

## Local Currencies Take Off

Contributed by Bob Woods

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Local-only currency in Portland? Think plastic

Nondollars - Advocates of "buy-local" money consider debit cards instead of paper bills -- a national first

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The Oregonian Staff

The aroma of espresso and the lonesome siren of Neil Young's acoustic guitar danced in the air at Mojo's coffee shop in Southeast Portland.

It was a relaxing place on a rainy winter's day, except that a round-faced man in a tweed cap kept talking about starting a revolution. Or maybe a counterfeiting ring.

"We can print our own money," insisted Alan Rosenblith. "I mean, who says we need the federal government's money to buy food and pay off our debts?"

Rosenblith, a 29-year-old documentary filmmaker, is among a gaggle of kitchen-table economists pushing for a local currency in Portland by year's end. It's an idealistic -- pessimists might say "utopian" -- buy-local idea with a shaky past.

But this new money will be different, the group calling itself PDX Currency contends.

Instead of paper bills like the ones printed by groups in Hood River, Corvallis and elsewhere, Portland would use plastic in the nation's first local currency debit card effort.

"I'd like to get in on that," shouted a man with a bushy moustache working behind the counter at Mojo's. "But," he paused, wrestling for words, "wouldn't I risk going to jail?"

It's typically the first question.

"People get funny about money," said Susan Witt, founder of BerkShares in the Berkshire region of Massachusetts, where residents have walked into five participating local banks and exchanged \$1.3 million for the local currency in the past two years.

"They're under the spell of the dollar," Witt says. "Anything else feels weird."

In fact, local currencies, which date to Colonial scrip, are perfectly legal, advocates say. So far, the Internal Revenue Service has never disagreed.

As far as the government is concerned, local currencies are just another form of bartering, allowed under contracts law. As long, that is, as you report gains or losses on your federal taxes.

The point of the currencies is to keep local money local. If enough businesses agree to accept it, the alt-money can be used for groceries, doctor's bills, clothes, garbage collection or maybe a CD at the neighborhood record shop.

The problem is that the idea often falls apart when confronted with real-world market forces.

Since Ithaca, N.Y., started the modern-day revival of local currency in 1991, at least 85 similar programs have popped up around the country. Only about one in five, however, lasted more than a few years, said Ed Collom, a University of Southern Maine sociologist who has studied local currencies.

"The problem is that they are almost always volunteer-run social movements," Collom said. After the startup phase, he said, "leaders have a hard time finding anyone with the same passion to keep them going."

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Indeed, a Portland effort called Rose City Hours disappeared almost before it started in the 1990s. The group didn't grow beyond a handful of neighbors keeping track of credits on a computer spreadsheet before it collapsed.

That's a common scenario, Collom said. Most alternative money lacks support from businesses, he said, which means consumers who buy into the idea have few places to spend the local scrip.

For its part, River Hours in Hood River got a groovy launch in 2004.

During that year's Hoodstock festival, '60s icon Wavy Gravy put a wad of the green, orange and purple bills in a shrine on the stage and blessed them under the autumn sun. "He made a speech about how we need to be more community-oriented," said Theresa North, a member of the nonprofit board that founded the currency and regulates its exchange rate with the U.S. dollar.

Today, employees at the town's La Clinica health center accept part of their paychecks in River Hours. Green-goods import shop Small Planet Trading took out a \$300 low-interest Hours loan to pay for its Web site. The bills even show up in church collection plates.

Recently, the Hood River Downtown Business Association endorsed the currency. But growth has been slow. Just eight of the business association's 120 members have agreed to accept River Hours.

At Dog River Coffee on Oak Street, a sticker declaring "River Hours Accepted Here" greets customers at the front door. Yet the shop takes in only \$20 worth -- 2 River Hours -- each month, said owner Nate Devol, who allows one-tenth of an Hour (that's \$1) toward any transaction.

Devol said he would love to accept more but has a hard time getting rid of the ones that end up in his till. "It's a political hot potato to say," he said, "but there isn't much of a network in a community this size." Most of Dog River's vendors are out of town and aren't interested in taking River Hours for their services. So, Devol collects the bills in an envelope until he has enough to pay his newspaper vendor.

"I think it could get more traction in a big city," he said, "where there's a stronger network of local vendors."

In Portland, the movement started on a night last fall. About 30 people settled into metal folding chairs in the meeting room of Southeast Portland's People Food Co-op to watch Rosenblith give a PowerPoint show extolling local currency.

Some instantly fell in love with the idea of Portland's own paper money. One woman asked whether the denominations could feature the city's bridges and be designed by local artists.

But in the series of weekly meetings since, the idea of using the debit card technology won out. Smart move, said Stacy Mitchell, author of the book "Big Box Swindle" and a senior researcher for the Institute of Local Self-Reliance in Minneapolis. "You'd be able to do all the things you can with local currency, without having to print the money," she said. "It's something that could immediately catch on."

The PDX Currency steering committee says it can overcome the usual obstacles by avoiding the onerous task of designing and distributing paper money. People will be able to get credit in exchange for both federal money and for services they provide, unlike in most systems. What's more, they say, Portland is a place where far-out ideas come to grow into the mainstream. Why not indie money?

"Portland's known for its independent streak," said Charlie Stephens, a sustainable-building consultant. PDX Currency plans to soon have a strategic plan it can pitch to sustainability groups that might be willing to provide seed money for a "community credit co-op," where accounts would exist -- although Rosenblith said, "I'd hate to call it a bank."

But with only months before the group would like to get the effort off the ground, it's hard to find a business owner

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who has heard of it -- although some express curiosity when asked.

"When we started, we wanted to make sure we were involved in this sort of thing," said Duane Sorenson, owner of Stumptown Coffee Roasters, which has five shops brewing so-called free-trade coffee in Portland. Of course, if the currency group's most recent public meeting is any indication, it won't be simple to galvanize the public.

After reserving a room at the Northeast Portland business center CubeSpace, Rosenblith sent out dozens of e-mail invitations. Local business owners were on the list. The room held 50 comfortably. Three showed up. Most of the chairs remained neatly pushed up to the round tables.

During an hourlong presentation, Rosenblith offered his usual stump speech: "Every federal dollar we've ever owned in our life is issued through bank debt." The dollar, he said, is a brand, like Coca-Cola. "The monetary system is so unsustainable at the moment that we're either going to collapse or go back to the Dark Ages."

Marian Grebarnier, a 59-year-old Southeast Portland resident, took notes and nodded as Rosenblith showed diagrams of how the system might work. Still, at the end, she shot him a puzzled look. "Even after all of that," she said, "I'm not sure I get it."

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