do their repairment work by themselves at anytime. They can also contribute financially if they want something extra than the basic needs. Presently, new renovation projects are financed through a renovation loan from the city of Helsinki. Additionally, the Finnish Slot Machine Association (RAY) has occasionally provided financial grants, as has the Ministry of Education.

Ministry of Environment also used one of the Oranssi houses to make an experiment on solar heating system by implementing panels to one of the houses. This experiment, which is overlapping with the Oranssi's ideology of ecological solutions, is one of the examples of activities which both sides are benefiting. Oranssi also encourages organic farming in the back or front greenery of the houses and published an eco-guide book on consumption. They have ongoing discussions on expanding Oranssi but to stay in a manageable size. On the

other hand they are looking for some solutions for low rent housing problem in Helsinki. They recently made a proposal to Ministry of Environment for building new houses and prepared some plans for it, negotiations are ongoing.



Solar heating on Kumpula house.

Oranssi in context

In the Nordic countries there is a long tradition of consensus culture and seldom is there any a protest or demonstrations confronting the decisions of the political discourse. Active protests have long been seen as a continental phenomenon and there has been a deep rooted belief that the paths of political institutions are the most efficient way of solving problems. This is a mentality which grew strong during the golden days of the Nordic welfare state, but as the deconstruction started has had to step back for more active political and occupational protests.

Among the activist groups in Helsinki Oranssi is having a unique position where the organization is performing an activity of applied discussion, acting as an example of parallel and manifested counter culture. Without losing too much impetus or force when being institutionalized, the organization is still moving forward, expanding and evaluating its methodology. Compared to for example Christiania in Copenhagen, which is also figuring as an example of alternative way of living in the outskirts or in vague collaboration with the established system, the Oranssi group is still expanding and not in a phase of stagnation.

Other organizations in Helsinki are having a more provocative approach, for example the Siperia group, also situated at Herttoniemi in an occupied house turned legal. This group is more expressively political and actively protesting, sometimes seeking confrontation, as some of its protest during Independence Day demonstrations in December every year. With connections to the “white overalls” and activist elements of ATTAC the group is closely choosing a political approach and connected to new-left and anarchist ideologies and methods.

Complementary/community currencies – a background

A *complementary currency* is a currency not backed by a national government and intended to trade in a local area or in a network of people, usually used for delivering informal employment opportunities to people on the margins of the formal economy. These currencies are usually efficient among groups with a lot of time, but no money since the currencies are issued by mutual credit and trust. The currency is backed by the basic trust between the people in the network and can be an exchange of almost everything, but most common as an exchange of time or work. The task is to strengthening social, rather than economic linkages - rebuild communities, increase self-reliance, and forge social networks – a social exchange acting like a currency. The exchange is done by mutual agreement and is recorded as simple debit and credit on the owners account (or they simply make a note) the quantity of currency issued is thus automatically sufficient, as long as it is backed by the common trust that people will repay their “debts” of time or goods.

There are many different versions and methods of local currencies, as the LETS (Local Exchange Trading System) design of a complementary currency in Comox Valley, Canada by Michael Linton in 1980s. Other successful currencies have been around; for example in Germany during the depression but also in Switzerland which has one of the oldest ones still in function (the WIR in Zurich since 1934). The emergency currency issued by Argentina in the economic turmoil in 2002 took a similar shape to a complementary currency.

Opponents argue that local currency creates exchange which can interfere with economies of scale and comparative advantage, and that it also can serve as a means of tax evasion. Others mean that establishing a local currency is to give up the political fight for the “real” money and a sign of surrender to the global economy.

The LETS system works in basic like this:

- People in a network set up a basic system to trade between them, keeping track of their own record of accounts.
- The network provides a directory of members' offers and requests - goods, services or items for hire, priced in the LETS units.
- Payment is done by writing a LETS cheque or credit note for an agreed amount of LETS units, or by exchanging printed LETS notes.
- If applicable, the credit note is sent to the LETS book-keeper who adjusts both members' accounts accordingly in a database.

Unlike direct barter, with a complementary currency members can earn credits from any member and spend them with anyone else in the network. Some systems use *demurrage* - a time-related charge on the currency acting similarly to a negative interest rate, designed to give a disincentive to hoard the currency. Saving would then occur in forms other than accumulation of the medium of exchange and also work as a promotion tool for the currency – *the owner wants to get rid of the money*. Examples are the local currencies issued in Argentina in 2002 which kept the economy and trade alive “artificially”.

For the administration of the currency there are also many different systems, ranging from simple acts of trust, as self-printed notes, to databases on the web like the LETSsystem’s version.



:: Intervene / a local currency for Oranssi

A community system like Oranssi is a perfect base for a local currency system when having a youth center and other activities that can easily be used for trading and as a “bank” of exchange. The currency will not offer the most practical and staple goods or services needed by people, but work for enhancing and integrating the full spectrum of activities of the group (people start to “sell” their ideas and interests). What many new started currencies lack is a common activity field but in the case of Oranssi this big work is already done so the currency will combine small economic/social activity with a long-term plan and ideology of the Oranssi network.



A 6 Oranssi note ready for demurrage

If we regard the fact that many families with children moves out of the Oranssi houses because lack of space – how can Oranssi still offer them some kind of housing community? Take for instance an old summer cabin in the archipelago which could be a nice holiday retreat for families not that active in the punk scene. This cabin should be renovated in the traditional Oranssi way, for example by 5 workers at the time for 10 weeks in a summer. These people in the Oranssi network could then be the basis for a “summer cabin time currency” – they can spend as much time in the

cabin as they worked for it. They then have a total amount of 50 weeks to take out as free holiday accommodation. The Summer cabin will belong to the Oranssi firm like any other Oranssi house and all people within the Oranssi network including the ones once were living at Oranssi houses but moved out for a larger apartment -can use the summer cabin. Those who worked for the cabin renovation will have the priority to use the cabin within the other tenants of Oranssi houses for instance in summer times when the cabin is much more appealing. So they will be paid with holiday time by their own working time.

This time might just be traded within the network, and maybe the working time on the cabin might be traded for tree cutting and garden work, or carrots and home-made toys. A local exchange currency of Oranssi is born so that everybody and all activities in Oranssi can be traded and involved in the exchange – backed by the trust within the group. To facilitate this Oranssi needs a tool for exchange, a medium, the Oranssi money. Since the basis of the currency is work the unit will be working hours, based on house renovation. One Oranssi equals one basic hour of work. LETS emphasizes economic transactions and while employment, time banks and hour-based currencies emphasize social transactions and volunteering - which means that the Oranssi currency will be a mix of the two systems. The hour will be the base of the currency but will also include a possibility for trade with goods.

Oranssi money will be subject to demurrage – they will decrease in value over time to enhance the circulation, and will expire two months after their issue (date to be filled in on the notes after issue). The demurrage will also work as a tool for avoiding inflation and speculation in the trade between hours and goods. The currency will be negotiable so the exchange value might change when trading with goods for example (1 kg of carrots might change in value). If the circulation of the currency expands there might be necessary to establish a database to get a better overview of the flow.

The final paper and the sample Oranssi money had been delivered to Oranssi taken by Vesa Peipinen for consideration within the next board meeting.

:: conclusion / future expectations

The expected outcome for this intervention is that there will be more activity and possibilities for exchange within the Oranssi network and that there will be alternative options for future and ex-oranssi inhabitants to still participate and contribute to the network. This will widen the field of activities and the exchange involved in the Oranssi network, both on a group level as much as individual. Oranssi, which already has a wide trust basis because of its participatory structure and the members of the network already living together, creates an ideal basis for a local currency system. Since the currency is based on trust and volunteering it should only be used only if the Oranssi is not growing too fast.

Our hope is that the currency will create a longer lasting involvement for post-oranssi tenants and also generate even more social activity within the network

:: Sources

Books

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Oranssi, (1999), *Oranssi Book*, (English translation)

Interviews

Vesa Peipinen, co-founder and project supervisor of Oranssi, interviews at 13.08.2004 and 18.08.2004.

Sampo Villanen, researcher in sociology at the University of Helsinki, interview at 17.08.2004.

Links on complementary currencies and on participation

<http://www.transaction.net/money> - how complementary currencies work
<http://www.openmoney.org> - open discussion on complementary currencies
<http://www.transaction.net/money/community> - comparisons between currency systems
<http://www.gmlets.u-net.com/home.html> - the LETSsystem homepage, with design manual and databases to use
<http://www.ithacahours.com> - example of active and successful currency
<http://www.timedollar.org> - organization for time dollars
<http://www.toolkitparticipation.nl/index.php> - toolkit for citizen participation
<http://www.dutchuec.nl/kcgs/show/id=136078> - an organization established for increasing participation within EU countries.
<http://www.oranssi.net> - Oranssi website (in Finnish)