

# DGC Magazine

Special Complementary Currency Issue

"80 cents of every dollar spent at a McDonald's or Wal-Mart immediately leaves the local area never to return again..."



# The 1930's all over again?

"IN THE 1930s A WORLDWIDE DEFLATION ENCOURAGED MANY NEW FORMS OF EXCHANGE THAT COMPETED WITH THE NATIONAL CURRENCIES."



"THE DEPENDENCY ON NATIONAL CURRENCIES ACTUALLY DEPRIVES REGIONS OF A VERY USEFUL SELF-REGULATING TOOL AND ALLOWS STAGNANT ECONOMIC POCKETS TO GO UNAIDED IN A SEEMINGLY PROSPEROUS NATION."

Quotes from the E. F. Schumacher Society web site. Local Currencies: Catalysts for Sustainable Regional Economies by Robert Swann and Susan Witt, February 1995

[http://www.smallisbeautiful.org/publications/essay\\_currency.html](http://www.smallisbeautiful.org/publications/essay_currency.html)

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# FAQ #1 - WHAT IS COMMUNITY CURRENCY?

[www.humboldtexchange.org](http://www.humboldtexchange.org)



*This is FAQ number one from the Humboldt Exchange web site. I think its helpful to read and understand this statement before learning more about complementary currencies.*

Community Currency is a means of exchange that has a localized value. This value is limited to a specific community, usually restricted within a geographical region. This structure keeps the wealth created by the exchange of goods and services within the local community -- it cannot be extracted or exported, or even really, benefited from by those whose primary allegiances lie outside of the community.

Most of us already use alternative currencies in many aspects of our life. Bus passes, movie tickets, gift certificates -- even tokens and tickets within video arcades -- are all used as a means of exchange for acquiring services or goods (although very restricted in where they have value). Coupons are used similarly, with value in potentially broader circles.

Scrip is an alternative currency much like our community currency. Unlike coupons, which only give you a discount on

purchases made with US currency, scrip has an inherent value and can be used on it's own.

During the Great Depression of the 1930s thousands of kinds of scrip were issued by merchants, municipalities, and even chambers of commerce. Scrip today is typically issued by a company as a tool for fundraisers: a non-profit or a school will purchase the scrip at less than face value, and then sell it to their supporters at face value, thereby making a small profit while encouraging their supporters to purchase from the company.

Community currencies similar to the Humboldt Exchange project can be found all over the US and the world. From Ithaca, NY to Tucson, AZ, and from Germany to Argentina, communities have benefited from a structure for exchange that prioritizes local sustainability.

<http://www.humboldtexchange.org/>

# BerkShares

<http://www.berkshares.org>

*"By accepting BerkShares merchants are helping to establish markets for locally made products, providing an incentive for the growth of home-based industries and creating opportunities for those underemployed and unemployed to turn latent skills into business ventures."*  
[www.berkshares.org](http://www.berkshares.org)

by Mark Herpel

## WHAT ARE BERKSHARES?

BerkShares are a local currency for use in the Southern Berkshire region of Massachusetts.

*What feature is allowing BerkShares to become the most successful complementary currency in the United States?*

## THEIR EXCHANGE BANKS

A non-profit organization determined to support local businesses, BerkShares, Inc., has organized and created an exchange system with local banks. This system maintains a liquid primary market for any exchanges between BerkShares local currency and national dollars. As a local merchant, if you accept BerkShares and take in more than you can spend with your local suppliers, you have the option to easily turn the local currency back into national currency. This liquidity allows for happy uninterrupted

acceptance by local merchants.

This convenient liquid exchange market exists each day between national currency and BerkShares. Here is the list of participating banks!

- Berkshire Bank ([www.berkshirebank.com](http://www.berkshirebank.com)) [Great Barrington Main Street, Great Barrington Stockbridge Road Branch, Sheffield, Stockbridge & West Stockbridge Branches]
- Lee Bank ([www.leebank.com](http://www.leebank.com)) [Great Barrington & Stockbridge Branches]
- Salisbury Bank ([www.salisburybank.com](http://www.salisburybank.com)) [Sheffield & South Egremont Branches]
- Pittsfield Co-op Bank ([www.pittsfield-coop.com](http://www.pittsfield-coop.com)) [Great Barrington Branch]
- Lenox National Bank

## HOW DOES AN EXCHANGE WORK?

When you spend national currency and buy BerkShares, you put the local currency into circulation. A one BerkShare note will cost you .90 cents but you spend them for face value. You gain a 10% shopping discount as you spend them. When BerkShares are removed from circulation, you lose 10% on the "out-exchange" back to national currency. Exchanging a \$10 BerkShare note will get you \$9 in USD.

From their web site, here is a great example of how it works.

*One day, you decide to go out for a nice dinner. You go to the bank to purchase BerkShares to spend at a local restaurant. You go in with 90 federal dollars and exchange them for 100 BerkShares. You go to dinner, and the total cost comes to \$100. The restaurant accepts BerkShares in full, so you pay entirely in BerkShares. Therefore, you've spent 90 federal dollars and received a \$100 meal - a ten percent discount for you. The owner of the restaurant now has 100 BerkShares. They decide that they need to deposit them for federal dollars and return them to the bank. When they bring them to the bank, the banker deposits the 100 BerkShares you spent on dinner and gives the restaurant \$90 federal dollars, the same 90 dollars that you*

WE TAKE  
Berk\$hares

***had originally exchanged for BerkShares. The end result? You receive a ten percent discount because of the initial exchange, but the same \$90 you originally traded for BerkShares all goes to the business where you spent those BerkShares.***

This process of allowing exchanges in both directions, creates guaranteed liquidity through the banks. This provides an incentive to buy the local currency and put it into circulation and requires a small penalty when you 'retire' the currency at one of their exchange banks. **Brilliant !!!**

Membership in BerkShares, Inc. costs \$25.00 annually. These proceeds go to support the organization and its efforts to make this local currency a successful option for area businesses. Any business or individual may accept BerkShares as payment and then spend them as they choose (you don't have to be a member).

The Berkshire area has had earlier versions of local currency. In 1991 a local restaurant issued Deli Dollars, there were also Berkshire Farm Preserve Notes and even Monterey General Store Notes. However, BerkShares, is truly the largest and most advanced of the local currency.

BerkShares was first launched in 2006 by a group of local business owners and community activists. Their goal was to strengthen the local community and encourage commerce. It worked.

There are an estimated 300 area merchants now accepting BerkShares and it is reported that around \$1.5 million are in circulation. However, as with all local currencies, these notes are continually circulated back and forth between users, even more than national currency. There is no precise method to determine the total annual dollar figure of transactions, but, one can conclude from their professional operation that the number is indeed very large.

Shopping with BerkShares, a paper currency, is a face to face economic transaction. These consumers are building a solid foundation of local commerce and a stronger economy. National economic problems will have less of an effect on any local self sustaining community.

BerkShares were never intended to replace U.S. dollars, they operate alongside the dollar as a complementary currency. Using BerkShares creates local jobs and strengthens family owned enterprises. The notes currently in circulation are \$1, \$5, \$10, \$20, and \$50 denominations. Rumored to be on the drawing board are BerkShares checking accounts, debit cards, and ATMs.

#### **WHERE TO SPEND YOUR BERKSHARES?**

Just look locally for the 'BerkShares Accepted Here' sign in any store window and there is also a fine directory online.

<http://www.berkshares.org/directory/index.htm>

When a customer makes a purchase using this local currency, the merchant will make change in BerkShares. Additionally, customers paying in USD may request BerkShares as change.

Local currency merchants are helping to establish markets for locally produced items, providing incentives for the growth of home-based industries and creating opportunities for those underemployed or unemployed. The operation turns latent skills into business ventures.

Citizens working in their own communities using local currency create a kind of systemic change that leads to more sustainable economic practices. The end result of using BerkShares is a local community that fosters a more ecologically responsible production of goods and a more equitable distribution of wealth. Using a local complementary currency is a significant tool for positive economic change.

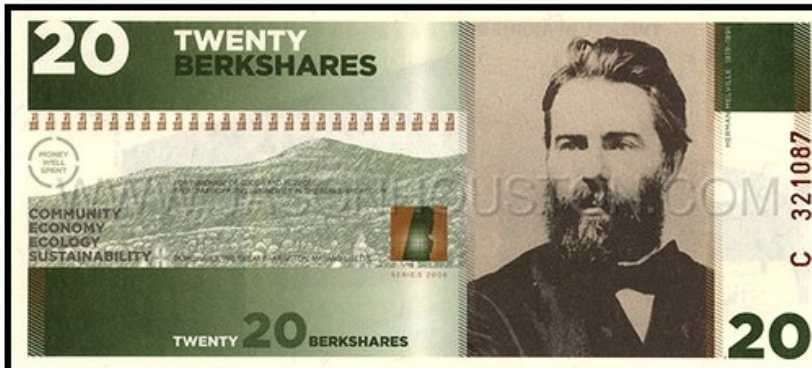
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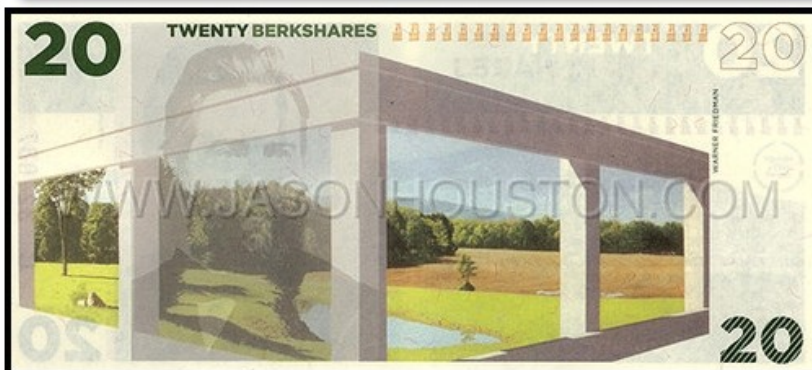
The BerkShare notes were designed by John Isaacs ([www.johnisaacsdesign.com](http://www.johnisaacsdesign.com)). Mr. Isaacs is well known for designing art books and catalogues for a living.

On the front of each note is pictured Michael McCurdy's Revitalized Provence, wood engraving, 2 7/8" x 9", 1985. Michael McCurdy

([www.michaelmccurdy.com](http://www.michaelmccurdy.com)) is an artist, illustrator, author and publisher. He has produced award winning art from his Great Barrington studio for the past twenty-five years. Mr. McCurdy's wood engravings, etchings and drawings have appeared in over 200 books for both adults and children and in well known art galleries and museums across the United States.



The back of side of each note features portraits of local historic figures including: Herman Melville, Norman Rockwell, W.E.B. Du Bois and Robyn Van En.



Participating artist which have added their touch to the currency include:

- Bart Elsbach ([www.bartelsbach.com](http://www.bartelsbach.com))
- Morgan Bulkeley, Jr. ([www.MorganBulkeley.com](http://www.MorganBulkeley.com))
- Joan Griswold ([www.joangriswold.com](http://www.joangriswold.com))
- Janet Rickus
- Warner Friedman

# SEVENTEEN RULES FOR A SUSTAINABLE COMMUNITY

by Wendell Berry

A community economy is not an economy in which well-placed persons can make a 'killing'. It is an economy whose aim is generosity and a well-distributed and safeguarded abundance.

WENDELL Berry is a strong defender of family, rural communities, and traditional family farms. These underlying principles could be described as 'the preservation of ecological diversity and integrity, and the renewal, on sound cultural and ecological principles, of local economies and local communities':

1. Always ask of any proposed change or innovation: What will this do to our community? How will this affect our common wealth.
2. Always include local nature - the land, the water, the air, the native creatures - within the membership of the community.
3. Always ask how local needs might be supplied from local sources, including the mutual help of neighbors.
4. Always supply local needs first (and only then think of exporting products - first to nearby cities, then to others).
5. Understand the ultimate unsoundness of the industrial doctrine of 'labour saving' if that implies poor work, unemployment, or any kind of pollution or contamination.
6. Develop properly scaled value-adding industries for local products to ensure that the community does not become merely a colony of national or global economy.

7. Develop small-scale industries and businesses to support the local farm and/or forest economy.
8. Strive to supply as much of the community's own energy as possible.

9. Strive to increase earnings (in whatever form) within the community for as long as possible before they are paid out.

10. Make sure that money paid into the local economy circulates within the community and decrease expenditures outside the community.

11. Make the community able to invest in itself by maintaining its properties, keeping itself clean (without dirtying some other place), caring for its old people, and teaching its children.

12. See that the old and young take care of one another. The young must learn from the old, not necessarily, and not always in school. There must be no institutionalized childcare and no homes for the aged. The community knows and remembers itself by the association of old and young.

13. Account for costs now conventionally hidden or externalized. Whenever possible, these must be debited against monetary income.

14. Look into the possible uses of local currency, community-funded loan programmes, systems of barter, and the like.

15. Always be aware of the economic value of neighborly acts. In our time, the costs of living are greatly increased by the loss of neighborhood, which leaves people to face their calamities alone.

16. A rural community should always be acquainted and interconnected with community-minded people in nearby towns and cities.

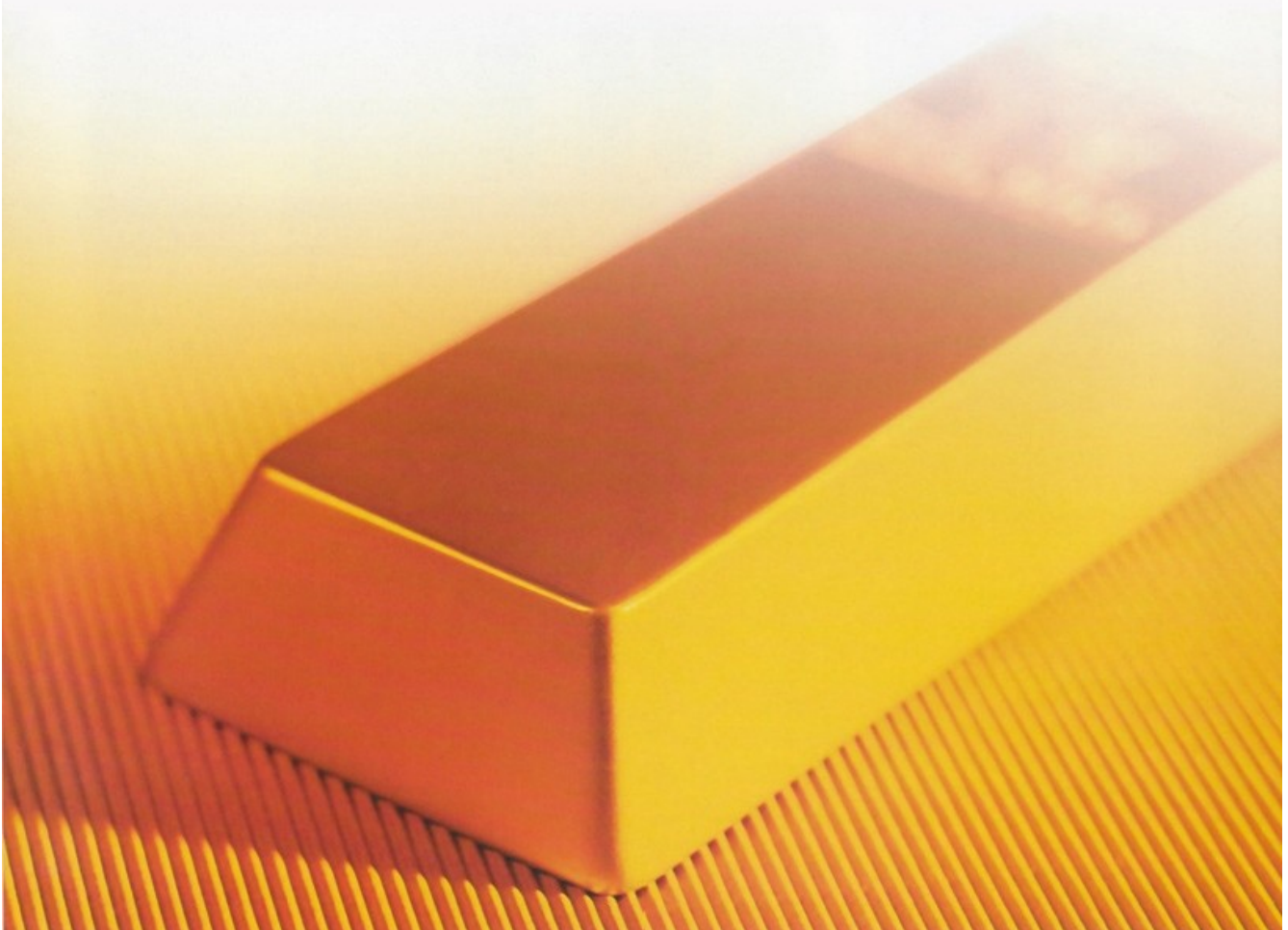
17. A sustainable rural economy will depend on urban consumers loyal to local products. Therefore, we are talking about an economy that will always be more cooperative than competitive. <http://briarpatchnetwork.wordpress.com/2007/09/21/seventeen-rules-for-a-sustainable-community-wendell-berry/>



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# CALGARY DOLLARS

Calgary, Alberta, Canada  
<http://calgarydollars.ca>



Calgary Dollars is a grassroots currency system established in January of 1996. (that's 12 years in operation!) In an effort build a more sustainable local economy the Calgary Dollar has harnessed a pool of local resources & talent. Some might call it, "Reliance On Self". Participants in the Calgary area recognize that each person in the community has something of worth and can add value to the world. They recognize local skills, talents and capabilities as reliable cohesive assets. It is known by all participants that each neighbor has value. A strong local economy builds a healthy ecosystem and a better community.

***"Calgary Dollars was created to complement Canadian dollars, creating an interest-free, non-debt-based currency backed by the goods and services of Calgarians"***

\* <http://calgarydollars.ca/>

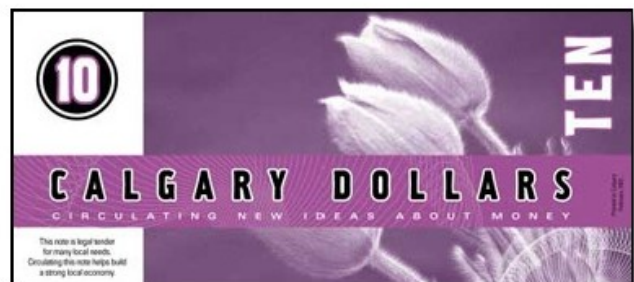
Circulating a local currency increases a

community's economic activity. Calgary Dollars creates an effective everyday solutions to problems which develop from a slowing national economy. Local dollars are not hurt by a national economic slow downs. This grassroots money system encourages the sharing of underused assets, skills and provides support to locally run establishments which are in direct completion with the huge chain outlets.

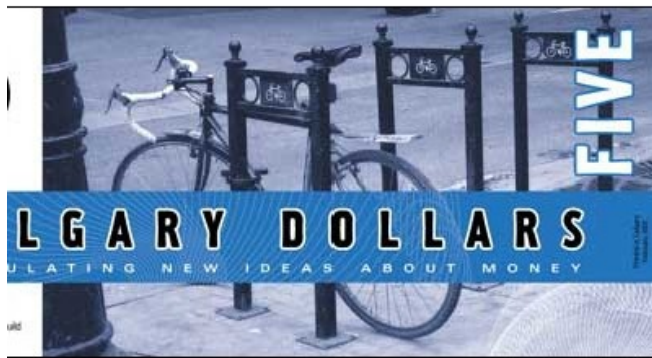
One Calgary Dollar is equal to one CAD, however the C\$s are not exchangeable through any local bank, the currency is pegged simply for customer convenience. While Calgary Dollars are actual local currency, their transaction value can always be negotiated and their value is determined exclusively through the buyer and seller. One Calgary Dollar translates to CDN\$1 by general consent.

Way back in 1999, the City Hall alderman voted in support of Calgary Dollars. This decision paved the way for Calgary's Transit tickets and recreation centre tickets both to be sold in exchange for local Calgary Dollars. City acceptance is a sure boost for any private currency.

The Calgary Dollar system is eager to provide local grants for Grassroots Community Initiatives. Small actions can make a big difference for any local community. Items like beautification of the area, environmental projects and even just fixing up the local newspaper boxes can all add up to more local pride...everyone benefits!



Calgary Dollars is a Project of the Arusha Centre



*"Arusha is a collectively run, membership supported organization dedicated to facilitating understanding of and action around local and global social justice issues. We strive for a world composed of co-existing communities which share a commitment to social justice, self-determination, to peace and human and ecological health." \* <http://calgarydollars.ca/info>*

The online Calgary Dollar Listings Classified (<http://listings.calgarydollars.ca/>) currently boasts over 1000 listings. These listings also appear in the local Calgary Dollars Newspaper every few months.

It's easy to start using Calgary Dollars and anyone can join, there are no sign up fees. In fact, when you join online and they will send you C\$20 to start you on the way spending Calgary Dollars. Once you have signed up online, you can even enter classified ads and support the local economy.

A major hub of activity for participants are the Calgary Dollars Potluck dinners. These dinner meet ups are a great place to promote your products or services and meet other users. If you are accepting C\$'s in your local business, the Potluck Dinners are easy place to find ways to spend your dollars. Like any community currency, when more users circulate the notes, buying and selling, the currency becomes stronger making it easier to use. Potlucks happen on the second Wednesday of every

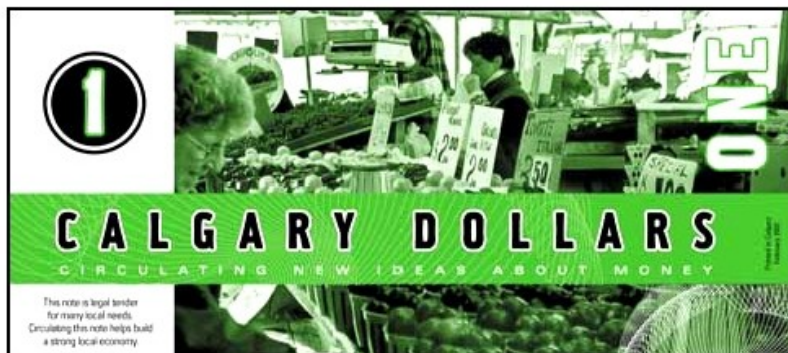
month and you can even set up a table for item sales if you would like, just give them a ring ahead of time.

The Calgary Dollars Community is best described by one of its members in an open letter to the organization. This is perhaps the best description of a community currency online.

*"It is more than just a club or a networking opportunity, it is a COMMUNITY. It is warm, caring, & safe. It supports the under-dog. It helps to breathe life into causes not cared about or ignored by present society. It is holistic, political, spiritual & lots of other things. To me, it has been a major vehicle of change, making me look closely at where I was spending my money, why I was spending my money, and the effects of my purchases. I realized that spending money is about a lot more than a simple transaction of goods for fancy paper." Sheri Blaylock \* <http://calgarydollars.ca/article/2005/08/sheri.html>*

#### WHAT ABOUT TAX?

The Canada Revenue Agency has also been very open with their recognition of barter systems, which would include Calgary Dollars. A short document named the "Tax Interpretation Bulletin" which outlines the Department's views on the income tax implications arising from bartering is available online. <http://www.cra-arc.gc.ca/E/pub/tp/it490/it490-e.html>





This local currency is 90% backed by national currency, in this case the Canadian dollar, and participating merchants are free to exchange back to national currency anytime. The Toronto Dollar system is very similar to BerkShares. The added feature of being able to swap local currency for national dollars is a huge bonus for merchants who may need national currency to replenish and re-stock their stores items.

Toronto Dollars Community Projects Inc was

launched in late 1998 at the St. Lawrence Market. It began as a citizens' action in the St. Lawrence neighborhood. It is a non-profit corporation and a compassionate organization created by community minded citizens.

This project receives support not only from merchants and users but also from local social activists, clergy, political leaders and even several local mayors.



a month. This feature, as we have seen, creates a rock solid business environment for local merchants. Not being able to restock store shelves from suppliers using the local currency or scrip has shown to be one of the biggest drawbacks of starting and maintaining a successful community currency. Both BerkShares and Toronto Dollar seem to have conquered that issue.

Perhaps the best feature of this project is that 10% of every Toronto Dollar goes to support local community projects. As David Walsh from their web site explains, "...our goal has been to direct the limited funds generated by the Toronto Dollar project to people who are struggling to make a living."

and approved projects can benefit in two ways. They can exchange 110 Toronto Dollars for 100 Canadian dollars by contacting the treasurer. They are also eligible to receive grants from the Community Fund.

Charitable and non-profit community organizations and individuals can offer Toronto Dollars as gifts for work. In the case of welfare recipients, the Toronto Dollars received as gifts do not affect welfare benefits. Thus Toronto Dollars can provide an incentive to welfare recipients to supplement their income.

The first Toronto Dollar grant of 1,000 Toronto Dollars was given to the Out of the Cold program.



The community in Toronto, always seems engaged in some event or party and it usually includes the local currency. The Toronto Dollars has helped to co-sponsor and initiate events and programs, such as the Toronto Dollar Party, the Global Roots festival, the Holy Trinity / Margaret Atwood Concert, the Frankly Bob Awards, the Elaine Hall Awards, the St. Lawrence forums, etc.

To date over 35 community organizations have received funds. This has meant: free dance classes for youth, nutritious breakfasts for school children, food and clothing for street people, furniture for low income people, camping trips for children, 'thank-you gifts' for caring services etc.

Article by Mark Herpel

### What are the economic benefits to the community?

Charitable and non-profit community organizations

# ITHACA HOURS

NOT LEGAL TENDER...

...ITS LOCAL TENDER

BY ALAN SMITHEE

***"In the summer of 1991 Paul Glover heard a radio interview with Schumacher Society staff about the Deli Dollars and Berkshire Farm Preserve Notes. The story inspired him to issue Ithaca Hours in his hometown of Ithaca, New York, as a way to create more local jobs and more security for Ithacans who are underemployed. Ithaca Hours has grown from its small grass-roots beginning to include over a thousand individuals and stores. The scrip can buy food items, construction work, professional services, health care, and handicrafts."***

***\* [www.smallisbeautiful.org/publications/essay\\_currency.html](http://www.smallisbeautiful.org/publications/essay_currency.html)***

The successful 'Ithaca HOURS' program has become a model for many other local currency programs around the country and world.

The city of Ithaca is located in Tompkins County, New York State. When Ithaca Hours first began, the average hourly wage in Tompkins County was right at \$10 so the HOURS program recognizes that one HOUR would represent \$10. A half HOUR would equal \$5 and so on. The actual notes have six denominations between one HOUR and a tenth.

Additionally, the name "HOURS" should remind users that not only is money designed to be a medium of exchange, but currency also represents labor, skills, plus the time it takes to perform a service. A user's time and effort is exchanged for HOURS. However, the fact that one hour holds the value of \$10 does not mean you can't sell your time for more than \$10 per hour. Some skilled tasks require more than the usual wage of \$10 per hour, so as in any large

community, expect to often encounter a varied price for different work. Both goods and services are exchanged for this local money.

Ithaca HOURS is real currency that anyone can use locally in and around Ithaca, New York. As their web explains, since no national money system in the world today has actual commodity backing, the Ithaca notes are just like fiat money. The HOURS are simply declared as money and recognized by their users to have value. They are plenty legal to use and widely accepted.

This currency unlike BerkShares or the Toronto Dollar does not have any medium of exchange for the conversion of HOURS back and forth between national dollars. The community has accepted these notes as only having value with other users. As a merchant, should you take in more HOURS than you can likely re-spend your move would be to adjust or slow your daily acceptance of them. One component of the Ithaca HOURS' success stands with the community's ability to continually circulate them.

***"Ithaca Hours is a local currency system that promotes local economic strength and community self-reliance in ways which will support economic and social justice, ecology, community participation and human aspirations in and around Ithaca, New York." \* [www.ithacahours.org](http://www.ithacahours.org)***

Like all other complementary currencies which are restricted to a geographic region, the real strength behind this program is in the continued circulation of their receipts. The merchants should not accept any more HOURS than they can easily spend back into the local economy. No value is gained from saving them. Value is created by constant use.

***"...when you spend an HOUR you know it is going to stay in our community, keep circulating, supporting our economy and maybe even end up right back in your pocket. And also unlike dollars this is your system. You can get to know the people who run the system (HOURS Board of Directors) as***



Paul Glover is the founder of Ithaca HOURS  
“credited as the first modern local currency and has inspired similar systems throughout the world”  
According to Wikipedia ([http://en.wikipedia.org/wiki/Paul\\_Glover](http://en.wikipedia.org/wiki/Paul_Glover))

***well as those business people that accept HOURS, and you can even help make the decisions which make the system run (by attending the Annual Meeting, electing and talking with members of the Board, or even running for a seat on the Board yourself."***

\* [www.ithacahours.org](http://www.ithacahours.org)

Around Ithaca there are several hundred business merchants which will gladly accept the local money. Even the local Alternatives Federal Credit Union allows tellers to keep HOURS in the drawer and customer use them to pay bank fees. The local food cooperative will accept them but they limit the amount to just \$5 per transaction so they don't take in more than they can spend. The HOURS program gives local businesses a leg up in competition with large retailers. Keep in mind that this program was created in the early nineties and is still operating successfully today.

The paper notes feature pictures of local waterfalls, a steamboat, children and animals. Crooks wanting to forge HOURS will have a hard time as they have special faint graphics and serial numbers. Furthermore, if caught trying to counterfeit them, you would be looking at a felony charge!

Any person or business may transact with HOURS. Local merchants which are listed in the Directory make a commitment and are actually required to accept at least a portion of a sale in HOURS and not national currency (USD).

***'Ithaca Hours is local currency that works.'***

If you are just getting started with Ithaca HOURS, you may begin by offering products or services through their directory. With your membership and new ad listing you will receive 2 HOURS and can begin accepting HOURS as a medium of exchange. The directory is an annual issue so each time you renew your listing, you will also receive another 2 HOURS. You can even opt to receive partial local wages in HOURS. Please see their web site for more details because you can only receive a specific portion of your pay in the local money. If you would like to simply



buy some HOURS, you can exchange your national dollars for local currency in the local Autumn Leaves Bookstore.

### **LOANS AND GRANTS**

One of the greatest feature of community currency, including Ithaca HOURS, is the organization's option to make NO interest business loans. Unlike a bank or credit company loan, applications are not only judged on credit worthiness but also, the applicants "... ability to spend the HOURS in diverse ways within the community; and the extent to which the proposed activity will support or stimulate entrepreneurship and opportunity within the community". As a member, both Individuals and businesses are eligible to apply for loans.

The Ithaca community shows great pride and a personal connection to the HOURS program. There have been many great local relationships built over HOURS transactions. The government sees them as taxable income so everyone is aware when using them to keep track of expenses and income. Unfortunately, local users cannot pay their income tax with HOURS yet, but I'm sure if any community ever gets that feature Ithaca will be the first.

The world's largest local currency loan to date has been made by the Ithaca HOUR system, in Ithaca, New York. Alternatives Federal Credit Union/ CUSO received \$30,000 in the form of 3,000 Ithaca HOURS. The HOURS were spent to pay 5% of contract work for building the credit union's new headquarters at State and Fulton Streets.

## In Ithaca, NY TIME IS MONEY

"The success of Ithaca's community currency system has inspired even the United Nations."

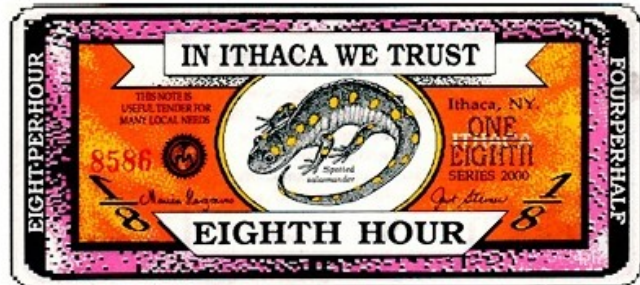
By Paul Glover — Ithaca HOURS Founder

Here in Ithaca, New York, we've begun to gain control of the social and environmental effects of commerce by issuing over \$65,000 of our own local paper money (called HOURS) to over 1,300 participants, including 370 businesses, since 1991. They have made millions of dollars value of trades with HOURS, representing hundreds of job-equivalents at \$20,000 each. HOURS are thus real money - local tender rather than legal tender, backed by real people, real labor, skills and tools. Ithaca HOURS come in five denominations: 2 HOURS (\$20), 1 HOUR (\$10), 1/2 HOUR (\$5), 1/4 HOUR (\$2.50) and 1/8 HOUR (\$1.25).

We printed our own money because we watched Federal dollars come to town, shake a few hands, then leave to buy rainforest lumber and fight wars. Ithaca's HOURS, by contrast, stay in our region

Here's how it works: the Ithaca HOUR is Ithaca's \$10 bill, because ten dollars per hour is the average of wages/salaries in Tompkins County. Most HOURS have been issued as payments to those who agree to be published backers of HOURS, listed in our bimonthly directory HOUR Town.

These HOUR notes buy plumbing, carpentry, electrical work, roofing, nursing, chiropractic, child care, car and bike repair, food, eyeglasses, fire-



wood, gifts, and thousands of other goods and services. Our credit union accepts them for mortgage and loan fees. People pay rent with HOURS. The best restaurants in town take them, as do movie theaters, two large locally-owned grocery stores, our local hospital, many garage sales, 55 farmer's market vendors, the Chamber of Commerce and the Public Library. Hundreds more have earned and spent HOURS who are not in the HOUR Town directory.



to help us hire each other. While dollars make us increasingly dependent on transnational corporations and bankers, HOURS reinforce community trading and expand commerce that is more accountable to our concerns for ecology and social justice.

Ithaca's new HOURLy minimum wage lifts the lowest paid up without knocking down higher wages. For example, several of Ithaca's organic farmers are paying the highest common farm labor wages in the world: \$10 of spending power per HOUR. These farmers benefit by the HOUR's loyalty to local agriculture. On the other hand, dentists, massage therapists and lawyers charging more than the \$10 average per hour are permitted to collect several HOURS hourly. But we hear increasingly of professional services provided for our equitable wage.

HOUR Town's 1,500 listings, rivaling the Yellow Pages, are a portrait of our community's capability, bringing into the marketplace time and skills not

employed by the conventional market. Residents are proud of income gained by doing work they enjoy. We encounter each other as fellow Ithacans, rather than as winners and losers scrambling for dollars.

The "Success Stories" of 300 participants published so far testify to the acts of generosity and community that our system prompts. We're making a community while making a living. As we do so, we relieve the social desperation that has led to compulsive shopping and wasted resources.

At the same time Ithaca's locally-owned stores, which keep more wealth local, make sales and get spending power they otherwise would not have. And over \$6,000 of local currency has been donated to 35 community organizations so far, by the Barter Potluck, our wide-open governing body.

As we discover new ways to provide for each other, we replace dependence on imports. Yet our greater self-reliance, rather than isolating Ithaca, gives us more potential to reach outward with ecological export industry. We can capitalize new businesses with loans of our own cash. HOUR loans are made without interest charges.

We regard Ithaca's HOURS as real money, backed by real people, real time, real skills and tools. Dollars, by contrast, are funny money, backed no longer by gold or silver but by less than nothing - \$5.5 trillion of national debt.

The world's largest local currency loan to date has been made by the Ithaca HOUR system. Alternatives Federal Credit Union/CUSO received \$30,000 in the form of 3,000 Ithaca HOURS. The HOURS will be spent to pay 5 percent of contract work for building the credit union's new headquarters. The credit union will spend the HOURS for plumbing, carpentry, electric work and a wide range of other services.

We've just received a letter stating that the United Nations has convened a committee to explore promoting HOURS worldwide as a unit of money.

The Ithaca HOURS headquarters were also recently visited by a top official of China's central bank, Wen Tiejun, sent from Beijing by the President of the People's Bank of China (their Alan Greenspan) to talk about adopting HOURS as money in China. Wen Tiejun will report directly to the bank's president, who will deliver the report directly to China's Premier.

According to Wen, China is profoundly concerned that the world economy has become dependent on U.S. dollars, which he says (as we've said) is backed by market speculation (98 percent of daily trade) and military control of foreign oil, rather than by real goods. So China is looking for a new and stable form of money, backed directly by labor, before the dollar bubble breaks.

We intend to open a community economic development center called HOUR Town. We'd look forward to being able to provide major funding to community organizations and new business start-ups. We could fund municipal projects like weatherization and transit. We could purchase land to be retained in farms.

Visit the Ithaca HOURS Web site:  
[www.ithacahours.org](http://www.ithacahours.org)



Reprinted with permission from HOUR Town. Paul Glover is the author of several urban histories and many articles on urban planning. He was founder of Citizen Planners of Los Angeles. He has worked in advertising, journalism and barnyards. He holds a degree in City Management, rides his bicycle everywhere and in 1978 walked from Boston to San Diego.

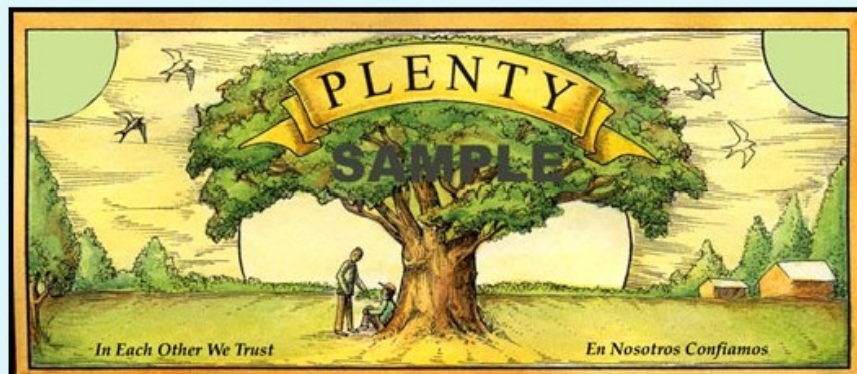
# NCPlenty

North Carolina's Local Currency

(<http://www.ncplenty.org>)

Things PLENTY Can Do For Your Business:

- *Local currencies like the PLENTY keep money circulating within the community where it does the most good for you and your neighbors. We all know that supporting local business is a good idea. PLENTYs will make it easier to keep our local economy strong.*
- *Since local currencies are generated within a community, they help promote cooperation, bolster local commercial channels, and foster a sense of civic pride. Local currencies encourage the use of local materials, labor, and talents.*
- *A local currency places renewed emphasis on basic needs, which in turn promotes virtues like neighborliness, conviviality, frugality, and self-reliance.*
- *Accepting the PLENTY allows merchants to appeal to members of the community who are dollar-poor. Many of your neighbors will be bartering in PLENTYs, and will be more likely to shop where they can spend them.*
- *Local currencies promote fair wages in numerous ways without impacting negatively upon businesses. For instance, some employees may accept partial wages in PLENTYs, freeing up merchant dollars for inventories, utilities, and expansion. Workers must earn the Federally mandated wage minimum according to law. But additional compensation in PLENTYs (as "fringe benefits") are often not subject to withholding and in some cases are tax exempt (IRS Reg. [1322.01]§1.132.1). Local currencies allow employers to stretch their payrolls, and retain and reward valuable workers.*
- *Who knows how to manage local resources better than the people who rely upon them? Accepting the PLENTY will encourage environmental responsibility and good practices, and discourage over-extraction and pollution. Trading in PLENTYs strengthens the bonds between producers/providers and consumers by helping assure high quality and ecological sensitivity.*
- *Local currencies allow your reputation to work for you. Accepting the PLENTY demonstrates that you care about your community, our environment, and that you deal fairly with customers and employees.*



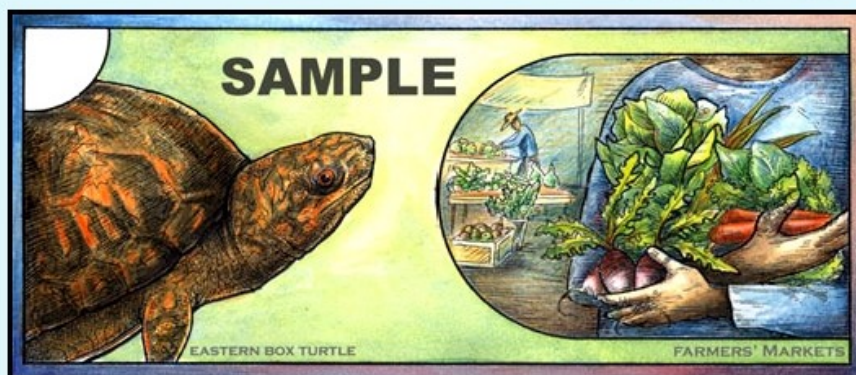
PLENTY stands for (Piedmont Local EcoNomy Tender) and is a 'complementary' local currency which is used along side the U.S. dollar by local businesses and consumers. It was first issued in October 2002 by NCPlenty Inc., an all-volunteer, nonprofit organization working to promote local commerce, fair wages, environmental responsibility, self-reliance, and neighborliness, through the implementation and support of a local currency. NCPlenty Inc. was founded by a group of friends and neighbors in the summer of 2001.

One major difference between national currency like the US Dollar and money like the PLENTY is that local currencies are bound to the local North Carolina geographic region, whereas dollars enter and leave communities seemingly of their own will. The PLENTY promotes face-to-face interactions among consumers and producers. These type of transactions build long term business relationships and strong local communities.

ers and consumers. Why would anyone import products from as far away as California or Chile, when you have the quality items right in your own backyard.



***Members of NCPlenty include storefront businesses, farmers, individual service providers and others who have agreed to accept PLENTYs as full or partial payment for goods or services. In turn, members spend the PLENTYs they receive with other members, building connections among local producers and consumers.***



**How does spending the PLENTY help the local North Carolina region?**

Items produced locally make better use of recycled materials, locally available material, and renewable resources. By shortening the distances between producers and consumers the long range transportation costs drop

In four counties of North Carolina, you may find local shoppers spending a colorful script known as NCPlenty. Because of their strict geographical borders outside of these counties you won't see any PLENTYs in use. The county lines of Durham, Orange, or parts of Alamance and Chatham are the outward boundaries & final word on where this local complementary currency is accepted.

One goal of this currency, as with any local money, is to simply shorten the distance between produc-

ers and so does the amount of carbon emission resulting from the creation, shipping and sale of that product. Fresher products, less pollution, lower costs and support for the local community are all good reasons to use the PLENTY.

***Spending and accepting PLENTYs simultaneously protects our local culture and the global environment.***

It's easy to start using the PLENTY, anyone can simply join as either a "provider" or an "employee." Providers are local businesses which issue PLENTY's as full or partial wages to employees. Providers also accept the colorful currency as payment for goods or services. Keeping the money in circulation and moving through transaction after transaction is the number one goal of any local currency. Local businesses which accept the PLENTY are easy to spot, they provide signage for all participating businesses.

*Perhaps most importantly, the PLENTY fosters community. Members seek each other out, meet face-to-face, and get to know their neighbors. The PLENTY allows the "small town values" of neighborliness, generosity, and self-reliance to blend with our community's traditional support for diversity, social justice, and responsible development.*



PLENTY notes are available in three denominations. One PLENTY is equal to \$10, 1/2 PLENTY is equal to \$5, and 1/4 PLENTY is equal to \$2.50. Their issuance and use is considered legal by the Federal Reserve, IRS, and United States Treasury Department. As with the dollar, PLENTY users are required to list their transactions on their tax returns. The PLENTY meets all the legal criteria for scrip. Among these are the provisions that the PLENTY must be a dollar equivalent (for taxes), look different from any U.S. currency and equal at least \$1 in value. The same laws apply to any local currency that apply to national money...meaning it is illegal to counterfeit.

Currently, annual membership is just \$6 for employee members and \$12 for providers.

***The goal of NCPlenty Inc. is to "promote local commerce, fair wages, environmental responsibility, self-reliance, and neighborliness, through the implementation and support of a local currency, the PLENTY." By using a currency accepted only locally, members seek to strengthen their local economy by purchasing more local goods and services.***

A central idea behind the PLENTY is to create a 'pool' of money that can only be used locally within a pre-determined community. This circulating local money will help to insulate and protect business during times of economic stress. Preserving a community's local wealth instead of exporting it out of the region is a central theme with all complementary currency. The PLENTY, unlike online or phone methods of payment can ONLY be spent in person. This face to face exchange for goods or services works to bring producers and consumers closer together and feeds cooperation in the business and local community. When you think of every transaction you do on a daily basis with online billpay, or charge it at the pump, you often end up with a dizzying pile of receipts just to help remember where you shopped that day.

Community currencies such as the PLENTY are different in this respect, users want to know who is accepting their local currency and sellers want to see who is spending it in support of their local business. There is a personal connection made at that point of sale.

#### **How do I get some?**

- **Accept partial wages in local currency**
- **Ask for part of your change in local currency**
- **Receive a non-profit grant**
- **Exchange U.S. and local currencies at a bank or participating store**

*Article by Mark Herpel*

# IN WE WE TRUST:

## THE PROSPECT OF LOCAL CURRENCIES

by Josh Zeidner

[www.joshuazeidner.com](http://www.joshuazeidner.com)

An area that has always absolutely fascinated me is Local Currencies. Local Currencies are alternative currencies not necessarily backed by an official national government. Other terms for Local Currencies are LETS, Community Currency, Alternative Currencies, Barter Currencies, and many more. Their use is far more popular in Europe, Canada, and Australia- although there have been a number of communities here in the US who have adopted their own local monetary system, often with resounding success.



Graphic by TW Collins from Flickr

[http://farm2.static.flickr.com/1203/751221191\\_fdb8eae75c.jpg](http://farm2.static.flickr.com/1203/751221191_fdb8eae75c.jpg)

### SO HOW DOES IT WORK?

Often people do not understand the theoretical basis of what money is. Money is simply a medium of exchange- a way to keep score amongst a group

of people as various actors participate in a society in some way. Credits and Debits are made by members of a society based on their own personal criteria- they can give and take, request and spend the money as they see fit. It is important though that the money retain a level of worth to users- so in order to do this a variety of things must be employed. For one it must be relatively scarce- if I ran off endless units then there would be no value to them. Another it must be reliable- it cannot be easily forged. Yet another is liquidity- it must be easy to use, for instance if US dollars weighed 40 pounds it may pose a liquidity problem because it would be a huge chore to drag it to the marketplace to spend. So that sounds simple enough, so why is money so darned complex?

### CREDIT: A GREAT INNOVATION

Money gets complex when we introduce the concept of credit. Credit is only possible in money systems where the unit of exchange does not carry a high intrinsic value. So gold pieces have a high intrinsic value, dollar bills do not (they have the same relative intrinsic value as a greeting card). So the issuer of the money (given it does not have a high intrinsic value) has an enormous power- the power to create more money and give that money to whomever they see fit. In some cases this is seen as a great advantage, because I can privilege certain parties instantly without any inhibitors whatsoever. Our modern banking system issues enormous measures of credit to various parties on a regular basis, and many people in our own country do not understand the position of privilege that these banks are in due to this special right. In this system there are haves and have-nots, all determined by fiat decree of these money masters to whom we entrust our most important medium of exchange, the US dollar. It may interest the reader that these people are (generally) not even elected by the people, they are a collection of appointees and stand-in figures from wealthy families, etc. Many, including congressman Ron Paul contend that this entire system is a farce and has been from its inception, and absolutely needs to be rooted out for our country to regain its social and economic health.

### THE SOLUTION: LOCAL CURRENCIES



Graphic by Jessica Shannon by Flickr

<http://flickr.com/people/superrabbit/>

So in recognition of the problem of credit and banking and the threat it poses to open societies, many people have made suggestions to counter the effects cited above. Reinstating the gold standard is one (in other words, every dollar in circulation is exchangeable for a specific amount of gold, thus running off new money is impossible without acquiring more gold, and this acts to reduce the ability to generate credit). Another, more compelling solution is the local or community currency. In this schema, a community with common values prints their own currency or script (or in some cases implements a purely virtual schema) in limited supply. At this point they can do a number of things. They can lend them to people. They can grant them to people. It is these kind of decisions that determine the nature of the currency and the values that it represents. This is the tricky business of monetary management, if done correctly a robust medium of exchange is created and through participation and cooperation of community members, more value is created than was there initially. Remember money is a medium, it brings people together. It creates equity and cooperation. The problem doesn't lie in these principles, it is the corruption and intermediation of the money supply that is the source of problems. So a local currency stands as a possible alternatives to the corruption we have seen so much of lately in the news. Perhaps it is our only choice for the future. <http://www.joshuazeidner.com/2008/03/in-we-we-trust-prospect-of-local.html>

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## The Idea of a Local Economy

by Wendell Berry

*Published in the Winter 2001 issue of Orion magazine*

**"The idea of a local economy rests upon only two principles: neighborhood and subsistence..."**

A TOTAL ECONOMY is one in which everything—"life forms," for instance,—or the "right to pollute" is "private property" and has a price and is for sale. In a total economy significant and sometimes critical choices that once belonged to individuals or communities become the property of corporations. A total economy, operating internationally, necessarily shrinks the powers of state and national governments, not only because those governments have signed over significant powers to an international bureaucracy or because political leaders become the paid hacks of the corporations but also because political processes—and especially democratic processes—are too slow to react to unrestrained economic and technological development on a global scale. And when state and national governments begin to act in effect as agents of the global economy, selling their people for low wages and their people's products for low prices, then the rights and liberties of citizenship must necessarily shrink. A total economy is an unrestrained taking of profits from the disintegration of nations: communities, households, landscapes, and ecosystems. It licenses symbolic or artificial wealth to "grow" by means of the destruction of the real wealth of all the world...

Aware of industrialism's potential for destruction, as well as the considerable political danger of great concentrations of wealth and power in industrial corporations, American leaders developed, and for a while used, the means of limiting and restraining such concentrations, and of somewhat equitable distributing wealth and property. The means were: laws against trusts and monopolies, the principle of collective bargaining, the concept of one-hundred-percent parity between the land-using and the manufacturing economies, and the progressive income tax. And to protect domestic producers and

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production capacities it is possible for governments to impose tariffs on cheap imported goods. These means are justified by the government's obligation to protect the lives, livelihoods, and freedoms of its citizens. There is, then, no necessity or inevitability requiring our government to sacrifice the livelihoods of our small farmers, small business people, and workers, along with our domestic economic independence to the global "free market." But now all of these means are either weakened or in disuse. The global economy is intended as a means of subverting them.

In default of government protections against the total economy of the supranational corporations, people are where they have been many times before: in danger of losing their economic security and their freedom, both at once. But at the same time the means of defending themselves belongs to them in the form of a venerable principle: powers not exercised by government return to the people. If the government does not propose to protect the lives, livelihoods, and freedoms of its people, then the people must think about protecting themselves.

How are they to protect themselves? There seems, really, to be only one way, and that is to develop and put into practice the idea of a local economy—something that growing numbers of people are now doing. For several good reasons, they are beginning with the idea of a local food economy. People are trying to find ways to shorten the distance between producers and consumers, to make the connections between the two more direct, and to make this local economic activity a benefit to the local community. They are trying to learn to use the consumer economies of local towns and cities to preserve the livelihoods of local farm families and farm communities. They want to use the local economy to give consumers an influence over the kind and quality of their food, and to preserve land and enhance the local landscapes. They want to give everybody in the local community a direct, long-term interest in the prosperity, health, and beauty of their homeland. This is the only way presently available to make the total economy less total. It was once, I believe, the only way to make a national or a colonial economy less total. But now the necessity is greater.

I am assuming that there is a valid line of thought leading from the idea of the total economy to the idea of a local economy. I assume that the first thought may be a recognition of one's ignorance and vulnerability as a consumer in the total economy. As such a consumer, one does not know the history of the products that one uses. Where, exactly, did they come from? Who produced them? What toxins were used in their production? What were the human and ecological costs of producing them and then of disposing of them? One sees that such questions cannot be answered easily, and perhaps not at all. Though one is shopping amid an astonishing variety of products, one is denied certain significant choices. In such a state of economic ignorance it is not possible to choose products that were produced locally or with reasonable kindness toward people and toward nature. Nor is it possible for such consumers to influence production for the better. Consumers who feel a prompting toward land stewardship find that in this economy they can have no stewardly practice. To be a consumer in the total economy, one must agree to be totally ignorant, totally passive, and totally dependent on distant supplies and self-interested suppliers.

And then, perhaps, one begins to see from a local point of view. One begins to ask, What is here, what is in me, that can lead to something better? From a local point of view, one can see that a global "free market" economy is possible only if nations and localities accept or ignore the inherent instability of a production economy based on exports and a consumer economy based on imports. An export economy is beyond local influence, and so is an import economy. And cheap long-distance transport is possible only if granted cheap fuel, international peace, control of terrorism, prevention of sabotage, and the solvency of the international economy.

Perhaps one also begins to see the difference between a small local business that must share the fate of the local community and a large absentee corporation that is set up to escape the fate of the local community by ruining the local community.

So far as I can see, the idea of a local economy rests upon only two principles: neighborhood and subsistence. In a viable neighborhood, neighbors ask themselves what they can do or provide for

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one another, and they find answers that they and their place can afford. This, and nothing else, is the practice of neighborhood. This practice must be, in part, charitable, but it must also be economic, and the economic part must be equitable; there is a significant charity in just prices.

Of course, everything needed locally cannot be produced locally. But a viable neighborhood is a community; and a viable community is made up of neighbors who cherish and protect what they have in common. This is the principle of subsistence. A viable community, like a viable farm, protects its own production capacities. It does not import products that it can produce for itself. And it does not export local products until local needs have been met. The economic products of a viable community are understood either as belonging to the community's subsistence or as surplus, and only the surplus is considered to be marketable abroad. A community, if it is to be viable, cannot think of producing solely for export, and it cannot permit importers to use cheaper labor and goods from other places to destroy the local capacity to produce goods that are needed locally. In charity, moreover, it must refuse to import goods that are produced at the cost of human or ecological degradation elsewhere. This principle applies not just to localities, but to regions and nations as well.

The principles of neighborhood and subsistence will be disparaged by the globalists as "protectionism"—and that is exactly what it is. It is a protectionism that is just and sound, because it protects local producers and is the best assurance of adequate supplies to local consumers. And the idea that local needs should be met first and only surpluses exported does not imply any prejudice against charity toward people in other places or trade with them. The principle of neighborhood at home always implies the principle of charity abroad. And the principle of subsistence is in fact the best guarantee of giveable or marketable surpluses. This kind of protection is not "isolationism."

Albert Schweitzer, who knew well the economic situation in the colonies of Africa, wrote nearly sixty years ago: "Whenever the timber trade is good, permanent famine reigns in the Ogowe region because the villagers abandon their farms to fell as many trees as possible." We should notice

especially that the goal of production was "as many as possible." And Schweitzer makes my point exactly: "These people could achieve true wealth if they could develop their agriculture and trade to meet their own needs." Instead they produced timber for export to "the world economy," which made them dependent upon imported goods that they bought with money earned from their exports. They gave up their local means of subsistence, and imposed the false standard of a foreign demand ("as many trees as possible") upon their forests. They thus became helplessly dependent on an economy over which they had no control.

Such was the fate of the native people under the African colonialism of Schweitzer's time. Such is, and can only be, the fate of everybody under the global colonialism of our time. Schweitzer's description of the colonial economy of the Ogowe region is in principle not different from the rural economy now in Kentucky or Iowa or Wyoming. A total economy for all practical purposes is a total government. The "free trade" which from the standpoint of the corporate economy brings "unprecedented economic growth," from the standpoint of the land and its local populations, and ultimately from the standpoint of the cities, is destruction and slavery. Without prosperous local economies, the people have no power and the land no voice. This is a shortened version of the article that appeared in the magazine.

WENDELL BERRY farms in Port Royal, Kentucky, with his family. He is the author of more than thirty books of fiction, essays, and poetry, including *Citizen Papers*, *The Unsettling of America*, and *Another Turn of the Crank* (essays); *That Distant Land* (stories); and *A Timbered Choir: The Sabbath Poems 1979-1997*. His new novel, *Hannah Coulter*, will be published this fall by Shoemaker & Hoard. <http://www.orionmagazine.org/index.php/articles/article/299/>

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- Scrip -

## The 1936 Alberta Prosperity Certificates

On Monday, August 24, 1936 a newspaper in Canada called them, "...a money experiment so fantastic as to baffle financial experts." \*<http://www.time.com/time/magazine/article/0,9171,756540,00.html>

During downward economic cycles, towns, cities and communities have been known to issue local scrip, community currency and certificates designed to help local populations deal with shortages, lack of funds and 'slow times'. The local paper is used just like fiat money and circulated alongside the nationally issued counterpart.

In 1936 during the great depression, the Social Credit Government, led by Alberta's William Aberhart, began to issue local currency style notes called "prosperity certificates."

The notes were in denominations of \$1 and were distributed as pay to relief workers, legislators and Cabinet members. Printed on the back of each note was a grid of 104 small squares. Each space showed the date and every little square represented one week. In order keep the currency what they called "fresh", each week the holders of the certi-

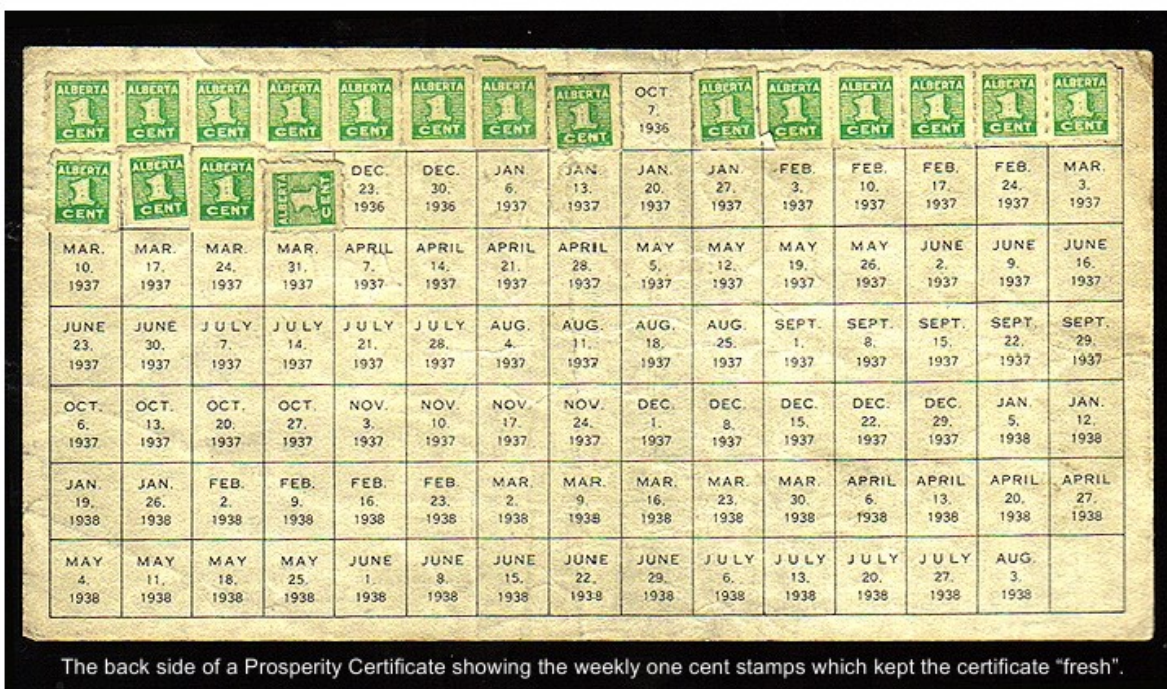
cate needed to buy and place that one cent stamp on the back of the certificate. A valid certificate had stamps placed on the back each week up to the current date.

Similar to contemporary local currencies, the success of this operation depended on constant circulation of the notes and not hoarding. For your reward, if you accepted the certificates and then re-used it right, you avoided paying for the stamp. The stamp requirement was a way to increase the velocity of certificate spending and discourage hoarding.

It did not take long for problems to develop with the new local currency.

When it first began circulating among retail users, there was an issue with merchants providing change for a purchase, when only partial certificate value was used. In the beginning, if change was required some merchants gave actual hard money. As the program evolved, other merchants were known to only give change in credit slips and some even required the entire certificate to be





used or it could not be accepted.

Each week as that stamp date approached, the holders would spend their certificate in order not to be obligated for the purchase of that one cent stamp. Ultimately, almost all of the notes ended up in the possession of the final wholesalers. Consequently, it was now their task to buy stamps for all the certificates!

Another big problem for the supply chain, was that wholesalers could not use the certificate outside of the Province to purchase goods. This set of problems created quite a road block for the new style of money and soon most merchants stopped accepting them for retail purchases and would only allow the sales tax to be paid with a certificate. Since the government accepted them as payment for tax receipts merchants collected tax using certificates and passed them on to the government.

There was one more big problem looming on the horizon and that was Gresham's Law. As the certificates began greater circulation, no one wanted to spend their hard currency anymore, they were saving it. Everyone opted to first spend their prosperity certificates. In line with Gresham's Law, the

bad money (certificates) were being used and the good money (hard money) was being saved.

While the original plan was for the provincial treasurer to redeem each note after two years with the 104 stamps attached, in order to keep the cash and goods flowing, Premier Aberhart began promising to redeem part of the certificates' value each month in cash.

Prosperity certificates, soon became known as "funny money" and the Alberta Government finally abandoned them in April 1937. At that time it was reported that out of the \$500,000 in notes which were issued only \$12,000 were still in circulation. The idea of the weekly stamp may have sounded good, however, in 1936 the Edmonton Chamber of Commerce called the certificates "a heavy and discriminatory taxation scheme." If you do the math, the certificate holder was actually paying the government 52% a year interest on their average weekly certificate holdings. It was not long before most Prosperity Certificates ended up each week in the church collection plate. Original Source for this article: <http://calgarydollars.ca/info/history>

Article by Mark Herpel

## CC SPOTLIGHT: TOM GRECO

Thomas H. (Tom) Greco, Jr. is a community and monetary economist, writer, networker, and consultant, who, for almost three decades, has been working at the leading edge of transformational restructuring. A former college professor, he is currently Director of the non-profit Community Information Resource Center, a networking hub, which provides information access and administrative support for efforts in community improvement, social justice, and sustainability.

He is regarded as one of the leading experts in monetary theory and history, credit clearing systems, complementary currencies, and community economic development. He is a patron and contributor to *Fourth World Review* and has written for a wide range of other journals including, *The Whole Earth Review*, *World Business Academy Perspectives*, *At Work*, *Earth Island Journal*, *The Catholic Worker*, *The Permaculture Activist*, *Permaculture Drylands Journal*, *Green Revolution*, and other publications.

He has authored three books:

His latest book on complementary currencies and exchange systems, *Money: Understanding and Creating Alternatives to Legal Tender*, was published by Chelsea Green Publishers in 2001. *New Money for Healthy Communities* (1994) describes voluntary alternatives to conventional money that empower communities and reward people fairly; *Money and Debt: A Solution to the Global Crisis* (1990) explains how conventional money malfunctions and how an ideal money would be structured.

Mr. Greco holds an MBA (Business Administration) from the University of

Rochester and a Bachelor's degree in Chemical Engineering from Villanova University. He spent a year in residence doing doctoral study in Management, and Instructional Technology at Syracuse University. His work experience includes 5 years as an aerospace engineer and 14 years in academia, mainly at Rochester Institute of Technology, where he held a tenured faculty position. His expertise includes monetary theory, complementary currency and exchange systems, computer applications, statistical analysis, and survey research.

In 2007, he completed a world tour that included numerous presentations including:

- **The BALLE pre-conference on Money for Local Living Economies,**
- **The Beijing (China) Academy of Social Science,**
- **Conference for the China Association of Social Work in Hang Zhou**
- **The Gold Dinar Conference in Kuala Lumpur, Malaysia.**

### VISIT TOM'S WEB SITES

#### **Reinventing Money**

<http://www.reinventingmoney.com/>

#### **Beyond Money Blog**

<http://beyondmoney.wordpress.com/>

The original monthly issue had included an article on the Burlington Currency Project. After publishing, we were informed that the currency is no longer in operation.

My apology for the mistake, to all readers "Burlington Bread" is no longer in operation.



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# Open Money Manifesto

<http://www.openmoney.org/>

The problems with money stem entirely from how conventional money is normally issued - it is created by central banks in limited supply. There are three things we know about this money. We know what it does - it comes and it goes. We know what it is - it's scarce and hard to get. And we know where it's from - it's from "them", not us.

These three characteristics, common to all national currencies, determine that we constantly have to compete for a share of the limited amount of the "stuff" that makes the world go round. This money can go anywhere, and so it inevitably does, leaving the community deprived of its means of exchange.

It is simply the nature of conventional money that by its coming and going it creates conditions of competition and scarcity, within and between communities.

So we have to scramble for money to survive, we are forced to compete for it, often ruthlessly.

Intent on getting the most for the least, we strive for the best bargains, as individuals, businesses, non-profits, governments, and nations.

As a society, as a generation, it seems we are determined to have everything ourselves no matter what consequences our excesses and negligence bring for others, now and in the future.

We rely on this money. It seems there isn't much choice, despite its evident failings. Some people have little or none and cannot do what they need to live in this world - some people have vast amounts of it and yet it seems to do them, and the world, no good.

And what's it all about? A money that is scarce, runs away in all directions, and comes from "them". This money of theirs comes with many problems.

- **the problem of supply - how much money in circulation is "right" for the economy?**



**Pecunix® is a gold based currency and payment solution that allows people on opposite sides of the world to make and receive payments instantly via the Internet.**

**Because gold has an internationally agreed value, Pecunix is a system that is perfectly suited to the specific demands of e-commerce.**

**Pecunix is an extraordinarily safe system to use because it is one hundred percent underwritten by gold at all times. In other words, every currency unit in the Pecunix system is supported at all times by an equivalent amount of gold, which itself is stored in an independently monitored, internationally approved storage vault.**

**<http://pecunix.com>**

Republic of Panama

**Nobody seems to know how to keep the balance between too much and too little.**

- **the problem of distribution - where is it? who has it and who hasn't? is it where it's needed? clearly not.**
- **the problems of cost - costs of creation and security, operations and accounting, the costs of interest, the costs of the courts.**

But above all, at a cost beyond counting, our monetarily driven behaviour has utterly disastrous effects on our society and the global environment.

That's the bad news, but you probably knew it already. Now here's the good news - all these problems can be fixed with money that's better designed.

***Money is just information, a way we measure what we trade, nothing of value in itself. And we can make it ourselves, to work as a complement to conventional money. Just a matter of design.***

There is no good reason for a community to be without money. To be short of money when there's work to get done is like not having enough inches to build a house. We have the materials, the tools, the space, the time, the skills and the intent to build ... but we have no inches today? Why be short of inches? Why be short of money?

Open moneys are virtual, personal and free. Any community, network, business can create their own free money - "free" as in free speech, free radical, freely available - but NOT free as in free lunch, or free ride. It's not something you get for nothing.

Open money is money that must be earned to be respected. When you issue it, you are obliged to redeem it - your money is your word. It's just a matter of your reputation in your community.

Open money is flat money. It confers no power of one over another, only one with another. Exploitation is no problem; when you have your own money, you can't be bought and sold so easily. You can choose what you do to earn your money. And there's no monopoly, all systems coexist in the same space. Flatter than flat - open money is

superflat.

Open money is virtual and not limited. Physical things exist in space and time - which makes them limited - in number, mass, place. Virtual things don't exist and need not respect any such limits.

So any and all things are possible in open money space - any form at all. It's just a matter of devising a scoring system for those who consent to using it - money is simply a social arrangement.

Of course, a system won't work as a money unless it's well designed. A scoring system that nobody wants to use isn't a working money. So while there's no limit to the moneys that can be conceived, not all moneys will work.

The new money that will work will be created by us, in sufficient supply to meet our needs, and in an open context so that all can contribute and be acknowledged. Open money will circulate within the networks and communities it serves, quite legally and virtually free, by design.--

***We believe that the problems that come from open money systems.***

- ***where conventional money is scarce and free.***
  - ***where conventional money is created by promises to redeem - our money is out there.***
  - ***and where conventional money flows creating dependencies that are harmful.***
- new complementary money re-circulate***

So let's fix the money problem and for the rest of the problems that we face in our world, let's see what follows.

Too good to be true? Or maybe not? Maybe worth checking out?

These are our beliefs about open money, our ideas for developing open money systems, and our intent to act now to implement our beliefs...we invite you to sign on.

It isn't a mission statement for anybody or any body. The statements aren't owned by anyone or anything or intended to serve the interests of any individuals or organizations.--

- are problems with money;
- it is a process of design - the problems with money can be easily fixed;
- it is a declaration of intent - we are fixing them.

### **Just imagine ...**

- *imagine having enough money, sufficient to meet all our needs.*
- *imagine a world where everyone can have work and pay, work and play.*
- *imagine clean air, water, and food - enough for all.*
- *imagine human society living in balance with the environment.*
- *imagine a society and economy operating without any of the familiar monetary problems of poverty, exploitation, homelessness, unemployment, fear and stress.*

The purpose of the open money manifesto is self determined - it is inherent in its content.

- it isn't negotiated, nobody votes on it.
- it's not a matter of opinion, nor a political proposal.
- its validity is based on the sense it makes in

***in conventional money can be resolved with***

***and expensive, the new money is sufficient and***

***by central banks, new money is issued by us, or word.***

***erratically in and out of our communities, l to the economy, society and nature, the s, enabling business and trade.***

and of itself.

The concepts of open money aren't owned by anyone.

The manifesto is an open set of ideas - the concepts are there for extension, development, refinement - we invite you to sign in.

The manifesto is an active document -

- it is a statement of observable evidence - there

## **MORE ABOUT OPEN MONEY**

- **Index of websites**  
<http://lets.net>
- **The money problem: you need it more than it needs you**  
<http://www.gmlets.u-net.com/explore/problems.html>
- **A game for understanding the money problem**  
<http://openmoney.org/letsplay/index.html>
- **Japan open money project**  
<http://openmoney.org>
- **The fundraising strategy that uses om/cc to initiate om/cc**  
<http://openmoney.org/cw>  
<http://openmoney.org/cw/slideshow.htm>
- **Money & Community**  
<http://www.openmoney.org/play/m&c-notes.html>
- **A method of keeping account of collaborative efforts**  
<http://www.openmoney.org/open/share.html>
- **A fictional scenario of youth enterprise**  
<http://wildfire.communitycurrency.net>
- **Design for the real world**  
<http://www.openmoney.org/go/designs.html>
- **The now of money**  
<http://openmoney.editme.com/nowofmoney>
- **A wealth acknowledgment information system - current software designs**  
<http://openmoney.info/>

# HUMBOLDT COMMUNITY CURRENCY

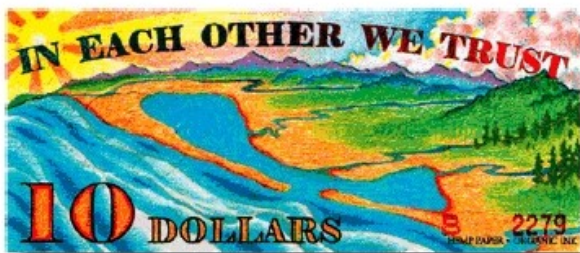


IN EACH OTHER WE TRUST

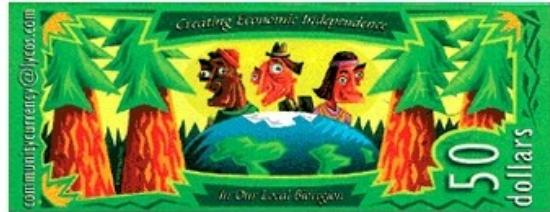
[www.humboldtexchange.org](http://www.humboldtexchange.org)

The Humboldt Exchange project backs a local currency for Humboldt County, California. The project is sponsored by Democracy Unlimited of Humboldt County, which is a local grassroots organization dedicated to building genuine democracy. Humboldt County happens to be a prime location for a successful community currency. Some might say that area users are ideally suited for this level of community business and merchants are more engaged in the local economy than other areas of the State and Country.

Throughout the area the locals show a genuine sense of community identity. The commonly heard phrase "I'm from Humboldt" evokes a sense of local



pride. This determination to know your neighbor, help others and do business locally is a catalyst for the growth and penetration of a successful community currency. Wide participation in the Humboldt Community Currency shows, "....there is a strong history of folks who work towards self-sufficiency, and always willing to lend a neighborly hand." [www.humboldtexchange.org](http://www.humboldtexchange.org)



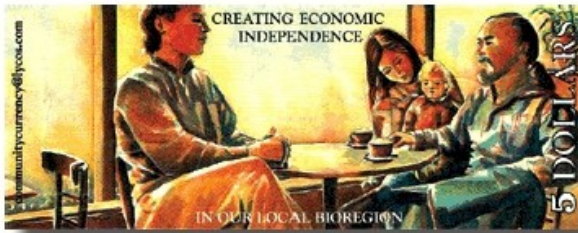
In regions like this, where both the skills and resources for a healthy community are in abundance, but the wealth and financial means for generating trade is not available, local currencies have become strong performers!

Local business accepting and spending community currency forces the notes to re-circulate within the local region forever. This is the exact opposite of the large chain stores and national currency. National currency spent at stores like Wal-Mart leaves the area and eventually leaves the country.

*"Local currencies help communities to recognize their inner strengths, the gifts of their members, and the value of cooperation. Local currencies inspire people to live in accordance with their values, to follow their inner passion rather than chase after an obsolete notion of "success." They enable people to make a contribution to their community and receive what they need or desire in return. They nurture human relationships and demonstrate how local production for local needs benefits the community, as well as reducing the stress upon distant communities who have been forced into near slavery and starvation to provide resources and services to the world's wealthy."*

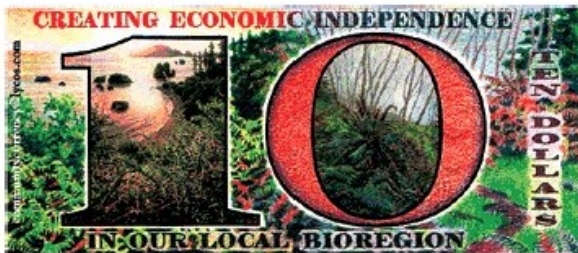
*\*[www.humboldtexchange.org](http://www.humboldtexchange.org)*

Using local Community Currency for daily purchases benefits neighbors, friends and the community. This local currency circulating within the community, will tend to insulate the region from the economic ups and downs which are felt by the larger State or National economies.



The Humboldt Community Currency is not linked to an exact amount of exchange for national dollars. Its not 'pegged' to the US Dollar. The project encourages the concept of a 'Minimum Living Wage' at \$10 per hour. If you are accepting Humboldt Community Currency in a retail P2P exchange, transactions are suggested at a rate of half Community Currency and half USD. However, its not written in stone and there are items listed in the Humboldt Exchange Directory that may be acquired for all Community Currency and no US Dollars.

Designed by local artists and printed on 100% organic hemp paper, Humboldt Community Currency notes are available in - \$5, \$10, \$20 and \$50 denominations.



As with all successful Community Currencies, the goal of any participating local merchant is never to accept more local currency than can be easily res-pent. Accumulating excess amounts or hoarding of local currency hurts the system. Community Currency, cannot earn interest as saving since it's not permitted to bear interest (this discounts future earnings in relation to present cash).

Using Community Currency promotes long term vision and growth within a community. The idea is to keep it circulating by accepting the currency and re-spending it.

Since there is no reason to hold on to notes, the

benefits are only created through transactions and not saving. Thus it can be said that Community Currency encourages daily trade between users. As an example, you may have never before purchased locally produced honey, but as you notice a local store accepts Community Currency, you decide to try out the regional brand. Local currency can build remarkable personal and business bonds within a geographic area.



The Humboldt Exchange provides additional tools which help local merchants and users become comfortable spending and handling their currency. Additionally, they will help with staff training, brainstorm new ways to promote the currency, along with bookkeeping, accounting, and even contacting local suppliers you might frequent with your regular daily business. If you need help working the Humboldt currency into your program they can and will provide you with aid and assistance. If you would like to receive a phone call and/or email reminder before their pancake breakfasts they even offer this message service as a free member perk!

Each month they produce the Humboldt Exchange Community Currency Directory. The directory lists participating merchant products and services. Each printing, several thousand copies are distributed throughout the county. Copies of the Humboldt Exchange Directory can usually be found at grocery stores and coffee shops throughout Humboldt County.

Other promotional items they offer include brochures, posters, handouts and signage for store windows. Their program even offers some basic advice and information on tax and legal issues surrounding Community Currency (CC). While the Exchange may increase your sales a bit through their local advertising and promotions, as the mer-

chant, you are always in control of how much you accept. If too much is coming in you can always adjust your policies and accept less.

# Madison Hours

Since 1996 - [www.madisonhours.org](http://www.madisonhours.org)

A Complementary Local Currency System based in Madison, Wisconsin issued by the Madison Hours Cooperative

***"The primary mission of the co-op is to create and sustain a local currency in order to promote economic equity & well-being and to promote cooperation among community members. Cooperative philosophy and values are an essential part of our enterprise."***

Madison Hours is local community currency which has been circulating since the mid 1990's. The money is issued by the people of the Madison area in order to increase the local money supply. Available market research from other community currencies such as Ithaca HOURS, shows that community currencies increase business for participating merchants. Community currencies

inject more cash into the local economy.

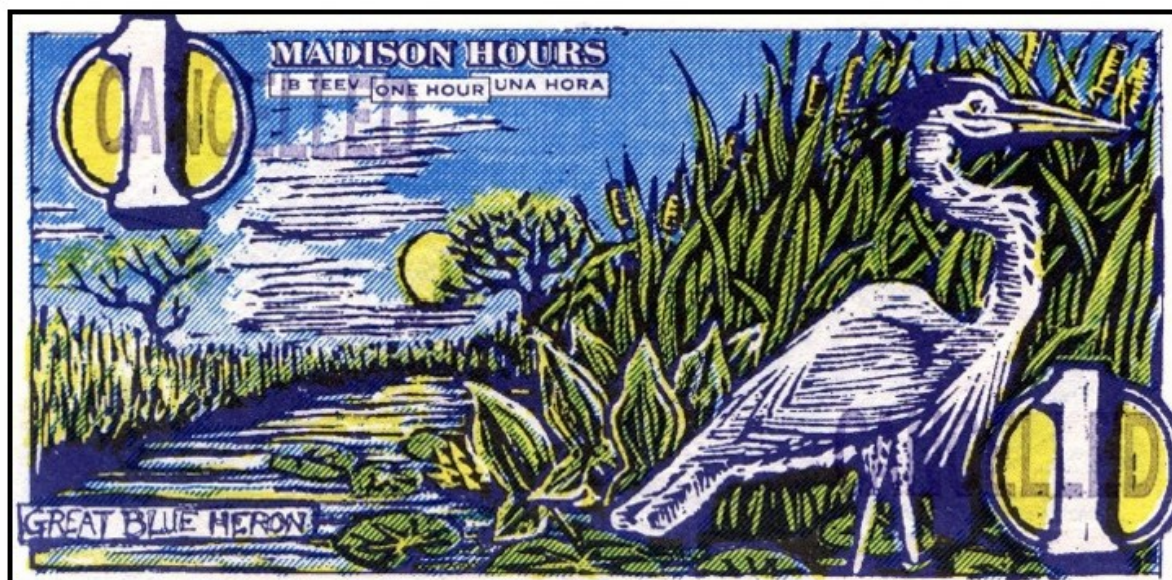
Madison Hours always remain in the local region, they are not accepted outside the area and hold no value beyond Madison Wisconsin. Using Hours in your daily local business enhances and strengthens the local economy.

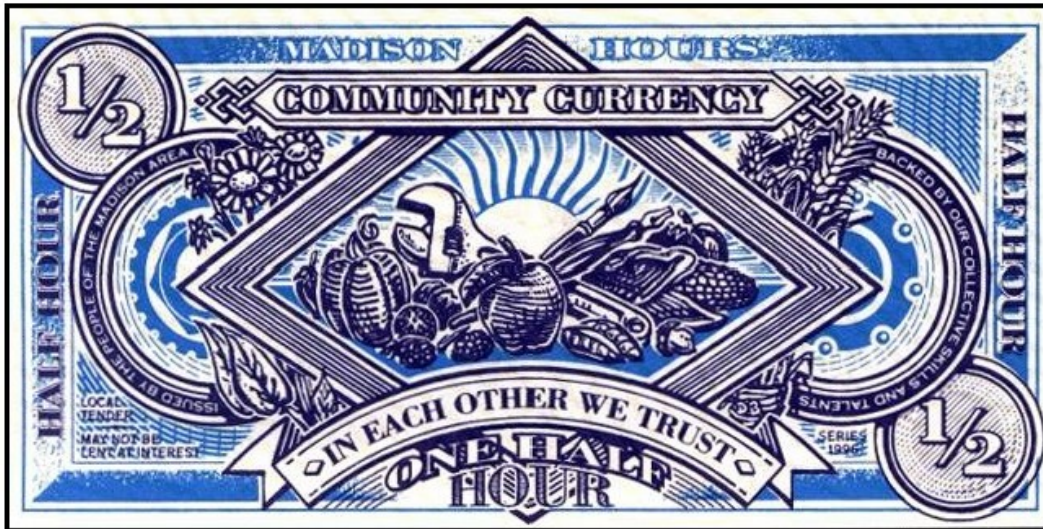
The strength behind the money is not gold or silver these currencies are "people powered". It's people that give both local and national currency their value. It's the 'full faith' of the users which is the backing for Hours. While Madison Hours have a much smaller and concentrated economic base when compared to the US Dollar, the economic principle is exactly the same. Additionally, the more users in the system transacting with the local currency creates more value and a stronger currency.

Madison Hours are denominated in "Hours-of-labor", but they also have the following national currency equivalence:

HOUR = \$10.00  
half-HOUR = \$5.00  
quarter-HOUR = \$2.50

Employing a local person and buying local products will never cause money or profits to flow out of the area. National currency transactions with big retailers causes money to leave the area. For





example shopping at Wal-Mart creates income for people as far away as China, while shopping with Madison Hours gives local friends and neighbors a better opportunity for local employment. This allows the profits to enrich local people continue to circulate around the neighborhood and community.

Hours are a perfectly legal form of local currency. They also hold the same important feature as all other home grown money, users cannot loan Hours and collect interest. This is forbidden.

If you earn Hours, the IRS will consider them taxable them just as if you earned US Dollars. The income is taxable as Federal income and expenses also work the same way.

Susan Witt from the E.F. Schumacher Society explains, "By favoring regionally based economies, local currencies are a tool for bringing a human face and sense of place back into our economic transactions...This interweaving helps bring the community together in all its mutuality - ecological, economic, social, and cultural. Local currencies are a practical way to act locally in the face of globalization."

The emphasis on Madison Hours, is to continually accept and re-spend them back into the economy. Hoarding Hours or saving any quantity of them has no real long term benefit. Circulating the local

currency each day, creates a more robust local economy.

Shoppers can spend Madison Hours to any of the individuals or businesses listed in the HOUR Community paper. This is the local directory for businesses accepting Hours. Participating merchants will often display an HOUR acceptance sign in their shop window. Each negotiation of goods and services is unique. Anyone can agree to accept Hours and to do so you do not have to be listed in the paper. When using Hours, some transactions may incur costs that cannot be met locally and partial payments in USD may required. You cannot yet buy a tank of gas with Madison Hours.

The Madison Community comes together on the 15th of each month for a potluck dinner. Members of the community meet face to face over a good meal, shake hands and are encouraged to share food, make policy and sell goods or services. Just about everyone at the dinner is using Madison Hours so this is a very beneficial place to do local business. All individuals in the community are encouraged to participate in one way or another. Meeting your neighbors, trading with them and learning their skills is essential to sustaining a health local economy in most smaller communities. This is perhaps one of the greatest benefits of creating and using a local currency. Each member of the Madison Hours Cooperative is entitled to one vote at the potluck dinner so as a group,

everyone has a say in creating the organization.

When you first sign up for Madison Hours you will receive three Hours worth of currency along with the current edition of the Hour Community Newspaper. Any member can earn Hours by sorting through the member's listings for "Requests" and find those currently offering to pay Hours for work or merchandise. You can also swap \$10 in USD for one Hour of local currency at most any business that displays the Hours sign.

Memberships are renewable after one full year and when you renew you will also receive additional Hours!

One of the most popular questions around town is Are Madison Hours legal?

Absolutely. Both the Federal Reserve

Board and the Internal Revenue Service have been quoted as stating that local barter currencies are legal. Madison Hours has been in operation since 1996, and similar currency systems thrive in over 30 communities around the United States.

To learn more about Madison Hours or find local merchants which accept the currency please visit their web site. [www.MadisonHours.org](http://www.MadisonHours.org)

The Madison, WI community also supports a distinct and separate TimeBank system.

Madison Hours values the currency based on an hour of labor, but unlike timebanking, users of Madison Hours may set their own rates for how much their goods or services are worth.



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# FUNDAMENTALS OF ALTERNATIVE CURRENCIES AND VALUE MEASUREMENT

by Tom Greco

<http://beyondmoney.wordpress.com>

Because of legal tender laws, the “dollar” has come to have two meanings – (1) as a medium of exchange or payment (a currency), and (2) as the standard of value measurement or pricing unit.

An alternative currency must eventually decouple from both “dollars” but the more urgent need by far is decoupling from the dollar as a means of payment.

As I’ve pointed out in my books, an alternative currency that is issued on the basis of a national currency paid in (e.g., sold for dollars), amounts to a “gift certificate” or localized “traveler’s check.” (See *Money Understanding and Creating Alternatives to Legal Tender*, Chapter 14, pp 145-163). It essentially amounts to prepayment for the goods or services offered by the accepting merchants. As such, it substitutes a local, limited use currency for a national, universal currency.

That approach provides some limited utility in encouraging the holder of the currency to buy locally, but the option of redeeming the currency back into dollars without penalty raises the question of how many times it will mediate local trades before being redeemed and leaking back to the outside world.

To truly empower a local community, a currency should be issued on the basis of goods and services changing hands, i.e., it should be “spent into circulation” by local business entities and/or individuals who are able to redeem it by providing goods or services that are in everyday demand by local consumers. Such a currency amounts to an i.o.u. of the issuer, an i.o.u. that is voluntarily accepted by some other provider of goods and services (like an employee or supplier), then circulated, then eventually redeemed, not in cash, but “in kind.” In this way, community members “monetize” the value of their own production, just as banks monetize the value of collateral assets when they make a loan, except in this case, it is done by the community members

themselves based on their own values and criteria, without the “help” or involvement of any government, bank, or ordinary financial institution, and without the need to have any official money to begin with.

This is what I mean when I talk about liberating the exchange process and restoring (some part of) the “credit commons” and bringing it under local control. In this way, the community gains a measure of independence from the supply of official money (dollars) and the policies and decisions of the central bank (which in the US is the Federal Reserve) and the banking cartel. That is the primary mission that needs to be accomplished if we are to transcend the destructive effects of the global monetary and banking regime, devolve power to the local level, and build sustainable, economic democracy.

With regard to the second meaning — the “dollar” as a measure of value, we need to understand that a standard becomes established by common usage. We in the United States are accustomed to valuing things in dollar units. We know from our everyday shopping experiences what the value of the dollar unit is in terms of the things we buy and in terms of our own earning power. Any new “language of value” will have to be translated into the dollar “language” that we already understand. How we measure value is a separate question from that of how we create our own payment media. In the process of monetizing local production as described above, we can choose to give our credit unit any name we wish, but it makes sense initially to define the value of that unit as being equivalent to that of the national currency unit. In the exchange process,

large balances will not be held for long so the debasement of the dollar unit through will result in only slight losses for users of the community currency.

It is when we begin to hold long-term claims denominated in our own new value unit that we will need to define it in concrete, objective terms to avoid following the dollar into the abyss of worthlessness.

The US dollar was originally defined as a specified weight of fine silver, then later on, gold, but those objective definitions were obliterated by laws that made paper currency “legal tender” that must be accepted in payment of “all debts public and private.” So now the value of the dollar unit of measure of value depends entirely upon the value of the dollar currency, but the value of the dollar currency is continually declining as more of it is issued on an improper basis, particularly on the basis of government debts that will never be repaid and that bring no concomitant value into the market.

A stable value unit will then need to be defined in terms of some commodity or group of commodities that are commonly traded. Such definition will then provide the “Rosetta stone” that enables us to relate, from day to day and minute to minute, our value unit to the old dollar language. That process is explained in my first book, *Money and Debt: A Solution to the Global Crisis*, Part III and Appendices.

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Special Thanks to Mr. Greco for allowing us to re-print this article.

# Bay Bucks

## The Traverse Area Community Currency Corporation

**"Keeping our wealth close to home"**



Since the mid-1980's various groups of friends in the Grand Traverse area had discussed forming a local complementary currency. A steering committee was formed in 2002 and Bay Bucks was launched in November, 2005. Bay Bucks is partially modeled after the very successful Ithaca HOURS. Anyone locally can use a handful of colorful Bay Bucks works as a medium of economic exchange. Products and services can be exchanged for Bucks just like cash, checks, frequent flier miles, prepaid cards and gift certificates. Its a local unit of value.

Bay Bucks are a legal way for the community to supplement the use of federal money. The government tax authority considers them to be the equivalent of cash so income generated in BB's is taxable just as normal income. Like any other paper complementary currency, the notes cannot resemble US currency, so the designers have made them a different size and much more colorful than anything the government could create.

The Traverse Area Community Currency Corporation (TACCC) is a nonprofit organization run by a small but enthusiastic board of directors. Members and users are much more than just workers, the local participants see this as a labor of love which adds a sense of adventure while building a stronger economic region.

***"Unlike federal dollars, Bay Bucks are spent into existence--not lent into existence."***

\* <http://www.baybucks.org/>

They are quick to point out that the only real backing behind the US Government's fiat currency system (US Dollars) is the "belief" that it will not fail. Belief in a government that simply prints and issues money in exchange for foreign debt doesn't always ensure a good night's sleep. Keep in mind this is the same Federal Government that bungled the Katrina National Disaster and is currently spending \$12 Billion dollars a month on wars overseas. National governments don't always take great care of their own citizens if they are entrenched in spending around the globe. Many community currency users now feel that in the face of local economic disasters such as hurricanes or floods, it's important not to be wholly dependant on a national government for help. Community currencies like Bay Bucks can help build stronger more independent local economies. Each time you spend or receive Bay Bucks you are making a commitment to the local community.

The Bay Bucks web site tells an accurate story,

**"Fiat is Latin for "let there be," or "let it be done". Unbacked money is money because someone says it is. Its utility is that it allows economic exchange to go beyond geographic and temporal limits; it provides a measure of value."** \*<http://www.baybucks.org>

Like other local currencies, success develops through



Bay Bucks from the ability of the community to keep the money circulating. Bucks are not readily convertible back into fiat money so there is always the basic idea not to accept more Bay Bucks than you can easily re-spend. For these locals accepting and spending the money on a daily basis does not seem to be a problem. The money has earned the local's full faith and credit by circulating, re-circulating and facilitating the local exchange of goods & services. Being locally created and controlled, anytime a high rate of inflation or stagflation ravages the US dollar, the local community is free to revalue its local money to a more agreeable measure of value for the community.

Bay Bucks, are perfectly legal and their constant local use is potentially very useful in stimulating the economic region. Bay Bucks' local user area or region, is roughly the area contained within an ellipse whose center points are Traverse City and Elk Rapids, Michigan.

Local printer Chad Pastotnik, of Deep Wood Press, handled the first printing of Bay Bucks which was \$99,000. Each 'Buck' is pegged to have the same value as a US Dollar. Bay Bucks are a durable, beautiful letterpress quality currency with several private security features built into each note. They are available in denominations of BB1, BB5, BB10, and BB20. (BB=\$)

Any local complementary currency which works alongside national money, is only as popular as the local community finds it useful. Currently there are over 50 participating businesses and their contact info is made available in an easy to use online directory. As a Bucks user who participates in accepting a portion of their pay or sales receipts in local currency, it is encouraged for you to seek out and find other local goods or services which can also be purchased with Bay Bucks. This continued circulation makes the system work.

Members locate and enlist suppliers and service providers who will accept the currency. Their hope is to gather together a small business region and steer consumers' and their preferences to this Bay Bucks marketplace. Local employees can also accept Bay Bucks as part of their pay up to the 50% level. Their web site even has a handy Bay Bucks



Employee Acceptance Form. A central focus of Bay Bucks is to empower new businesses and create new local jobs. Also any businesses which accept the currency, always have the right to create their own acceptance policies. Some shops will accept 100% Bay Bucks on a sale. Other local establishments may have just one day a week, or some specific products or services which can be purchased for 100% BBs.

Its very important for the success of the project to have an acceptance policy that brings in Bay Bucks at a rate which they can easily be re-spent. Bay Bucks volunteers are interested in keeping the money circulating and will work with Bay Bucks members to find, or enlist suppliers or service providers who accept Bay Bucks. Their goal is to weave together small business commerce in the region, and help establish a preference for it on the part of consumers in the region.

Images courtesy,  
<http://www.deepwoodpress.com/custom.html>



Even though the reality of a community currency is well known and accepted in today's world, not everyone approves. Here is one unhappy opinion expressed in an article from the Traverse City Record-Eagle, November, 2005. (<http://static.record-eagle.com/2005/nov/01forum.htm>)

## **BAY BUCKS IS ONE TRULY BAD IDEA**

By WARREN CLINE

In the Record Eagle's Oct. 16 edition, the community was introduced to the concept of "Bay Bucks." The idea of Bay Bucks is to circulate a local currency in competition with the U.S. dollar that is only accepted by local merchants and force the holders of Bay Bucks to buy locally. While encouraging local citizens to buy from local merchants is a great goal, using Bay Bucks is a bad idea.

The United States government and the U.S. Department of Treasury devote considerable efforts to fight the counterfeiting of the U.S. dollar.

Hold up a \$20 bill to the light and notice all of the measures used to fight counterfeiting. U.S. Treasury agents hunt down counterfeiters and throw them in jail. Any high school student with a color copier can counterfeit Bay Bucks! Will any law enforcement agency stop the counterfeiting of Bay Bucks?

As a consumer, if you own Bay Bucks you cannot use them to pay federal taxes, Michigan taxes or local property taxes. You can't pay mortgage payments, car payments, credit card payments, insurance payments, utility bills or rent payments. No major grocery store or gas station accepts Bay Bucks, so you can't buy groceries or gasoline. You can't deposit Bay Bucks into your checking account.

Bay Bucks will be a burden, not a benefit, to local merchants. The accounting systems of local merchants are not designed to process an alternative currency.

The typical local merchant deposits his currency receipts into his bank account every day. Then the

merchant uses his bank account to pay employees, suppliers, landlords, etc.

Any local business collecting Bay Bucks will have to set aside that currency and then look for suppliers who are willing to accept the Bay Bucks currency. Warning: If you own a local business, don't agree to accept Bay Bucks until after you speak to your CPA or accountant about the cost and risk of accepting Bay Bucks.

If a local currency helped local businesses, every state in the union would issue its own currency. All of us in America benefit from having one currency, protected by the power of the United States of America.

None of the respected local institutions have endorsed Bay Bucks. There is no regulation by local government. There is no endorsement by the Chamber of Commerce. There is no clearinghouse by local banks.

The promoters of Bay Bucks will go into our community and sell these nearly useless pieces of paper to our citizens in exchange for real U.S. currency. What a deal! What are they going to do with the real money?

If we want to support local merchants (and we should) then we should buy their products and services with real U.S. dollars and we should give the waiters and waitresses real money, not pretend money, when we leave a tip.

Bay Bucks is a bad idea.

About the author

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<http://static.record-eagle.com/2005/nov/01forum.htm>

Visiting Paris, Rome or the grocery store costs more dollars every day. The U.S. dollar's value is tumbling. After having been the world champion of money for sixty years, our dollar is staggering.

Since 1933 our money has not been backed by gold, nor by silver since 1969. American manufacture was the spine of dollar power until those jobs fled overseas. Domestic natural resources have been used up-- we've devoured 80% of America's original oil, most natural gas and richest topsoil. Effective military control of cheap foreign oil and labor is ending despite massive weapons spending. Federal Reserve Notes today merely represent \$9 trillion of national debt.

pan, a trading nation once so powerful that they owned America's biggest skyscrapers, has few domestic resources. Venezuela, by contrast, with far more oil than it needs, pulls Latin America from Washington's grasp. The Canadians are selling us natural gas, so their money gets new respect.

Rather than depending on massive extractive corporations, and our giant landfill economy, America's economic health relies on millions of tiny local economies, just as healthy lungs rely on millions of tiny air sacks. Reviving human economies means reviving local economies, ecologically.

These essential regional changes have begun, led by millions of American businesses and nonprofit

# THE DESTINY OF DOLLARS by Paul Glover

All national currencies are deep in debt-- indebted to nature-- because human economies extract from nature faster than we replenish. This debt accumulates as more human beings than ever consume earth's fuels, metals, soils and water. Eventually, were the planet used up, money would buy nothing.

Today, though, some national currencies still buy more than others, because those nations control more of these dwindling resources. Russia's economy, crippled when the USSR ended, rebounds because it controls one quarter of earth's natural gas, and pipes it to Europe.

So, to predict the destiny of empires and economies, and of your money, watch the flow of resources. China, currently the world's manufacturing powerhouse and owner of more U.S. dollars than any nation, depends itself on oil imported from the Middle East, South America and Africa-- just as we do. Burdened with one fifth of the world's population and fading soils, China will decline. Ja-

pan, a trading nation once so powerful that they owned America's biggest skyscrapers, has few domestic resources. Venezuela, by contrast, with far more oil than it needs, pulls Latin America from Washington's grasp. The Canadians are selling us natural gas, so their money gets new respect.

Among the many tools for rebuilding economies is local currency. Ithaca has pioneered this process with Ithaca HOURS (one HOUR = \$10.00). Millions of dollars' worth have been traded since 1991. Connecting people rather than controlling them, community cash releases the creativity of area residents to trade more ecologically. Grants are made to community organizations. Loans are made, interest-free. Local government itself could be funded increasingly by local money. With extra money committed to regional development, we're more able to purchase local organic food, solar power, local crafts, energy efficiencies, and holistic health care.

Americans are now forced to build a far better world because the alternative is a far worse world. Preparing our nation to thrive with one-tenth the oil and natural gas and coal begins at home Looking far enough ahead, towards the adulthood of your children, there will be little oil but we will be warm.

There will be few cars but we will go faster to places more beautiful. In dry regions there will be no flush toilets but bathrooms will be more sanitary. The most secure housing will be built substantially underground. Cities will grow much of their own food. Time binds us to great change. And in Ithaca, that Time is Money.

Source: <http://www.ithacahours.com/0711.html>

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## **RIPPLE PAY - OPEN SOURCE CASHLESS PAYMENT SYSTEM**

by Sepp Hasslberger  
<http://blog.hasslberger.com/>

Paying without cash and without going through a bank may seem an impossible proposition. Not so, says Ryan Fugger, the architect of Ripple, an open source bank-independent peer-to-peer payment system that is now in Beta release, meaning it's open to play with and test.

The proposal is based on the fact that all payments are made through IOUs. While this is obvious in the case of trust between individuals, it is more obscure when considering cash, which is based on trust in the government, or the bank credit, which we obtain by the bank accepting our IOU - collateral - and providing its own IOU - a positive bank balance - for us to use in payment.

The idea of a direct payment system that complements and may eventually make obsolete both bank and government IOUs is simple but it has world-changing potential. It tends to counteract a huge drain on the economy which is operated by the mechanism of interest. Since some 97 % of our money is created as a loan from a bank, it requires continual interest to be paid to its owner, the bank.

The original proposal of Ryan Fugger for his trust-based Ripple money system is explained in his paper:

### **Money as IOUs in Social Trust Networks & A Proposal for a Decentralized Currency Network Protocol (PDF)**

There is also a site that explains how it should work but it's a work in progress, and the details that have been developed so far are explained on Ripple.com:

Ripple is a monetary system that makes simple obligations between friends as useful for making payments as regular money.

Normally, if your friend Alice owed you \$10, she would have to pay you back before you could make any use of that debt. If you were creative, however, you might be able to pass the debt on to someone else who knew and trusted Alice, in exchange for something you wanted. For example, you might be able to get a book you want from Bob, who also knows Alice, in exchange for letting Alice know that she now owes Bob \$10. Instead of money, you used Alice's IOU to pay Bob. Alice acts as an intermediary between you and Bob.

Ripple does the same thing, only it takes the idea one step further. What happens if you want to get a haircut from Carol, who doesn't know Alice at all? Your \$10 IOU from Alice isn't useful because Carol being owed money by Alice doesn't mean anything to Carol. But suppose you had a way to find out that Bob, who knows Alice, also knows Carol. You could talk to Bob and arrange for him to take Alice's IOU in exchange for giving his own IOU for \$10 to Carol. Since Alice owes him exactly what he owes Carol, Bob is even on the deal. Both Alice and Bob act as intermediaries between you and Carol.

And that's how Ripple works. You create a profile on the system and indicate who you know and how much you trust them by connecting to people by email address and giving them credit limits. Then whenever you want to make a payment to another Ripple user using only friendly obligations, the system finds a chain of intermediaries connecting you to the person you want to pay, and records the payment in each intermediary's account all the way down the chain. You end up owing one of your "neighbours" on the system, and the

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There are four distinct layers to the Ripple system.

1) The system layer, which is the Ripple program that keeps track of account identities, credits and transactions between accounts and the user interface that allows us to become part of the community and to use Ripple for making and receiving payments.

2) The interpersonal layer, which is an extensive network of friends who grant each other credit as expressed in Ripple currency. Trust between people is converted into liquidity that can be sent here and there to keep track of economic interactions. The network of trust is what provides the route that payments can travel on.

3) The business layer, which connects the Ripple system and our network of friends to the real world, to useful physical products. Businesses that accept payment in Ripple currency are part of that layer.

4) The banking interface, which provides for exchange with the current monetary system. The interface is established by entities like banks or credit unions opening a Ripple account, to provide use of Ripple as an additional service to their customers.

Each one of these four layers has its own problems that need to be solved. Each one needs to be built up to full functionality if Ripple is to be a successful payment system. Although it is conceivable that Ripple could function with only the first three layers, a link in to the "real" money world seems desirable.

### **The Ripple program**

Layer 1 exists and there is a workable implementation of the program running at <http://www.ripplepay.com>

Ripple software is open source. The current user interface is browser based and records are kept on the server. Other implementations are possible, such as a network of servers that link between each other to route payments. There

could also be a peer-to-peer implementation in the future, which does away with the need for a centralized server, storing records and transactions transparently and redundantly on the users' own computers.

The user interface that allows us to make payments could be brought to mobile phones, extending usability of the system very much.

The transfer method is simple - as simple as ordering a payment from your bank account or through paypal. The mechanism behind the payments is not something the person who uses Ripple needs to know in detail. The Ripple program will look for payment paths and do its job in an unobtrusive way. What's of more immediate concern is how to enter in the Ripple community and to link up with others who are already in it.

### **The network of friends**

It is possible to start forming that network of friends by going to [www.ripplepay.com](http://www.ripplepay.com), registering as a user and offering credit to some of your friends. It would be normal for those friends to offer you credit in turn. By doing that, both of you immediately have the possibility of using Ripple to settle accounts with each other's friends, but of course the real useful part only comes when businesses join up and you can buy things with Ripple instead of spending cash or bank money.

It is important to know that you can't just enter Ripple without also bringing in [at least some of] your friends. For the system to be able to process payments, there need to be paths of trust. Ripple links and extends these paths of trust to make a payment go from one endpoint to the other, always going through an unbroken chain of direct personal links. That is why you need to be linked with as many people as possible. You need to have given credit to and received credit from your friends, otherwise your way into the payment system is not guaranteed.

### **The business layer**

To be widely acceptable, Ripple needs to attract businesses of all kinds to accept its currency as

payment. In turn, those businesses have to have some way of spending the accumulated Ripple currency, either with other businesses or by paying their workers and perhaps the owners.

For a business, a Ripple account is like any bank account. Payments can be received into it, payments can be made from it, and there will be credit lines in and a credit lines out that further characterize the account and link it into the system. For accounting purposes, all that is of interest is the correct registration of transactions and the balance of payments, either positive or negative.

In a time of first implementation, businesses could opt to accept Ripple currency for a certain percentage of any sale, demanding cash or bank money for the rest. As Ripple takes hold, some businesses may move to accepting Ripple currency for the full amount of any payment due.

To attract businesses into the Ripple community, there has to be some advantage, something that makes it worthwhile to use this particular system of payment. It should be more profitable to accept Ripple currency than to only accept money. (open question: what would be a good "hook" for recruiting businesses to accept Ripple payments?)

#### **The banking interface**

Banks and credit unions could be persuaded to join the Ripple community to offer an additional service to their clients. Banks could also provide smart cards that allow transfer of ripple currency. (open question: how exactly does a Ripple currency account link to a bank money account or to cash?)

[http://blog.hasslberger.com/2006/03/ripple\\_pay\\_open\\_source\\_cashles.html](http://blog.hasslberger.com/2006/03/ripple_pay_open_source_cashles.html)

