

OHIO BARTER PLAN BEGAN IN COLLEGE

Mid-West Exchange Idea Was Taken From the Production System at Antioch.

ORGANIZATION AN AGENT

Arranges Wholesale Trading of Goods Instead of Owning Plants of Its Own.

NEED TO EXPAND IS SEEN

Chief Handicap Now Is Limited Number of Commodities Available for Exchange.

By MALCOLM BOSS.

Most of the barter schemes now current in the United States grew spontaneously from small deals. A man with more potatoes than he could personally use found it advantageous to swap some of them for a cow, or for his neighbor's services in repairing a barn. Provided that many persons wished to put their goods and services into the common pool, it was found that keeping account of the various swaps was too complicated unless scrip was issued as a medium of exchange. In this manner many flourishing exchanges have been established, particularly in the West, where groups have acquired coal mines, flour mills, and producing plants as a means of insuring themselves a permanent surplus of goods to feed into their exchange warehouses.

This ability to produce goods is a vital need of any barter association. It provides an outlet for the labor of its members and commodities of value which the association can exchange for the food, clothing and shelter with which it pays its members for their work. A different angle of approach to the same goal appears in the activities of two exchanges founded last Fall in Yellow Springs, Ohio. These two were thought out in advance, organized, and set in operation to see whether the barter idea fitted the needs of existing commercial plants. The distinction lies in the fact that these plants are not taken over wholesale by the exchange association. Instead of owning them, the association acts as a wholesale agent through which they can barter each other's goods. Ideally speaking, this scheme would make it possible for every producing plant in the United States to barter its own surplus inventory of goods. It would rather have, while at the same time selling its normal production for cash through regular channels.

Started at College.

The Midwest Exchange, Inc., is the name given to this organization by its founders, among whom is Arthur E. Morgan, president of Antioch College. Its commercial philosophy, as outlined above, can perhaps be more simply explained by recounting a few of the deals already put through.

At Antioch College the students to pay their way through, spend half their time at work. To supply work the college has several industries, such as printing, art bronze, and commercial laboratory, and it can also supply student labor, accounting service, and tuition. In this respect the college is a group of small producing plants, and, like all others nowadays, it finds difficulty in disposing of its wares. What more reasonable than that it should settle students at work producing things which can be exchanged through barter for other commodities the college needs?

This prospect was the motivating force behind the formation of the Midwest Exchange. Various industries in that corner of Ohio were invited to join among them producers of hollow ware, food products, dairy products, paints, automobile tires, etc. Each firm agreed to credit the Exchange with \$1,000 of its commodities, against which it could, in turn, draw out an equal value of the goods of other firms. The original \$1,000 was, of course, a pricing charge to get the system started, and could be increased at will.

Here is a typical deal, between Antioch College and another Midwest member, who runs a nursery and dairy. To the college he delivered eggs, butter, milk and nursery stock; in return he accepted the labor of Antioch students, printing and the tuition of his daughter at the college.

Some Deals Are Complicated.

Another swap illustrates how more complicated the deal becomes when they are not direct between two members. It also introduces the necessary functions of a retail exchange to act as an outlet for the goods of the wholesale members. This retail unit is the Yellow Springs Exchange, housed in an old brick building and bearing the appearance of any well-stocked country store. It issues scrip and carries on a barter business with the people of the community; but it also has dealings with the Midwest. The deal between them went as follows:

The Antioch Art Foundry, a college subsidiary, did some work for an automobile tire manufacturer, member of the Midwest Exchange. In payment the foundry received many more automobile tires than it could use. Therefore it put the surplus tires into the Yellow Springs Exchange, and in return received credit on which it could draw for paints, labor and other things of value existing in the common pool of the Midwest. The balance of its credit was settled in scrip, which the foundry used as part payment to its employees. These, in turn, spent their scrip at the exchange store.

The store had given the foundry various goods and some scrip in exchange for the automobile tires. Now it began to farm these out, exchanging some of them with garages to build up credit there; others to farmers for vegetables and fruits; and so on.

The trail of any one commodity is not a simple one. Each transaction immediately spreads out in many directions. Shoppers split up and chase each other around the circuit of wholesaler, retailer, and consumer; but it can be taken for granted that every swap has

WHERE THEY "BUY" BY BARTER.



Scene in the Yellow Springs Exchange Where Money Is Not Needed.

forced both parties. No one is forced to trade.

In an ideal scheme of this sort the Midwest Exchange may be considered as a closed circle of producers who have found it convenient to trade with each other on a barter, rather than a cash, basis. Around this large circle is a group of smaller ones, each a retail community exchange touching the large circle at a point where the producing plant is located. In this way the flow of goods from the large circle finds an outlet into each of the small ones. At present, however, the Yellow Springs Exchange is the only one of the small circles in operation, and the system will not be complete until each Midwest firm establishes a retail exchange where its employees can buy the necessities of life with the scrip they have received as part of their pay. Since each firm would be doing a cash business with the outside world and only bartering each part of its goods it could not sell for cash, the proportion of cash and scrip paid to employees would vary with the proportion of cash and barter business done by the firm.

The handicap of the Midwest Exchange is the limited variety of goods the members can offer each other. There is, for instance, no wholesale drug manufacturer in

the circle, so that no drugs can appear in the Midwest pool or on the shelves of the Yellow Springs retail exchange. This very lack of variety is a stimulus to the Exchange members to persuade other firms to join them.

Something of this is the mind of Antioch's president when he proposes that the Midwest be a nucleus for a more or less self-sufficient organization to serve all the wants of that section of Ohio. Mr. Morgan believes that it will be possible for the producers to have steadier markets through this form of barter, and that the farmers of the surrounding area will be able to acquire practically everything they want by trading in their crops through exchanges.

National System Possible.

Beyond the local situation, he envisages the possibility of a national system of barter groups, each sufficient unto itself except in such things as Southern fruits, Pittsburgh steel, Atlantic fish, and other sectional exports. Even these, he feels, might become the objects of inter-group barter. As in the present case of the Midwest Exchange, the firms and groups would do part of their business in cash and the rest in barter. The price system would still obtain; but, in addition,

there would be a sufficient flow of goods through barter to act as a channel of trade during times of money constriction.

In its smaller field the Yellow Springs Exchange is already doing much for the easier transaction of local business. There is no doubt that it is helped in this by its association with the Midwest Exchange, from which it is able to stock canned goods, package groceries, blankets and other commodities which the people of the vicinity do not produce. On other shelves are the home products—eggs, nuts, honey, canned fruit, sausage, ham, apples, brooms, etc. These were all brought in by farmers and townpeople, who were pleased to take away something they needed more.

Neither the Midwest nor the Yellow Springs Exchange is organized for profit. The former charges a 10 per cent commission on deals arranged between its members, using their profit to pay operating expenses and to meet the interest on a small capital stock. The Yellow Springs Exchange pays its expenses by marking up its goods received at wholesale, to normal retail prices. Back of its scrip there is value in goods, and the life of the scrip is placed at one year in order to prevent inflation and hoarding.