

Chapter 22



Youth Employment Scrip (YES)

. . . one sixth of all 16- to 24-year olds in America—mostly males—are currently “disaffected and disconnected.” They are not associated with any formal role in society, nor are they in any formal relationship with another person.

—DAVID PEARCE SNYDER

YES IS AN ACRONYM that stands for both Youth Employment Service and Youth Employment Scrip. I have been promoting the YES project for the past several years. It is an application of the community currency concept that provides a way of mobilizing idle resources, in this case the labor and talents of young people, to serve community needs. Youth can be employed in either the private sector, or the public sector; in for-profit business or nonprofit organizations. YES acknowledges the value of the services they render, without the payment of scarce federal money. Instead, the Youth Employment Service issues Youth Employment Scrip as a way of paying young people for the work that they do.¹

YES provides a supplemental supply of local currency, which businesses and individuals in the community agree to accept in partial or full payment for the goods and services they sell. The Youth Employment Service, which issues the scrip, then accepts it from others in payment for the services it provides. This approach does not depend on either tax revenues or charity. Rather, it simply provides the missing element required to bring people who need income together with work that needs to be done. That missing element is money. Complementary exchange mechanisms such as scrip have shown themselves to be viable and acceptable substitutes for official money. The YES program empowers youth, supports the local economy, finances important work, and helps to unify the community.

The Youth Problem

Young people are increasingly seen by the general community as a problem. A large percentage of crimes are committed by young people, and about one-quarter of our prison population is under age twenty-five. But crime is just the most extreme aspect of the problem. There are even greater numbers who do not become criminal but who are alienated and hopeless. Lacking self-esteem and basic social and employment skills, they ultimately become non-contributing citizens, immature adults, and ineffective parents. It is both callous and naive to think that police and prisons can contain the effects of the increasing alienation of youth and other marginalized groups. The young are our future. It is in everyone's interest to invest in their preparation and development and to help integrate them into society and the economy—to help them become capable, responsible, and successful, with an adequate degree of self-esteem, and thus able to direct their own lives. The question is how to do that most effectively. The experience of recent years has demonstrated that spending more money on schools and prisons is probably not the answer.

The "system" has rendered young people nonessential to the community, diminishing the well-being of both. Increasingly, adults perceive youths as troublesome, inadequate "others," which reflects back on how the youths perceive themselves. What young people need most is a sense of belonging. The attraction of gang membership is that it provides young people with an identity at a time in their lives when a primary issue is figuring out who they are and how they fit into the wider world. They especially need to have meaningful work and their own sources of income so that they can become independent and self-responsible as they grow into adulthood.

Peter Schwartz, president of the Global Business Network, wrote a book in 1991 titled *The Art of the Long View* (Doubleday). In that book he predicted that, by the year 2000, the earth's population would include more than two billion people between the ages of ten and twenty-one, about one-third of the total population. That prediction has proven to be correct. Schwartz devoted an entire chapter to the phenomenon of "the global teenager," a force that he says will dwarf other demographic factors over the next fifty years. The pressure of their numbers, energy, and idealism, he wrote, "will be so immense that it will reshape the world."

Schwartz pointed out that "in the past, societies with large numbers of adolescent males started wars." According to Gerald Smith, professor of religion and ecology at the University of the South in Sewanee, Tennessee, the youth population of Iran and Iraq rose to 50 percent before the Iran-Iraq war. That war killed millions of young males. Whether or not it was intentional, the war

managed to relieve much of the political and economic pressure deriving from the explosion of the youth population in those countries.

Without the experience of being needed and responsible for their communities, and without adequate incomes, the young, as a group, can be expected to express their insecurity and alienation in criminal, antisocial, and self-destructive behavior. Suicide among young people is their leading cause of death.² Being largely left out of the mainstream economy, youths find power where they can—in gang membership and commerce in illicit substances. The misguided “war on drugs” is mainly a war against youth and minorities. Older people seem to have little understanding of youth culture and motivations and are all too ready to support “get tough” policies, which lead mainly to further alienation and a mushrooming rate of incarceration for nonviolent “crimes.” This situation can only become worse if current economic trends and government policies continue. It will take extensive restructuring of our economic institutions and methods of allocating wealth in order to defuse this time bomb.

Clearly there is no end of work needing to be done. It is equally evident that the vast majority of young people are eager to work. What often is missing is the money to bring work and worker together.

We must find ways to integrate the young more effectively into society. We must provide them with meaningful work that is both edifying for them and valuable to the community. Clearly there is no end of work needing to be done. It is equally evident that the vast majority of young people are eager to work. What often is missing is the money to bring work and worker together. In the private sector, businesses need to keep costs down in order to compete in today’s global economy. Their incentives are to minimize the number of people they employ and the amount they pay in wages, salaries, and benefits. As the pace of automation continues to accelerate, there will be an increasing gap between the number of jobs and the number of people seeking employment. In the public sector, there is pressure on all levels of government to keep costs and taxes down. With increasing government indebtedness and interest payments eating up an ever increasing portion of their budgets, and with more money being spent on a direct but futile attack on crime, governmental bodies are cutting back on social programs and releasing employees.

The socialistic approaches, which have been dominant since the Great Depression and Franklin Delano Roosevelt, have proven to be woefully

inadequate. Bureaucratic programs, funded and administered by distant government agencies, cannot begin to solve problems that are inherently spiritual, interpersonal, and local. Indeed, such programs often perpetuate or exacerbate the problems they are intended to solve.

One principle seems clear. Those closest to a problem are best equipped to solve it. Effective solutions to community problems can be found only at the community level. The first thing to do is to change our attitudes and shift our focus—away from Washington, away from the state capital, and back to ourselves, our neighborhoods, and our communities.

The Money Problem

Lack of money is the usual reason given for problems not being addressed. Yet, as described earlier, official money is kept purposely scarce in the mistaken belief that scarcity is what gives money its value. As a result, the official monetary system does not provide an adequate supply of money to allow for a fair distribution of the products of the economy, or even to provide everyone with a subsistence level of income. Monetary scarcity also makes it possible for money to be “lent” at high rates of interest and enables those who control its creation to determine the course of the economy and the financial fate of the people. The tragic result is that important work remains undone and human needs often go unmet because of the lack of money. This scarcity is felt most acutely at the margins of society, by those who are less well connected and whose skills are least valued by the market economy. Their numbers include an ever growing proportion of young people.

This situation can, and must, be remedied. As shown throughout this book, money is a human creation. It is just a medium of exchange. Why should money ever be too scarce to match idle workers with work that needs to be done? We can restore the integrity of our local economies, which will, in turn, go a long way toward solving our social and environmental problems. As argued throughout this book, one way to do this is to create our own local medium of exchange to supplement scarce national currency. This has been done many times before, and it is being done now in many places around the world. A local currency can provide the means of connecting buyers and sellers who would otherwise be kept apart by lack of money.

Young people can thus be reconnected to the community and brought into the economy as productive members, learning important skills, building self-esteem, and earning the income that they need to begin to become self-supporting. This can be accomplished by voluntary local action without the need for new legislation or government financing, by using local currency scrip as the bridge.

How Does the YES Program Work?

The project hub is a central coordinating body that we call the Youth Employment Service or yesXchange. It could be a nonprofit organization or government agency or even a private, for-profit business. This coordinating body plays several roles:

- It acts as an employment agency, placing young people in jobs.
- It plays the role of a “bank,” issuing and redeeming scrip.
- It acts as a trade exchange, helping to broker trades between participating businesses.
- It collaborates with other agencies in arranging for training, counseling, and other forms of worker support.

The coordinating body can function much like a temporary employment agency, except that, in this case, all the employees are young people within a certain age range and are paid in scrip instead of (or in addition to) official money. The client businesses and agencies needing temporary employees pay their fees to the yesXchange partly in YEScrip and partly in cash. The cash part allows the yesXchange to meet that portion of its overhead expenses that can only be paid in cash and to provide a partial cash wage to the youths it employs. In order to assure the value and continued acceptability of the scrip, the yesXchange must be willing to accept its own scrip in payment of its fees, at par with official currency.

A YEScrip unit is equivalent to one dollar’s worth of service. Businesses can earn YEScrip by accepting it in trade, either from individuals who have earned it by working for the Youth Employment Service or from other businesses that have accepted it in trade. The businesses can then use the YEScrip to pay for work done by young workers. Businesses, by accepting YEScrip in partial payment for their goods and services, stimulate their own business just as their use of a discount coupon does. But unlike a discount coupon, YES notes can be passed along (spent) for value or donated to promote activities of benefit to the community.

The following example demonstrates the process by which scrip is issued, circulated, and redeemed. It is shown pictorially in figure 22.1. The YEScrip has to begin somewhere, and in this case it is issued by the Youth Employment Service. Suppose the Berry Farm needs help harvesting its strawberry crop. The owner calls the yesXchange, which agrees to send Carolyn out to pick berries. At the end of the week, Carolyn submits her signed time sheet to the yesXchange, and it gives Carolyn newly issued YEScrip as pay for her work.

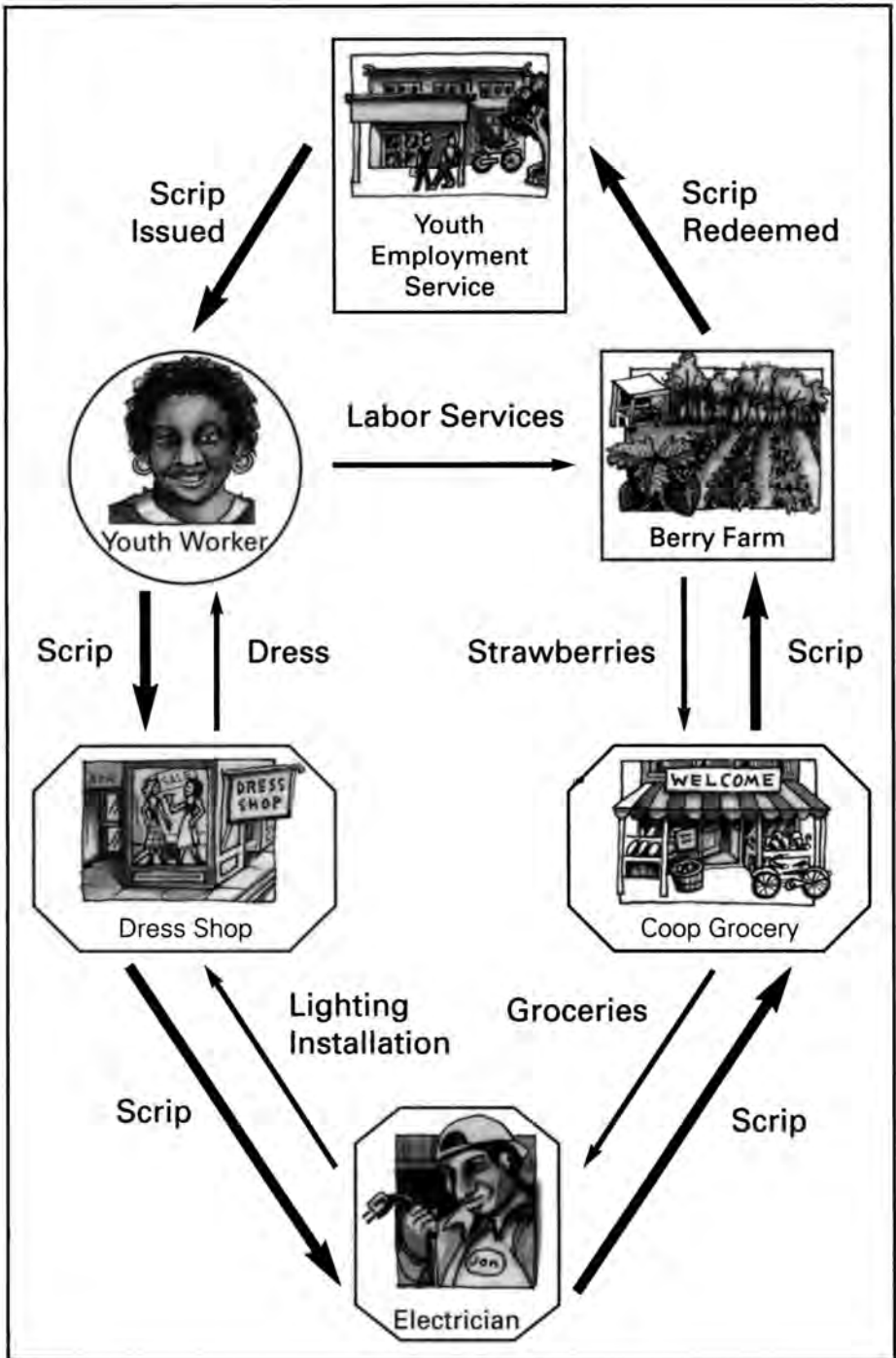


Figure 22.1. Youth Employment Scrip circuit.

What good is the YEScrip to Carolyn? The yesXchange has persuaded several local businesses to accept YEScrip in payment for the goods and services they sell. The Dress Shop is one of them. So Carolyn spends her scrip to buy a new dress. The Dress Shop, in turn, hires an electrician to install new lighting fixtures. The electrician then spends the YEScrip on groceries at the Coop Grocery Store, which uses it to buy strawberries from the Berry Farm. The Berry Farm uses the YEScrip to pay what it owes to the Youth Employment Service for Carolyn's labor. The Youth Employment Service retires the scrip until more work is done. Now the scrip has come full circle. It was issued by the YEService when it paid Carolyn on behalf of the Berry Farm, and it was redeemed by the YEService when it was accepted from the Berry Farm in payment of its debt to the service. Note that the scrip could have changed hands any number of times before making its way back to the Berry Farm and the yesXchange. For the sake of clarity and simplicity, this example has shown just a few transactions.

In practice, each transaction might involve some combination of scrip and official money. The Dress Shop, for example might be willing to accept 50 percent of the price of any merchandise in YEScrip and require the other 50 percent in official money. Thus, Carolyn could buy a \$40 dress by paying Y20 (Y is the symbol for YEScrip) and \$20. The Dress Shop now has \$20, which it can use to cover its cash costs; it also has Y20, which it can use to hire the electrician, who might also require some cash to cover cash costs. But since the electrician's cash expenses are lower, he or she might be willing to accept 80 percent of fees in YEScrip and 20 percent in official money.

Benefits of the YES Project

The implementation of such a project results in several positive effects:

1. It helps to empower a marginalized group of citizens (youths) and make them stakeholders in the community by integrating them into the local economy.
2. It supports the local economy by providing a supplemental local currency to facilitate trade—trade which in many instances could not otherwise take place. Since scrip is recognized only within the local community, this supplemental currency favors local goods and services over imports.
3. It provides a means of financing work that serves the common good, improves the quality of life, and enhances the health of the community.
4. It unifies the community in an effort in which everybody wins.

YEScrip provides an exchange medium issued on the basis of effort put forth by youthful workers, effort that can be applied to commercial enterprises, human service, and/or community improvement. It is completely sound

because it is firmly based on the exchange of real value. Although Youth Employment Scrip is described in terms of circulating certificates or notes, it could also take the form of credits in an electronic system using “smart cards” or debit cards or some combination of accounting credits and circulating notes.

Involving Local Businesses

Merchants should be willing to accept YEScrip, not only because of its benefits to the community, but also because it will help them to attract a greater total amount of business and utilize some of their excess capacity. As pointed out earlier, accepting a community currency can stimulate a merchant’s business just as discount coupons do, while avoiding most of the costs associated with a coupon campaign.

Sometimes the use of a coupon is restricted to assure that it will be used in a way that takes advantage of a business’s excess capacity and will not draw away existing cash business. A movie theater, for example, may accept coupons only for matinee performances when the house is typically only partly filled, or a restaurant may honor coupons only at particular (slack) hours and on slow days, and airlines may honor coupons on a “space available” basis only.

Like a discount coupon, YEScrip gives a participating business a competitive advantage, but, unlike a coupon, accepting YEScrip costs the business little or nothing because the merchant can, in turn, spend it for something that he or she needs. The key difference between YEScrip and a discount coupon is that businesses agree to accept YEScrip not only from the public but also from each other, and while a coupon is accepted only once and then canceled and discarded, scrip can change hands, just like cash, any number of times.

Each business agrees to accept payment partly in cash and partly in YEScrip, with each business itself deciding what percentage of the selling price to accept in YEScrip. This percentage should be based on the cash costs and value added of the particular business. The cash portion allows cash costs to be met, while all or part of the value added by a business can be received in scrip. The percentage of the price that each business is willing to accept in scrip can be advertised and posted on the premises. As an example, the Pizza Parlor might advertise, “We accept YEScrip for up to 50 percent of the purchase price on any pizza.”

The issuance of currency at the local level and the willingness of traders in the community to accept this supplemental exchange medium in payment for goods and services, especially the necessities of life, does two things: (1) it gives people more choice over the work they choose to do, encouraging the application of their energies and resources to activities consistent with their values, and (2) it provides the community with a sound medium of exchange that by its very nature is abundant, democratic, and locally controlled.

As the social and economic benefits of such a program become more evident, more and more people will want to participate. Growing acceptance of the local exchange medium will allow for the issuance of additional amounts, which will further encourage work in the public interest. The resultant prosperity should also stimulate an increase in donations to the local nonprofit sector in general. Besides providing a local medium of exchange, YEScrip provides a more participatory process for allocating the resources of the local community, reducing the need for many government expenditures and transfer payments.

Eventually, most of the local merchants will jump onto the bandwagon and accept YEScrip to attract their share of the available business, which will have expanded because of the increased purchasing power that YEScrip brings to the local economy. And, of course, those accepting a higher percentage of payment in YEScrip will probably attract more of the available business than those accepting a lower percentage.

Program Participants and Agreements

Besides the Youth Employment Service, which serves as the hub and central coordinating body, three distinct groups participate in the YES program. First there are the youth workers, whom we refer to as *work partners*. Second there are the businesses that hire the young workers. These are called *employment partners*. The third group is comprised of businesses that have agreed to accept scrip in full or partial payment for the goods and services they sell. These are called *trade partners*. Employment partners will normally also be trade partners, since they are allowed to use scrip to pay their bills to the YEService and thus have a particular reason (in addition to all the community benefits) to earn some scrip income.

Each of these “players” in the program has a particular agreement that defines the terms and conditions of their participation. These agreements must be carefully formulated, clearly stated, and scrupulously adhered to. Participating businesses (employment partners and trade partners) should have maximum freedom to set the terms and limits of scrip acceptance and to be able to opt out of the program at any time. Employment partners, however, must pay whatever they owe to the yesXchange for the value they received (in the form of youth labor). If the program is properly run, businesses will cherish the opportunity for continued participation.

The greatest burden falls upon the yesXchange. The most fundamental feature of any currency issue is the commitment of the issuer to accept it at full face value in payment for whatever the issuer sells. In this case, the yesXchange must be willing at all times to accept the scrip it issues in payment from its employment partners for the youth labor provided. Thus, the basis of issue

Announcement

Say Yes to Youth

PROMOTE A HEALTHY AND PROSPEROUS COMMUNITY
AND A CLEAN ENVIRONMENT

ANNOUNCING THE YOUTH EMPLOYMENT SERVICE (YES) AND
YOUTH EMPLOYMENT SCRIP (YES)

The Youth Employment Service is a nonprofit service agency devoted to the development and empowerment of our young people. All of our workers are paid for their work using a form of "service credits" issued as Youth Employment Scrip (YES). You can support our youth and at the same time promote the local economy by accepting our scrip as you would your own discount coupons, for, say, 20%, 30%, 50%, or more off your regular prices. But unlike discount coupons, YES notes can be used by you to buy things you need. You yourself can spend YES for goods and services offered by other participating businesses, or you can use them to hire youth workers to help you in your own business. Or you might prefer to donate YES to any community improvement organization that you might wish to support.

Call today and let us add you to our list of participating businesses. We will periodically publish this list, indicating for each business the percentage of payment that it accepts in YES. The higher the percentage, the more business you'll attract. And remember, it costs you nothing, because you, in turn, can spend the YES you accept. By accepting Youth Employment Scrip, you'll be helping our youth, our community, our local economy, and yourself.

With YES, Everybody Wins!

Figure 22.2. Youth Employment Scrip announcement.

Agreement

(Name of business) agrees to accept Youth Employment Scrip in partial payment for all products and services that it offers, to the extent of ____% of the purchase price. Th Youth Employment Service agrees to accept YES at full face value in payment for all services that it customarily offers, to the extent of ____% of its standard fees.

This agreement may be canceled by either party at any time upon written notice and payment of any outstanding balance.

Signed _____ Date _____
for (name of business)

Signed _____ Date _____
for Youth Employment Service

Figure 22.3. Youth Employment Scrip agreement.

for Youth Employment Scrip is labor, and the “backing” for it is the commitment of those who receive that labor to provide an equal amount of value to the community in the form of goods and services, using YEScrip as a vehicle.

As pointed out above, YEScrip first enters circulation when the YEService uses it to pay a worker. The service might validate the scrip by signing and/or stamping it, and dating it (or dates could be preprinted on the notes). The recipient of the scrip can then, in turn, spend it on purchases from any participating merchant or anyone else willing to accept it in payment. Thus, a YEScrip note can circulate as a supplemental medium of exchange up to its expiration date, the holder being assured that it will be accepted by, at the least, any employment partner or trade partner.

The benefits to the participating businesses are significant. Instead of only competing with each other for whatever scarce official money might be

circulating within the community, they would also be cooperating to supplement that money with a local exchange medium, making it possible to transact a greater amount of trade while also empowering the youths of the community. Since the YEScrip has value only for purchases made locally, it remains in the community instead of being used to buy from outside the community, tending to make the community more self-reliant and less dependent on export earnings.

A YES system might be started by publishing and distributing an announcement like the one in figure 22.2. Each business would sign an agreement form such as the one in figure 22.3.

YES Questions and Answers

- Q. Why would anyone accept Youth Employment Scrip instead of official currency?
- A. YEScrip will be acceptable for several reasons. (1) It will be an acceptable form of payment to young people who need work and are unable to find employment that pays official money, because they know that they can spend it at a variety of businesses in the community. (2) YEScrip will be acceptable to businesses that wish to employ youths because they know that they can use YEScrip to pay their wages. (3) YEScrip will appeal also to others who support the activities that give rise to their issuance, namely the employment of young people in meaningful work useful to the community and private sector. (4) YEScrip will appeal to local merchants who can see that accepting it will help to boost their cash business and strengthen the entire local economy. (5) It will be acceptable to anyone in the general public who can see that YEScrip represents a sound medium of exchange that can easily be spent in the community.
- Q. What will make YEScrip a sound medium of exchange?
- A. YEScrip is not issued arbitrarily. It is issued on the basis of valuable work done by the young workers. Each YES note, therefore, represents a receipt for actual value delivered. The amount of YEScrip issued can never exceed the amount of labor value delivered. A YES note will circulate only until some holder decides to pay it to the Youth Employment Service for services rendered, or donates it to the service. At that point the YES note will be retired from circulation until more work is done to allow it to be reissued.
- Q. Won't the issuance of YEScrip cause inflation?
- A. As pointed out in the previous chapter, the issuance of YEScrip, or any other currency that people are free to discount or refuse, can never cause inflation. Since YEScrip need not be accepted at face value by anyone except the issuing agency, an excess of YEScrip in circulation will cause it to be discounted or refused by sellers in the market. As people see this happening, they will tend to ease off on their acceptance of it, because the YEScrip they would

receive could not be spent for full value. At the other end of the line, businesses that buy labor from the Youth Employment Service will tend to accept more YEScrip since they can thereby get workers more cheaply. For example, if a one-dollar YES note is being accepted in the market at only eighty cents, a business that uses YES services can get five dollars worth of labor for YES that costs it only four dollars. Whenever traders are free to discount the value of a note, that is, accept it at less than face value, the market will automatically force the issuing authority to avoid overissuance; this makes the currency system self-adjusting.

- Q. Should YES be issued in the form of accounting credits or paper notes?
- A. Conceptually, it doesn't matter whether the YEScrip takes the form of paper notes, tokens, or ledger balances (bookkeeping entries). These are all symbolic representations of the same thing—the values being exchanged—and each is “backed” by the same commitment of the issuer to redeem the scrip by providing value. So checks, notes, cards, and electronic transfers can all be used interchangeably, as they are in the official monetary system. Each form has its particular advantages, but paper notes are the simplest form to implement and handle.
- Q. What if a business accumulates too much YEScrip?
- A. A local currency, in its sole role of exchange medium, should be spent as fast as it is taken in. If a participating business finds insufficient opportunity to spend YEScrip on things that it needs, the surplus would indicate that it overestimated either (1) the value-added portion of its selling price or (2) the willingness and/or ability of others in the community to accept YEScrip. In either case, a business can remedy the situation by reducing the percentage of YEScrip that it is willing to accept in payment, giving it time to spend down its accumulated surplus of YEScrip.
- Q. Should YEScrip have limited or perpetual life?
- A. Having a periodic recall feature or expiration date is one way of addressing the problem of keeping the YES notes an exchange medium and limiting their use as a savings or “value storage” medium. As we have discussed previously, it is important to keep these two functions separate. One way to do it is to have the local currency notes expire after a certain length of time, say, one year. Member businesses might be allowed to exchange expiring notes for new notes with a later expiration date.