

Depression's scrip returns for building community

By **NICHOLAS RICCARDI**, Los Angeles Times

August 12, 2009

PITTSBORO, N.C. - The stimulus for this mill town turned artists 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 three 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 past 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 federal currency or other goods.

So far, none of them faces 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.

'A lot of interest'

"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 because of 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."

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."

Second chance for Plenty

The Plenty -- or Piedmont Local EcoNomy Tender -- began 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 scrips. 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 diversify the businesses that will accept the bills. Melissa Frey, who administers the Plenty cooperative, noted that a local chiropractor and an aromatherapist have agreed to take Plenties, but no mainstream health providers or gas stations have signed on.

Although 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."