

# Local Currency & Time Dollars

## Circulating Money to Promote Local Business

by Ruth Caplan

When the formal economy is broken, as it was during the Great Depression and is today, creative solutions spring up to keep local economies meeting the needs of people. In the 1930s, local scrip was printed in communities across the country to keep economic entities functioning. Robert Swann, the publisher of the Springfield Union newspaper, paid his employees in scrip. Forty years later, he laid the groundwork for local currencies by issuing “The Constant” in Exeter, NH. Then in 1982, he helped create SHARE (Self-Help Association for a Regional Economy) to make low interest loans available for small, locally-owned enterprises in Great Barrington, MA where he had established the E. F. Schumacher Society.

SHARE inspired the creation of BerkShares, which really took off when five local banks agreed to handle the exchange of BerkShares. Today BerkShares is one of the most successful local currencies in the country with almost two million dollars exchanged for cash and \$180,000 in circulation.

Time dollars are a second form of local currency, which are a formalized barter system using time banks based on time spent in providing a service with time dollars issued for set amounts of work time. Usually, a central clearinghouse keeps track of participants’ credits and debits and lists services people have to offer or what they want to buy. It’s a guilt-free way for neighbors to help each other and earn equal help in return.

Edgar Cahn, founder of the Antioch School of Law, created the idea of time dollars “to provide a solution to massive cuts in government spending on social welfare. If there was not going to be enough of the old money to fix all the problems facing our country and our society, Edgar reasoned, why not make a new kind of money to pay people for what needs to be done?”

Time Dollars value everyone’s contributions equally. One hour equals one service credit. First funded through foundations and promoted by the Greens and Public Interest Research Groups (PIRGs) in college towns, time dollar experiments burgeoned across the country, but now they are being subsumed by local currencies, which stimulate the local

economy and have more flexibility in how they can be spent.

By far the most famous is Ithaca Hours, started by Paul Glover after hearing a radio interview with Schumacher Society staff. Today there are over 900 participants and some employers/employees use Ithaca Dollars for partial wages. Local businesses can get “no interest” loans in Ithaca Dollars, if they are spent within 6 months. Merchants are encouraged to accept as many Ithaca Dollars as they can put back into the local economy. In an import replacement program, “organizers work with local businesses tracking the goods that businesses buy from outside the region and then connect them with local producers of the same goods.” Detroit Cheers is also worth noting, where a dozen merchants have agreed to participate as one step to revive the city suffering from a 22% unemployment rate.

Madison Hours of Madison, WI is adding local currency to their hour bank and is hosting the 20,000-member TimeBankUSA national conference June 25-27. Michael Shuman, author of *The Small-Mart Revolution: How Local Businesses Are Beating the Global Competition* estimates that 75 local currency systems have sprung up around the country.

As our current economic crisis has deepened, the media has increasingly reported on local currencies. *Newsweek* ran a story in December highlighting the creation of River Currency in Milwaukee. *USA Today* ran a story in April reporting how Pittsboro, NC in partnership with Capital Bank, is reviving the Plenty, originally created in 2002. Lyle Estill, president of Piedmont Biofuels, which accepts the Plenty says, “We’re a wiped-out small town in America. This will strengthen the local economy. The nice thing about the Plenty is that it can’t leave here.” *Newsweek* quoted the Schumacher Society’s Susan Witt as saying you can use BerkShares to “get a divorce, plan a funeral and go to just about any restaurant in town.” *Good Morning America* concluded its March 14, 2009 show on local currencies describing it as “a bank built on goodwill that will never need a bailout.”

At times of serious depression, there is great impetus to turn to local currencies. For time dollars and local currencies to thrive there needs to be strong leadership or an individual like Paul Glover in Ithaca, NY, along with strong support from local businesses and banks. It is an essential part of a broader effort at relocalization.



Deli Dollars issued to help a local deli move into a new space.

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