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Local currencies cash in on recession

Communities in North Carolina, Massachusetts, Arizona and elsewhere print their own money to encourage shoppers to patronize local businesses. Local money was last popular during the Great Depression.

By Nicholas Riccardi

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Reporting from Pittsboro, N.C.

The stimulus for this mill town turned artist's colony arrived in the form of green bills bearing sketches of herons, turtles and trees.

A few dozen local businesses banded together this spring to distribute the Plenty -- a local currency intended to replace the dollar. Now 15,000 Plenties are in circulation here, used everywhere from the organic food co-op to the feed store to, starting this month, the Piggly Wiggly supermarket.

Last popularized during the Great Depression, scrip, or locally created stand-ins for U.S. currency, is making a comeback. Pittsboro, population 2,500, is one of a handful of communities that launched its own money in recent months. It reports an avalanche of calls from other communities that have lost faith in the global financial system.

"The Plenty is not going to get siphoned off to Wall Street, or Washington, or make a stop in Bentonville on its way to China," said B.J. Lawson, a software entrepreneur who is president of the board of the Plenty cooperative. "It gives us self-reliance."

Over the last two decades, a few communities have created their own cash in an effort to preserve local ties or businesses.

These whimsically named bills -- such as the "BerkShare" or the "Cheer" -- can be spent at neighborhood merchants, who then can use them at other local shops or, should they choose to, trade them in for dollars or other goods.

So far, none of them face the extreme pressures that popularized scrip during the Depression -- bank failures that dried up the supply of cash in circulation, requiring governments to come up with novel ways to keep commerce alive.

"Right now there's a lot of interest because of the economy, but a lot of these efforts come about to rebuild social capital," said Ed Collom, a sociology professor at the University of Southern Maine who studies local currencies. "There's been concern about lack of trust, neighbors not knowing each other. They see this as a way



of neighbors helping each other."

In Detroit, for example, the Cheer was created not due to the city's chronic financial woes but because bar owner Jerry Belanger wanted to encourage patrons to support new local businesses. He issued notes good at neighborhood merchants, backed by a cash reserve at his bar.

The idea caught on fast, and other taverns agreed to help back the currency. There are now \$3,000 worth of Detroit Cheers in circulation after about four months.

"It's like a wink or a secret handshake," Belanger said. "People want to demonstrate they care about the community."

In Mesa, Ariz., a city of 450,000 east of Phoenix, the motive has been purely financial.

The city has no property tax and relies almost exclusively on its sales tax for revenue. Receipts plummeted 12.5% in the last quarter of 2008.

Johann Zietsman, director of the city's Arts Center, noticed that only 30% to 40% of seats were selling as people tightened their belts.

Thus Mesa Bucks were born. Shoppers who spend money at stores in the city limits can bring their receipts to the Arts Center and receive a percentage of the sales tax they paid as Bucks. Right now the currency can only be spent at the Arts Center and city museums, but officials are talking with two malls about distributing them and believe some local merchants will accept Bucks.

"Everybody is having a tough time," Zietsman said. "Incentives are always popular."

The western New York college town of Ithaca is believed to be the first community in recent memory to have revived scrip by starting the Ithaca Hour in 1991. Other places, including Portland, Maine, and Traverse City, Mich., followed suit.

In western Massachusetts, activists and a local nonprofit banded together in 2006 to create the BerkShare.

Since then, 2.5 million BerkShares have circulated in the leafy towns of the Berkshire Mountains. Residents can exchange \$95 for 100 BerkShares, giving an incentive to use the scrip.

Susan Witt, executive director of the E.F. Schumacher Society, which advocates scrip and other ways to build local economies, helped create the BerkShares. She said that as recently as the early 20th century, banks issued their own scrip that would be used in towns and cities across the country.

"We gave it up for the convenience of a national currency," Witt said, adding that it remains legal to mint your own money. "Regions opened themselves to being vulnerable to the ins and outs of the national economy."

The Plenty -- which roughly stands for Piedmont Local EcoNomy Tender -- first launched in 2002 in another central North Carolina community.

It quickly folded because the bills piled up in the few businesses that would accept them, a problem that experts say dooms the majority of scrip.

Residents in Pittsboro, a collection of stately clapboard homes and repurposed brick warehouses 17 miles south of the university town of Chapel Hill, decided to try again this spring.

The new incarnation of the Plenty can be exchanged for dollars at a bank in Pittsboro, and backers say they are trying to expand the businesses that will accept the bills. Melissa Frey, who administers the Plenty cooperative,

noted that a local chiropractor and aromatherapist have agreed to take Plenties, but no mainstream health providers or gas stations have signed on.

Though local activism spurred the currency's revival, Frey said businesses seem increasingly receptive because of the recession. "It does happen to be the right time to sell this program to people."

The bills are designed and printed by local artists, with a wide variety of designs and serial numbers to combat counterfeiting.

A couple of businesses in town already pay employees partly in Plenties. Proponents are most excited that the local Piggly Wiggly -- a franchise owned by a local family -- has agreed to start accepting the currency.

Owner Blake Evans said he has "low expectations, but long-term maybe it'll be something that catches on." He has been explaining the concept to his employees, some of whom had concluded that the motto on the bills, "In Each Other We Trust" (printed in soy ink on 80% recycled paper), meant the currency is anti-religious. "It certainly is not," Evans said.

One of the anchors of the Plenty is the General Store Cafe, a cavernous eatery and deli where, waiters report, customers have regularly been leaving Plenty bills as tips.

Owner Vance Remick said that when people use the Plenty it feels more like a personal transaction -- the sort that could only occur in a unique community.

"You want to feel special," Remick said, "wherever you are."

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