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## Print Your Own Currency

Local currencies are often seen as a frivolity, but several communities in America are dead serious about their do-gooder potential in a fast globalising world

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Several communities in America are dead serious about the do-gooder potential of local currencies

Economically, America appears to be in the throes of chaos. The national debt is in trillions of dollars. The unemployment rate looms at nearly 10 per cent. State governments are broke. What's the solution? Some folks say it is to print your own money.

Yes, you read that right. Lately, a wave of local currencies have begun to spring up in America. The purpose is to encourage people to buy locally. This new money can be redeemed for goods and services. But don't try to spend it at large retail chains such as Wal-Mart. They won't accept it.

The goal of these currencies is to keep money within communities. When you shop at national corporations, most of your money leaves your neighbourhood. Spending locally keeps it from leaking out. "Local independent businesses are more likely to strengthen the local economy because they are more likely to advertise locally in the newspaper, they're more likely to hire local accountants, local web designers, they're more likely to use an independent bank that's right there in the community," says Ed Collom, a sociologist at the University of Southern Maine who has studied local currencies.

Local currencies are subject to taxation and are legal in the US as long as they are issued only in paper form, and do not resemble regular US dollar bills. In any case, towns would rather have their money celebrate local things than national icons. Berkshares, the local currency of Great Barrington, Massachusetts, features famous state residents such as Herman Melville and WEB DuBois. Bay Bucks of Traverse City, Michigan, feature portraits of indigenous wildlife.

Local currencies tend to be far more colourful.

While 'In God We Trust' is printed on the back of US money, the Ithaca hour, the local currency of Ithaca, New York, says 'In Ithaca We Trust'. "Many people who trade Ithaca hours believe earnestly in God," explains Paul Glover, founder of the hour. "Putting God's name on money is 'blasphemy' because money is used to transact many things destructive of communities and nature. Putting the community's name on money emphasises that we are taking responsibility for our economic well being, rather than depending on distant board rooms and legislatures."

The Ithaca hour is the poster child for local currencies in America. Since 1991, over \$110,000 worth of Ithaca hours have been released into circulation, and can now be used to pay rent, buy movie tickets and a host of other services with more and more being added all the time. The basic denomination of the hour is one hour of work or ten American dollars, the idea being that your labour has value. More hours are released as more people sign up to use them.

These local currencies are by no means a new concept. Many appeared during the Great Depression as Federal dollars became scarce. "A lot of local currencies were developed during the Great Depression, and that's what really accounted for our ability to get out of it," says media

critic Douglas Rushkoff, author of *Life Inc: How the World Became a Corporation and How to Take it Back*, a critique of the corporate mindset. In one part of his book, Rushkoff looks at the history of local currencies and explains that they date back long before the Great Depression. Similar concepts existed during the Middle Ages in Europe and in Ancient Egypt. In both cases, local money existed alongside a centralised one. The former was used for day-to-day exchanges and the latter for long distance trade. Rushkoff cites both periods as golden ages of economic prosperity, which ended once local currencies were outlawed.

Contemporary local currencies are not meant to replace the US dollar. They are merely intended to be used for local transactions, which is why they are also called complementary currencies. In today's globalised world, store owners often have suppliers who reside very far away, sometimes in some country on the other side of the globe, so a globally recognised currency is needed for such long-distance business to be conducted.

While both Berkshares and Ithaca hours have succeeded, not all local currencies have done likewise. Currencies in Vermont and Brooklyn, as well as various other places, have all failed miserably in making their way into wallets—despite brave efforts by Brooklyn residents to revive their own little experiment. One major problem is getting people to use and accept it. The problem with Burlington Bread, a now defunct local currency from Vermont, was that many businesses reported having no use for the local currency that patrons spent at their stores. They themselves had nowhere to spend it.

Unfamiliarity poses its own barriers. “Most people look at it and say, ‘Okay, well how are people ever going to trust a complementary currency?’ And the fact is, you don't need to trust a complementary currency, because it's real; it's actual hours of time that get credited to you as opposed to the currency we use now,” argues Rushkoff. “The faith-based currency is the one we're using,” he adds, referring to the fact that the US greenback is no longer backed by gold, and in fact no longer backed by anything other than our *belief* in it as a means of exchange and store of value. One way to combat this problem is by creating locations where participants can exchange their local currency for US dollars, something that is true for both Berkshares and Detroit Cheers, the local currency of Detroit, Michigan, home of that tarnished icon General Motors.

Berkshares have an added feature. When exchanging US dollars, you get 5 per cent more back in Berkshares. If you trade in 95 US dollars, you receive 100 in Berkshares. This increases your local buying power, giving an extra incentive to use the local currency. The 5 per cent was lowered from an original 10 per cent. But this discount is hardly the point. “The reason is not the discount, but a way to educate consumers on how to buy locally,” says Susan Witt, founder of Berkshares. Businesses that return their Berkshares for dollars lose 5 per cent, encouraging them to find ways to use Berkshares for their expenses.

While the convertibility to US dollars is helpful in making a local currency successful, it is not essential. Ithaca hours cannot be as freely exchanged as Berkshares or Cheers, but it doesn't seem to have stunted its growth.

But what do these ‘Buy Local’ campaigns and local currencies, both means of combating globalisation, mean for an emerging economic superpower such as India? Not much. “They are too small to matter,” says Dr Rathin Roy, an economic adviser to the Indian Government. “No more than a fifth [of a] decimal point of US GDP, if that.”

While Collom agrees that these currencies' circulation is too small to have an impact on the global market, he speaks of a growing concern amongst local people about where the products we use come from, and under what conditions they were produced. Collom believes that local business owners tend to be more socially conscious, whereas large retail chains tend to be concerned solely

with finding the lowest price regardless of merchandise quality or manufacturing conditions. If more people were to buy locally with the help of these currencies, you could see less demand for goods of poor quality made under questionable labour practices.

There—think global, buy local.