

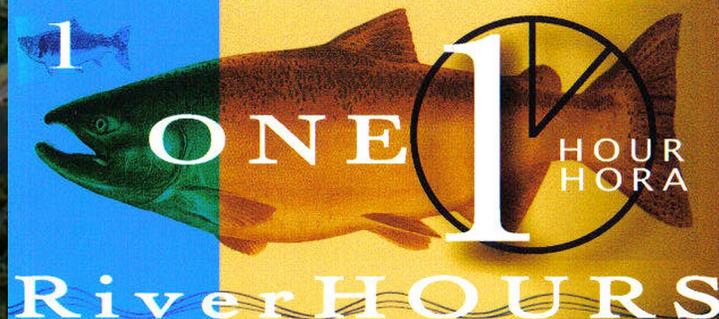
# LOCAL

*The first step for any community aiming to become more self-reliant is to establish its own currency system.*

## INTERVIEW WITH THE RIVERHOURS TEAM

Keeping it local in the Pacific Northwest  
Columbia River Gorge, Oregon, USA

In one another we trust



# MONEYART



Fine moneyart by  
**Stephen Barnwell**

[WWW.MONEYART.BIZ](http://WWW.MONEYART.BIZ)

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**THE BEAUTIFUL COLUMBIA RIVER GORGE,  
OREGON. RESIDENT IN THIS LOCAL AREA  
USE RIVERHOURS COMMUNITY CURRENCY**

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Input & Content welcome.

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# NEW LOCAL CURRENCY PROJECTS & OTHER EFFORTS

## **Detroit Cheers**

Several downtown Detroit restaurant and bar owners have issued less than \$5000 in local currency called "Cheers". The notes have a face value of 3 cheers and are on par with the USD.

The owners have backed up the currency with \$3000 USD in an local escrow account. At least a dozen downtown businesses have signed and now accept new local currency.

Creators:

Jerry Belanger, owner of Park Bar

Tim Tharp, owner of Grand Trunk Pump

John Linardos, owner of Motor City Brewing Works

## **Piedmont Local EcoNomy Tender (PLENTY)**

The Piedmont Plenty in Pittsboro, North Carolina is relaunching itself. The PLENTY Currency Cooperative is receiving some financial help from The Abundance Foundation, a great local non profit organization.

This new and improved version of the Plenty offers a liquid market back and forth into USD through Capital Bank a locally owned bank in Pittsboro. Their new web site is <http://theplenty.org>

## **Ludlow Pound, UK**

Cittaslow, translated from Italian means "slow city" or "slow town" and is an international network of towns. Ludlow was the first town in the UK to be admitted to the Cittaslow network. Members of Ludlow Guild along with the Chamber of Trade in conjunction with Cittaslow Ludlow – are now discussing a plan to print the "Ludlow pound".

Other popular UK local currency include the Lewes Pound and the Totnes Pound.

## **Devizes Pound, UK**

The Devizes Pound will likely be out by year's end. This is a program from a Devizes Currency Working Party, which will be encouraging more people to shop locally. The town is Devizes, Wiltshire, UK and that is their plan for later this year.

## **Oakland, California**

New local currency in Oakland, California is being discussed and the name "Oak Leaves" has surfaced.

## **Napa Region, California**

St. Helena is a beautiful city in Napa Country California and some residents have been tossing around the concept of a local currency named "Grapestamps".

## **Hackney, UK**

Transition Town Hackney (<http://www.tthackney.org/>) is already up and running. They are taking a look at a Hackney Pound.

## **San Fransisco, California**

Rumor has it that a group in San Fransisco, California could soon start to issue a local currency for the gay community. More on that next month.

## **Dibspace In Seattle Washington**

If you are in Seattle, you will want to try out a new local currency exchange program known as Dibspace. The software is amazing and the locals seem to love it. More about this program on page 20.

## **Local Currency Backed by Local-Silver**

There is a group of digital currency folks now looking at a new generic local currency which would be denominated by weight in silver bullion. Any local community could implement the program. Discussion has opened on this topic and many methods of commerce including bar codes for spot price at the time of checkout have been examined



Early B&W draft image of the silver local currency.

<http://www.moneyart.biz/clients/CC-1-mark-obv.jpg>

## Community Currency Design Manual

by John Rogers

<http://www.valueforpeople.co.uk>

Sneek peak at this 135 page masterpiece. More info possibly next month.

**Part One:** Introduction to Community Currencies includes: brief descriptions of character and problems of money; character of CC; stories about CCs; FAQ; problems and solutions; biography of a CC.

Part One provides a complete introduction to the purpose, structure and organisation of a Community Currency, with stories about participants and frequently asked questions. It summarises the evolution of various models - Local Exchange Trading Systems (LETS), Time Banks, Business Barter Systems, Berkshares, Totnes Pound - over the last few decades and shows how to apply the lessons from thousands of experiments worldwide.

**Part Two:** CC Design Manual includes: discussion of design methodology with detailed checklists of design features grouped around: purpose; operating conditions; mechanisms; governance; management.

- Improve the design of new systems to make them fit for purpose
- Improve governance and management
- Check out the feasibility of establishing a Community Currency
- Run a health check on an existing system.

**Part Three:** CCs in Action: grouped around the many roles played by a CC as: umbrella body; change agent; social network; exchange broker; bank; financial institution; chamber of trade etc.

Part three shows Community Currencies in action playing various roles as agents for community and organizational change, brokers for active social networks and other key roles.

Value for People was founded by John Rogers who acts as lead consultant and trainer.

John co-founded South Powys LETS and the Wales Institute for Community Currencies at the University of Wales, Newport.

He has worked with housing associations, national health service, adult learning services and development trusts.

## NOLA Freret Market Money and Crescents

*“To promote ecologically sound economic development in the Greater New Orleans area, particularly among family farmers and other local agricultural enterprises. The Market gives area growers, producers and fishers a venue where they can claim a fair price for their goods and services.”*

Freret Market Money is a New Orleans area local currency but it's not paper. These local tokens are custom-made poker chips that can be purchased with cash or a credit card. Once in Freret's Market the chips can be exchanged for food, art, jewelry or anything else available in the marketplace. The chips don't expire or lose their value and most vendors will exchange the chips back to cash for local shoppers.

<http://freretmarket.org/>



Also in the New Orleans area you can buy, receive or spend Crescents which are close cousins to the Freret Market Money. These wooden chips are used around town as local currency in the Crescent City Farmers Markets. Vendors wanted to make their products accessible to as many local shoppers as possible. This local currency or as some might call it coinage, is available in \$1 & \$5 denominations. (<http://www.crescentcityfarmersmarket.org/index.php?page=purchase-options>)

A direct benefit for consumers who use the wooden Crescents is the ability to buy chips using an Electronic Benefit Transfer (EBT) plastic debit card. This is a government sponsored “Food Stamp” program which distributes value through a debit card and vendors generally do not accept plastic. Anyone can buy the local currency chips using their plastic and freely shop at the Crescent City Farmers Markets.

[http://www.neworleanstransom.com/?attachment\\_id=322](http://www.neworleanstransom.com/?attachment_id=322)



# GORGE LOCAL CURRENCY COOPERATIVE (GLCC)

# RIVER HOURS

River Hours is a vibrant community currency for the Columbia River Gorge area. Patterned after Ithaca Hours, members of this community feel their currency project has had a great deal of success during its years in operation. Marketing for River Hours is primarily done through their paper Trade Publication which is in wide area distribution and printed 4 times a year. The currency is used in the Mid-Columbia region and, in particular, the geographic region included within a thirty-five (35) mile radius from the Interstate Bridge between Hood River, Oregon and Bingen, Washington

This is my interview with the team from River Hours. Answering questions was Mr. Bruce Bolme, Rebecca Stonestreet and Scot Bergeron. All three are members of the steering committee. You can find more info on each person on their web site.

<http://www.riverhours.org/steeringCommittee.php>

was published. Income from memberships provided the money to print the currency and first trade directory which was issued in May 2005. Each trade directory issue lists the coop members, what they offer or are looking for, small display ads, and interesting articles generally related to local currency and the economy. Coop memberships cost \$40 per year.

**I'm really curious to know the day to day products which can be purchased with River Hours. Can you list for us 10 products or services which are available each week that I would otherwise buy with national currency?**

Auto repair and maintenance, basic handy-man services, counseling, food, adult medical care, web site design and development, music (three piece band), invasive weed removal, custom framing, hand woven



## **When did River Hours first enter circulation?**

Our first local currency was issued in the fall of 2004. A group of interested citizens in the surrounding communities of the Columbia Gorge held an organization meeting in mid 2003. Weekly meetings for the next year created an all volunteer organization that produced a membership cooperative as a project of the Columbia Gorge Earth Center <http://www.cgec.org>. We began selling one year memberships in July 2004 with a start date when the first trade directory

textiles. Please go to our website for a more extensive list of services and products.

## **Do you know any local businesses that pay their employees in River Hours (in full or partial)?**

We do not know of any.

**I've often read the classic description of a local currency, local trading system or scrip which goes something like this, "We have jobs that need**

doing and people qualified to do them, we are just missing the money.” In the case of local paper currency, this common description may have been a more appropriate idea back in the depression era. Today’s Community Currency seems to mean more ‘buy it local and keep the dollars circulating’. Do you have any sort of programs which take a look at the community and asks, “if you are unemployed or underemployed and would like to work...come here and we can pay you in River Hours”?

We do not have such a program in place as of yet, but it is a great idea! Come on out and implement it for us! In other words, there are 8 of us on the GLCC Steering Committee, all volunteers, who have lives of their own. We are still in a place of trying to educate people about local currency let alone getting programs out there like the one you suggested. That being said, because of the national economy going down like it is and county governments in trouble, we might see a program like that in the near future.

**From your web site, I find the Columbia Gorge Earth Center and the Gorge Local Currency Cooperative (GLCC). Can you tell us how your organization is structured?**

The GLCC is a volunteer organization that produces a membership cooperative. We are not a 501(c)(3). We have a Memorandum of Understanding with the Columbia Gorge Earth Center which does have its 501(c)(3) status. We are considered a “project” of the GCEC.

**I read in your FAQ section about inflation or deflation. What events or local indicators would trigger the addition of more currency into circulation?**

More currency is issued into circulation when a new member joins RiverHOURS. To join RiverHOURS, a member pays \$40 FRN which pays for advertisement in the Trade Directory for a whole year. We then issue that member 4 RiverHOURS. When a member renews their membership, they again pay \$40 for advertising in the Trade Directory and we issue them 3.0 RiverHOURS. We have more than 80 current members and about \$19 thousand of local currency in circulation. Each one of the Steering Committee members in is contact with a member when it is time to renew. We ask them then how things are going with using RiverHOURS to get a feel of how the

RiverHOURS are circulating.

**If I started a local currency modeled after River Hours, would my goal be to provide jobs or would a good goal be to better utilize local resources through bartering?**



Local currencies do not have to have just one goal. We would say that providing jobs and better utilizing local resources through bartering are just two goals of RiverHOURS. We have more goals than those two listed.

**Do you have any local programs which provide loans or grants to deserving people or for community projects?**

Yes, we have provided loans for members of RiverHOURS. We gave a small loan to a business which sells fair trade products from around the world. They used their RiverHOURS loan to fix up their store. They also used the local currency to hire an accountant. We do not charge interest on our loans. We are not out to make money like banks are.

**I ask this because I see on the T.V. news tent cities of unemployed and homeless people now springing up in places across America. If those areas had a local currency would its function be to provide those people employment or does your currency not really work that way?**

It can work that way, it's just that you have to get people on board for it all to work. It takes a community for a community currency to work. It doesn't just take the unemployed or homeless. You need spending loops for it to work. If you gave a homeless person some RiverHOURS, he could spend the RiverHOURS buying food, but then how does the homeless person then earn RiverHOURS in return so he can then buy more food. We had a situation in Hood River where a local grocery store could spend their RiverHOURS on rent. The person receiving the rent spent their RiverHOURS on piano lessons. The piano teacher bought her groceries at the grocery store. See, the local currency circulates from person to person. The currency stays local. It stays in the community. It takes a dedicated community for local currency to work.

**Do you feel that the local currency has expanded your tourism business any or brought additional positive attention to your area?**

Not really, but we do get lots of request for our currency from money collectors! And, in 2007 a documentary on local currency called The Money Fix featured RiverHOURS. The Money Fix was produced by the documentary film maker Alan Rosenblith from Portland, Oregon.

**I see you publish a quarterly Trade Directory which is freely distributed at local establishments throughout the area, and you list those distribution locations online. Do listings in the Trade Directory generate the main sources of business for users?**

I think it depends on the business. It is difficult to track.

**Does your organization offer store type stickers which show visitors "We Accept River Hours"?**

Yes, they put RiverHOUR stickers in their windows, or displays on their counters, or go through word of mouth.

**Is there any way to convert River Hours into U.S. cash, like an exchange business?**

Yes, sometimes when a business gets too many RiverHOURS, you can go to that business and tell them that you want to buy some of their RiverHOURS. You pay them \$10 FRN (cash) in exchange for 1 (one) RiverHOUR. It can go the other way too where if you pay a business in FRNs and ask for change in RiverHOURS.

**Do any of the businesses accepting River Hours experience such a large influx of the local currency that they have to say 'no more' at this time until we spend some? Does that happen often?**

Yes, it has happened. Food is big, so the local grocery store had to cut down on the percentage of RiverHOURS that they take in. You see a business has total control over how much they will accept in RiverHOURS. One local coffee shop accepts 1/10 RiverHOUR (which is equal to \$1FRN) for each purchase. Another store a few doors down accepts 100% RiverHOURS for any of the clothing purchases. Our local used building material store got too many RiverHOURS and had to cut back all the way. But it does not happen often

because there are people in the community that really "get" the local currency thing and know they need to spend their RiverHOURS in a variety of businesses and services.

It is important for any local currency system being designed by a community to find businesses that supply food.

**Can I buy food products with River Hours?**

Yes you can. You can buy food from the Gorge Grown Food Network [www.gorgegrown.org] farmer's market, local grocery store and from several restaurants.



**We would like to know more about the circulation of the notes. Do you have a weekly or monthly potluck dinner? Do you create events or meetings to help facilitate the spending or demand for the currency?**

We have had a few potlucks, but not a lot of members attended. Now we have potlucks for our monthly Steering Committee meetings! ;-)

**Are there any other trade groups in the area in competition with River Hours? Are there similar barter groups operating on a large scale in your area such as LETS?**

There are some trade groups and barter organizations in Portland, but nothing that I am aware of locally. There are "Chamber Dollars" for various Chamber of Commerce in the area, but once you spend a chamber dollar, it goes out of circulation.

**If I lived in your area, used River Hours and needed to purchase something from Seattle or another non-local city, do you have any reciprocal arrangements with other communities? In other words, our community agrees to accept your local money if you accept ours in Seattle? Is there such a thing?**

The bigger picture is to get an even wider local currency which would include Portland and eventually all of Washington and Oregon. But we don't really talk about the expansion much because we are still trying to get our own community members to accept RiverHOURS. We have a long way to go.

Portland is starting their own local currency as far as we know. There is a possibility of a merger down the road with them.

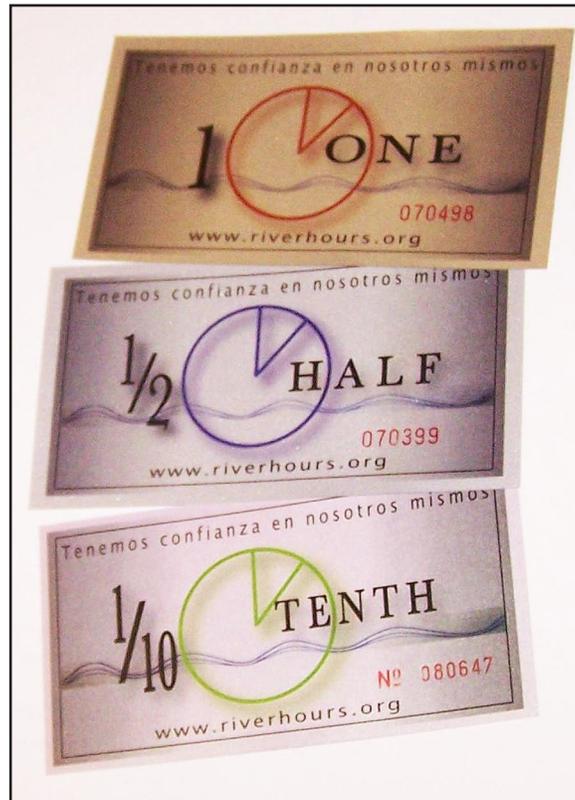
**Are the designs on the notes based on a local artist's work? Who designed the notes for you?**

Yes, a local artist helped design our currency. But the whole Steering Committee had input on the design as

far as color, graphics, the salmon, oak leaf, and osprey, etc.

**In your years in operation, how many times or how many series of notes have been printed?**

We have more than 80 current members and about \$19 thousand of local currency in circulation. There are three denominations of bills. Our initial printing of all three was in 2004. Our second printing in 2005 included all three denominations. Our third printing in 2006 was for only the 1/10 RH denomination. Our fourth printing in 2007 was for the 1/2 and 1 RH denominations. Our fifth printing in 2008 was for only the 1/10 RH. Each printing is for about 500 bills.



**What company handles your printing and would they be open to receive more of this type of work if readers asked, "where can it get my notes printed"?**

A local printing store does our printing. You would need to ask them if they would be open to receive more work printing currency. For inventory control we use two printers to produce our bills, both located in The Dalles, Oregon. I am sure they would be willing to print currency for any organization. The way we do it is the first printer prints the bills on 8-1/2 by 11 sheets of imported paper that we provide. We deliver those sheets to the second printer who shears them to size and adds serial numbers.

**Do you have an opinion on how the Federal Reserve and US banks put money into circulation as debt? In other words, your local currency is backed by labor which is a tangible asset adding value and worth to the community. USD Federal Reserve notes are created when the bank issues a loan, USD enters the world as debt. Do you have an opinion on this topic?**

The introduction of privately owned banks printing and issuing money for the United States as was done with the Federal Reserve Act of 1913 will ultimately result in the economic collapse of our nation which we are witnessing right now." Bruce adds, quoting from Ben

Gisin, veteran banker “Lenders and borrowers, by virtue of how they invoke debt when creating and distributing money, have saturated the national economy with what the Fed reported on 3/12/09 was \$52.6 trillion of debt.” Obviously, this is a huge burden on the national economy and is not sustainable.

**You offer a very good web site with lots of detailed information and transparency. I like it a lot. Can you tell us more about the duties of the GLCC Steering Committee?**

We have a Facilitator which facilitates the Steering Committee meetings. We have a Scribe which takes the minutes at each meeting. We have a Steward which does all the treasury duties. Except for the Steward, we have all done the other two duties. We are a consensus board and it has been a true pleasure being on the Steering Committee. Very bright and passionate people on the Steering Committee.

**In the process of creating your currency from day one, when was the GLCC Steering Committee formed?**

I would guess that the GLCC Steering Committee was formed when we got down to writing the GLCC By-Laws. When we first starting meeting, we mainly talked about the currency, how to issue, what denominations, and then we got to writing the By-Laws and that was then that the Steering Committee was formed.

**Your mission statement from the bylaws reads:**

*The Gorge Local Currency Cooperative (GLCC) seeks to create and sustain a local currency system in order to build community, promote regional economic independence, support local business and trade, encourage entrepreneurship, honor diversity, and enhance the local minimum wage in the Mid-Columbia region.*

**I know that when I move to a new area, it's often very difficult to meet people. Can you provide us with examples of how River Hours have helped to build more community trust, goodwill and interaction between users and neighbors?**

You should watch The Money Fix and see the interviews

with RiverHOURS business people. Hearing it from their lips will be have more impact on you. It feels different to spend your money with a business which takes local currency. In essence, by doing so, “you are saying I believe in this community and I want to see it thrive.” The Mount Adams Chamber of Commerce, a coop member, includes a copy of our trade directory in each of their relocation packs that they send to people considering moving to the gorge.

**What products do you buy locally with River Hours that you may have previously brought in from outside the area and purchased with USD? In other words, can you give us specific examples of how using River Hours has promoted regional economic independence?**

We are promoting regional economic independence, but that doesn't mean that we have reached regional economic independence.

I'm not familiar with the Columbia River Gorge region but I see on the map how you encircled the region which shows the area of usage. (Mid-Columbia region and, in particular, the geographic region included within a thirty-five (35) mile radius from the Interstate Bridge between Hood River, Oregon and Bingen, Washington.)

**Aside from the geography of the area, what were your factors in determining where the currency would be used?**

It included the major communities in the area.

**How come your model is not a 70 radius or a 15 mile radius?**

Because we wanted to include those major communities in the Gorge bioregion, and the number that fit was 35 miles. We did not want to start too big or too small. The 35 mile radius is only our distribution and advertising target area. But that doesn't exclude people living outside the 35 mile radius from using RiverHOURS.

**Gandi said, “Be the change that you want to see in the world.” However, it's very hard to create change on a large scale or with a wide audience in America. From reducing everyday pollution to**



The RiverHOURS Trade Directory is published by the Gorge Local Currency Cooperative (GLCC) and contains listings of all paid advertisers who have agreed to accept RiverHOURS as whole or partial payment for goods and services.

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**GLCC Mission Statement**

"The Gorge Local Currency Cooperative (GLCC) seeks to create and sustain a local currency system in order to build community, promote regional economic independence, support local business and trade, encourage entrepreneurship, honor diversity, and enhance the local minimum wage in the Mid-Columbia region."



©2009-9 db design for Gorge Local Currency Cooperative

**The Money Fix**  
shadesofgraymedia.com  
themoneyfix.org

**Welcome!**

So the latest edition of the RiverHOURS Trade Directory... has gotten off to a strong start as the steering committee makes further progress in working with local governments to make RiverHOURS a more viable currency system.

You may notice in this issue that some of our regular features are missing. The steering committee decided to include more articles trying to help explain what's really happening to our financial system.

Using a local currency doesn't solve all the problems, but it can be a tool to help alleviate some of the perceived shortages we face. We're all in this together and RiverHOURS also help people reconnect with the community.

Remember...you don't have to be a member to use RiverHOURS, so please accept them whenever you're asked, and employ your neighbor!

—deannab  
GLCC steering committee &  
Trade Directory publisher

# Ten Steps to Supporting your Local Economy

When your own community thrives, you benefit as well.

by Shawn Dell Joyce

**1. Localize your own expenditures.** Michael Shuman in his new book, *Localize Your Expenditures*, writes: "Every American household spends ten steps more than half of all consumer expenditures would be localized."

Right now, about 42 percent of our economy is "place based" or created through small, locally owned businesses. Shuman estimates that we could expand this figure to 70 percent or more by incorporating these ten simple steps that will actually save you money in the process. The figures are from the Consumer Expenditures Report released in 2004 by the U.S. Dept. of Labor. (Please note that all specific amounts listed are averages.)

**Localize Your Home!**

**1** The biggest expense most of us have is our mortgage or rent. 46 percent of our annual expenses go to shelter. This money often flies out of our pockets and into absentee landlords' hands, or corporate banks in other places.

By renting from a local landlord, or buying your home with a mortgage from a local bank, you can localize this expense. Local banks and credit unions typically have the best rates anyway, possibly saving you money in the process. Try to find a bank that doesn't repackage and sell loans on the secondary market, which would stop your money from flowing through the community. This would localize \$7,800 per household per year!

**2. Holve Auto Use!**

According to Shuman, Americans spend one out of every five dollars to move about. That amounts to almost \$5,000 per year! Until we can start replacing imported oil with locally produced biofuels, our best bet is to drive less.

Mass transit, bicycling, and walking are highest on the list of options, but not very easy for rural folks. Use the car sparingly, buy gas from an independent gas station if you can find one, and use a local repair shop you trust. This would localize \$2,900 per household.

**3. Eat Independently!**

Households spend about \$1,300 per year on restaurants; unfortunately it's mostly fast food chains. This one is a simple matter of choice: very little effort is required to find a satisfying, independently owned local restaurant. This would localize that same \$1,300.

**4. Local Arts and Entertainment!**

Most people opt for a move at a corporate multiplex and get their culture via Hollywood rather than the local school play. Enjoy hometown talent! Visit the small repertory theaters, see a real play instead of a movie. Visit an art show and buy art from local artists, but music directly from the bands, see that high school holiday performance. We could keep \$3,100 in entertainment expenses per household flowing locally.

**5. Localize Your Health Care!**

Most of us have health complaints that are far from local, yet two components—high tech equipment and prescription medications—can be localized. Get your meds from an independent pharmacy, preferably one that also uses local suppliers.

If we take better care of ourselves, walk more, eat locally, and build strong community and family ties, we will reduce our need for the high tech equipment. Alternative options would be osteopaths or herbalists and local midwives instead of OB-GYNs. By localizing health care we keep \$1,800 per household in our local economy.

**6. Buy Locally Grown!**

Purchasing fresh vegetables, meats and dairy from local farms reduces transportation costs and vitamin loss. Most of our food travels 1,500 miles to land on our plate. Eating locally keeps the money in farmers' pockets rather than middlemen's. Doing so can keep \$1,700 food dollars per family enriching our community.

**7. Localize Electricity!**

Amory Lovins, energy efficiency guru, has estimated that we could save \$1,000 per year just by increasing our energy efficiency. Simple things such as using compact fluorescent bulbs, improving insulation, and following the recommendations of a home energy audit make a big difference.

Creating your own energy through renewable sources such as solar panels or wind turbines makes a much bigger difference.

**8. Give Locally!**

More than 6 percent of the U.S. economy is non-profit, according to Shuman. Most of these nonprofits are in the forms of hospitals, universities, and churches, but locally we also have organizations, environmental groups, and many others.

My family donates to local organizations. If we all did, our neighborhoods would have \$1,300 per family per year to save our visas, improve our air and water quality, and clean up everything from the government to carbon emissions.

**9. Buy Locally!**

We shop a lot. Soon shopping will probably become an Olympic sport, thanks to Americans. Actually, the time it has taken you to read this, Americans have collectively spent \$3 million.

Shuman says that \$16 million of this figure could be spent locally. If we chose to shop locally for almost everything we commonly buy from stores to Fabrics, we will keep more than \$1,000 per family per year in the local economy.

**10. Localize Your Vices!**

Americans spend an average of about \$700 per household on alcohol and cigarettes. There's no reason not to support local vineyards and microbreweries with the \$176 per household that goes to alcohol.

Tobacco, however, is not yet a local crop, unless you live in Tennessee. (Although scientists do predict that global warming could make tobacco the North's top crop in 2025.) Your best bet all around, of course, is to stop smoking. Save that \$320 per year spent on tobacco and buy a lot of locally grown produce instead.

This article was reprinted with the author's permission from *Back Home* magazine, May/June 2008. Email her at ShawnDellJoyce.com



riverhours.org

Spring 2009

We are not trying to change all of America. We are trying to create local regional economic sustainability. When the TV controlled and media muddled minds of Americans fall prey to the collapse of our nation, we will have in place a means of facilitating the trading of goods and services locally.

I've tried to explain the concept of local currency to 'Average Americans' and 99 out of 100 can't conceive of why they would use a local CC over USD, even just a few times a month. I hear comments like, "why shop local, it's more expensive, there is no parking and the stores are not open late". What's it going to finally take for the average American to wake up?

It is Scot's belief that "It will take at least three weeks of going hungry for the average American to wake up. When they do wake up and start causing trouble, they will be escorted to FEMA camps and exterminated or put into slave labor. Rebecca is not sure how to wake people up. It comes from within. Maybe with the economic downturn, people might start waking up?"

(Bruce) I am talking with marketing experts to get ideas how to market a mind-set shift or paradigm shift from ME thinking to WE thinking. That seems to be a prerequisite for people to "get it" and realize the value of using local currency specifically and community building in general.

People in Fargo, ND recently shifted from ME thinking to WE thinking because of a natural disaster. It probably will take an economic disaster just as big and up close for many people to make the shift to WE thinking. We think that economic disaster is on its way and soon will be close enough to trigger the paradigm shift. It happened in the great depression.

**I'D LIKE TO THANK ALL OF THE RIVERHOURS TEAM FOR THEIR TIME AND PATIENCE IN ANSWERING MY QUESTIONS. INTERVIEW BY MARK HERPEL**

using less oil and even something as simple as buying your produce from a local grower, these changes are difficult to effect with mainstream American. Consequently, all that your community has accomplished and all the positive changes you have achieved with River Hours do not put even a small dent into the one days sales of Wal-Mart USA. Average consumers will still drive 30 extra miles to buy cheap Wal-Mart goods from China and vegetable imported from Chile then take it home in 2 dozen plastic bags which get thrown out. Your area's efforts won't change the way all American's live so why do you even try? Why not just use a charge card, save money at Wal-Mart and leave 'change' up to the government?

# HOMETOWN MONEY:

## HOW TO ENRICH YOUR COMMUNITY WITH LOCAL CURRENCY



BY PAUL GLOVER, FOUNDER OF ITHACA HOURS

<http://www.ithacahours.com>

\$25.00 Check to:  
WRC

115 The Commons, Ithaca NY 14850

or \$25.00 Paypal donation at <http://www.tclivingwage.org>

# A RECIPE FOR SUCCESSFUL COMMUNITY CURRENCY

by Paul Glover

Printing local money sets the table for a feast provided by your city or town. Here are my suggested ingredients for spicing local trade with local cash.

**1. HIRE A NETWORKER.** During the past 15 years, nearly 100 American community currencies have come and gone. Ithaca's HOURS became huge because, during their first eight years, they could rely on a full-time Networker constantly promoting, facilitating and troubleshooting circulation. Lots of talking and listening. Just as national currencies have armies of brokers helping money move, local currencies need at least one paid Networker. Your volunteer core group-- your Municipal Reserve Board-- may soon realize that they've created a labor-intensive local institution, like a food co-op or credit union. Playing Monopoly is easier than building anti-Monopoly.

Reduce your need to pay the Networker with dollars, by finding someone to donate housing. Then find others to donate harvest, health care, entertainment.

**2. DESIGN CREDIBLE MONEY.** Make it look both majestic and cheerful, to reflect your community's best spirit. Feature the most widely respected monuments of nature, buildings, and people. One Ithaca note celebrates children; another displays its bioregional bug. Use as many colors as you can afford, then add an anti-counterfeit device. Ithaca has used local handmade paper made of local weed fiber but recently settled on 50/50 hemp/cotton. Design professionally-- cash is an emblem of community pride.

**3. BE EVERYWHERE.** Prepare for everyone in the region to understand and embrace this money, such that it can purchase everything, whether listed in the directory or not. This means broadcasting an email newsletter, publishing a newspaper (at least quarterly), sending press releases, blogging, cartooning, gathering testimonials, writing songs, hosting events and contests, managing a booth at festivals, perhaps a cable or radio show. Do what you enjoy; do what you can. By 1999, Ithaca HOURS became negotiable with thousands of individuals and over 500 businesses, including a bank, the medical center, the public library, plenty food, clothes, housing, healing, movies, restaurants, bowling. The directory contained more categories than the Yellow Pages. We even created our own local nonprofit health insurance.

Imagine millions of dollars worth circulating, to stimulate new enterprise, as dollars fade.

**4. BE EASY TO USE.** Local money should be at least as easy to use as national money, not harder. No punitive "demurrage" stamps-- inflation is demurrage enough. No expiration dates-- inspire spending instead by emphasizing the benefits to each and all of keeping it moving. Hungry people want food, not paper, so hard times can speed circulation.

Get ready to issue interest-free loans. The interest you earn is community interest-- your greater capability to hire and help one another. Start with small loans to reliable businesses and individuals. Make grants to groups.

**5. BE HONEST AND OPEN.** All records of currency disbursement are displayed upon request. Limit the quantity issued for administration (office, staff, etc) to 5% of total, to restrain inflation

**6. BE PROUDLY POLITICAL.** Local folks from all political backgrounds find common ground using local cash. But local money is a great way to introduce new people to the practicality of green economics and solidarity. I enjoyed arguing with local conservatives, then shaking hands on the power we both gain trading our money. Hey, we're creating jobs without clearcutting, prisons, taxes and war! You can make it likelier that your money is spent for grassroots eco-development by publishing articles that reinforce these values. By contrast with global markets, our marketplaces are real places where we become friends, lovers, and political allies.

Glover is founder of Ithaca HOURS (1991) and author of Hometown Money: How to Enrich Your Community with Local Currency. He teaches at Temple University, and consults for community economic development.

<http://www.paulglover.org>

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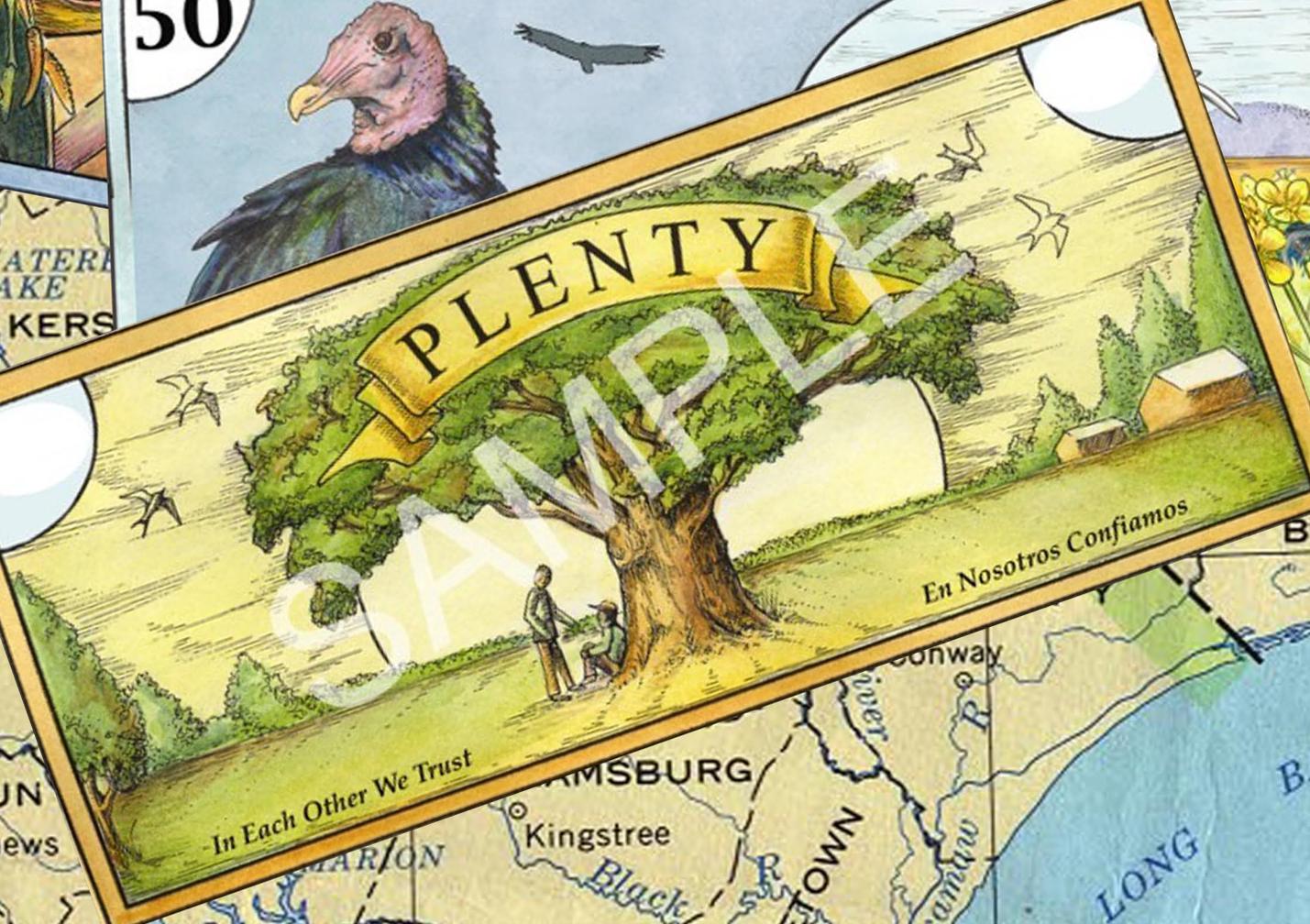
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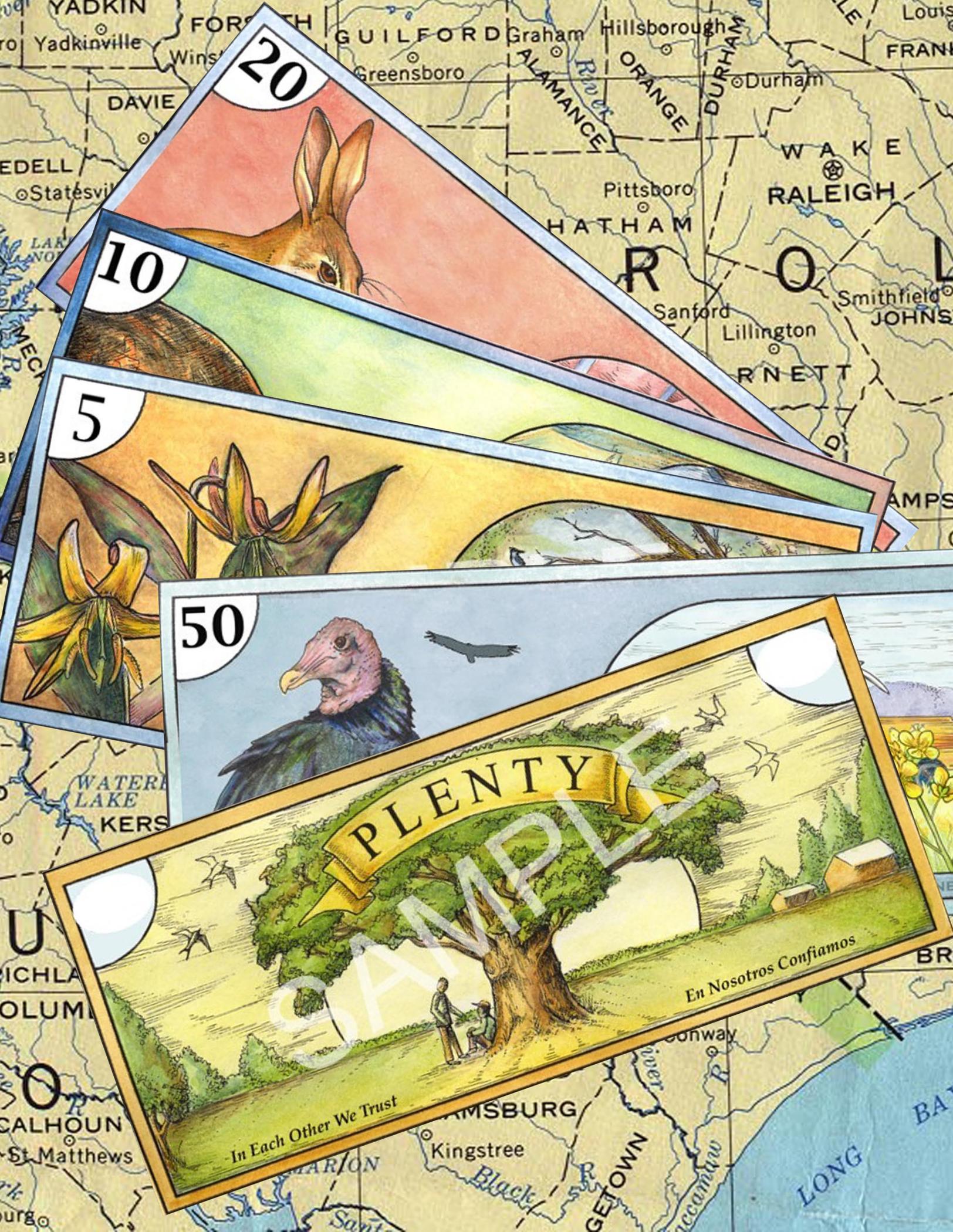


PLENTY



In Each Other We Trust

En Nosotros Confiamos



# THE STORY OF THE PLENTY

BY MR. LYLE ESTILL  
<http://theplenty.org>

When they asked me to write the story of the PLENTY I told them I would be delighted. Even though I wasn't there in the beginning.

In my mind's eye it was a group of people gathered around a kitchen table in Carrboro dreaming up plans for a local currency. Matt Kalb was there. Surely Annessa Clarke was there too. There had to be others. I believe Paul Aaron was an early thought leader for the Plenty.

Some way, some how, they managed to move the idea off the table and into the world. They got the renowned Emma Skurnik to draw up some fantastic images and they got a printer from Raleigh to print a stack of bright, colorful, bank-like notes. They were beautiful. So beautiful that people hung them on their walls. See our About the PLENTY page for pictures.

The original intent was to limit the geographical circulation of the currency. The original founders defined the realm as a corridor that began in Hillsboro, ran through Carrboro, and ended in Pittsboro. Apparently Durham was also in their thinking. See the FAQ which is a blend of old and new visions.

At the time I was a studio artist in Moncure. I was so excited about the presence of the PLENTY that I offered to spread its acceptance throughout Sanford, where I did most of my business. Moncure was already the outer orbit of its range, and I was asked not to spread my enthusiasm for the PLENTY into Sanford.

And I am guessing they knocked themselves out. They tabled at functions and recruited members at festivals and they made copies of posters and they held meetings large and small and they visited merchants and they dealt with the media and they put the Plenty on the map.

I'm going to say it was a massive effort by a group of passionate volunteers. I'm imagining long hours and sore feet for intangible rewards. They built a credible website and they came out with a "Grants program,"

and they must have brainstormed and stressed and worked and worked to create such a successful project.

In those days anyone could become a member. You sent in federal reserve notes, and you received a stack of PLENTYs in return. And you had your business or service listed on their website and in their directory.

Membership grew. People started buying and selling things with PLENTYs. You could use them to pay for massage, or to hire an electrician, or to buy groceries at Weaver Street Market. You could spend them on your Internet service, and use them at the General Store Café.

The currency went around and around-Back then I always had some PLENTYs folded into the U.S. dollars I carried in my pocket. But eventually it began to fade.

As the years rolled by the PLENTY declined. I'm not exactly sure why-but I started receiving less and less of them. Weaver Street Market backed up and could find no circulatory relief. Merchants started changing their acceptance policies. Instead of accepting PLENTYs for lunch, they started limiting how many they would take.

There were blocks in the circulation system, and people were afraid they would get stuck with them. My old studio roommate and friend Stacye Leanza joined the PLENTY Board of Trustees and worked on increasing circulation by designing "loops" of businesses that shared common expenses which they could pay for in PLENTYs.

At some point the organization took a run at becoming a non-profit but their application was turned down by the IRS. And circulation slowed.

People fall in love, and people move away, and people go back to school. By the summer of 2008 the Plenty organization was all but extinct. The website had stopped functioning properly, there was no number to call, emails stopped being returned. From an organizational perspective the PLENTY was dead.

Although it kept circulating. People kept using it. It is a tribute to the good folks that created this thing that it had enough resilience to survive on its own.

I wrote a bit about the PLENTY in my second book, *Small is Possible; Life in a Local Economy*-which

came out in the spring of 2008. It caught the attention of BJ Lawson, who was running for Congress at the time.

By then I was working at the biodiesel plant in Pittsboro, and BJ came down to interview me for a film clip he was making. We delved into economics and monetary theory and politics and we connected deeply.

He came back for lunch a couple of times after that, and one day when he was dining next to Matt Rudolf, the Executive Director of Piedmont Biofuels. When the conversation turned to the PLENTY, Matt lit up with enthusiasm. It turned out he was at the heart of the Pittsboro PLENTY circulatory system. He was routinely buying all the PLENTYs from Chatham Marketplace and using them to pay his interns. His interns in turn were spending their PLENTYs around town.

Someone suggested we rebuild an organization to assist in the revitalization of the PLENTY. BJ led the effort and a group of us called everyone in the old PLENTY Directory to see what they thought of the idea.

Some had gone out of business. Lots of phone numbers no longer worked. Some had forgotten the PLENTY. But the vast majority were delighted to hear there was talk about bringing an organization back to life.

I argued that we needed a bank. I felt that having a bank involved would allay fears about being “stuck with all the PLENTY,” and I went to work on getting a bank involved.

That’s where *Small is Possible* came back into play. In the Chapter “Financing Ourselves” I wrote about our locally owned Capital Bank. It was founded in part by the owner of the scrap yard where I used to shop. Poly liked the book, distributed copies of the book around Sanford, and was delighted to get me a meeting with the president of the bank.

BJ Lawson finished that job, and the Capital Bank branch in Pittsboro is ready to exchange Plenties for dollars.

I should say that in the past I begged the Plenty folks to bring a bank into play. One of their influencers, Robert Andrew Smith of Leaflight fame steered me in the direction of how banks are evil and part of the problem. Fair enough.

Having a locally owned bank that will exchange our local currency is at the heart of our Plenty revitalization efforts. I believe that once merchants can simply take their Plenties to the bank, all fear of the currency will melt away.

And what about when the bank has all the PLENTYs? That’s easy. They will be vacuumed up by Piedmont Biofuels and distributed back into the community as a portion of people’s pay. Which will cause people to spend them at the merchants that take Plenties, and on and on it shall go.

BJ, who has a much larger brain than mine, has pointed out the irony of a biodiesel company as a backstop for Plenties. U.S. dollars, after all, tend to be pegged to petroleum.

The board of The Abundance Foundation stepped up to be the new organization’s fiscal sponsor, and some tax deductible donations rolled in. With some startup money, and the help of the Abundance umbrella, we are hoping to hire Melissa Frey-the visionary founder of Chatham Marketplace to spearhead the new PLENTY effort.

Which has been buttressed, along the way, by Moya and Camille and Jaime and Ian and a bunch of passionate folks who like to receive PLENTYs, and spend PLENTYs, and who get excited about a vibrant local economy.

Who knows? It could be there will be a lot of tabling and meeting and speaking and passion required for the next chapter in the life of the Plenty.

From what I can tell so far, we are up for it...

That’s my history of the PLENTY. I hope someone else who was closer to it will help fill in gaps and expand this story.

The original organization might have fizzled. But the currency remarkably lived on. As we build the new organization, we are confident the PLENTY will go to even greater heights.

*Lyle Estill is a founder of Piedmont Biofuels. He is the publisher of Energy Blog. His latest book is Small is Possible; Life in a Local Economy. He was an early adopter of the original PLENTY and began accepting them at par in his metal working studio then took the PLENTY with him when he moved to BLAST Internet Services.*

## NORTH CAROLINA TOWN PRINTS OWN CURRENCY TO SUPPORT LOCAL BUSINESS

*This interview is part of the Democracy Now a daily TV/radio news program, hosted by Amy Goodman and Juan Gonzalez, airing on over 750 stations, pioneering the largest community media collaboration in the U.S.*

*Watch the video here:*

[http://www.democracynow.org/2009/4/9/north\\_carolina\\_town\\_prints\\_own\\_currency](http://www.democracynow.org/2009/4/9/north_carolina_town_prints_own_currency)

We take a look at how one North Carolina town is trying to become more self-sufficient by moving toward being able to feed, fuel and finance itself. The town of Pittsboro houses the nation's largest biodiesel cooperative, a food co-op, a farmers' market and, most recently, its own currency, the Pittsboro Plenty. Pittsboro is one of a number of communities across the country printing their own money in an attempt to support local business.

Guest: Lyle Estill, community activist and writer in Pittsboro, North Carolina. He is president of Piedmont Biofuels, which runs the largest biodiesel cooperative in the United States. He is also involved in sustainable farming and is a leading supporter of the Pittsboro Plenty, a local currency. He is author of two books, including *Small Is Possible: Life in a Local Economy*.

AMY GOODMAN: We're going to look now at how one North Carolina town is trying to become more self-sufficient by moving towards, well, being able to feed, fuel and finance itself. The town of Pittsboro, North Carolina—we just passed it yesterday—it houses the nation's largest biodiesel cooperative, a food co-op, a farmers' market and, most recently, its own currency, the Pittsboro Plenty. Pittsboro is one of a number of communities across the country printing their own money in an attempt to support local business.

We're joined right now by community activist, entrepreneur and author Lyle Estill. He is also the author of *Small Is Possible: Life in a Local Economy*, and he's founder of Piedmont Biofuels. He is also author of another book, as well.

We welcome you to Democracy Now! It's good to have you with us, Lyle.

LYLE ESTILL: Thanks.

AMY GOODMAN: Plenty—where is that currency? I had it here somewhere. How could I lose that? Ah, here it is. Here it is. This is a—looks like—a little bit like Monopoly money. And tell us about Plenty. What does it stand for?

LYLE ESTILL: It's an acronym for Piedmont Local Economy Tender. And it was started by a group of activists in Carrboro, North Carolina back around 2001. And it is predicated on the idea that by having a role in our own monetary circulation, we'll all be better off. Our local economy will be better served.

AMY GOODMAN: Who prints this? What is it? It says "one quarter."

LYLE ESTILL: That's an old Plenty. One Plenty used to be \$10, and so a quarter-Plenty was \$2.50. The new Plenties are at par, so they're coming out with a new one, five, ten, 20, 50.

AMY GOODMAN: And how does it work? How do you get it? How do you spend it?

LYLE ESTILL: You get it down at Capital Bank, which is a locally owned bank in Pittsboro, North Carolina. They issue it. So if you show up with Federal Reserve notes, they'll give you Plenties in exchange.

JUAN GONZALEZ: Lyle, you haven't had any inflation problems with the currency?

LYLE ESTILL: Not at all.

JUAN GONZALEZ: I'd like to ask you about the eco-industrial park. What is that? And what is the community attempting to do there?

LYLE ESTILL: Piedmont Biofuels bought an abandoned industrial park back in 2005. It's a fourteen-acre campus, where we started with a biodiesel plant. We had some extra buildings, and we filled them up with Eastern Carolina Organics, which distributes organic vegetables. Piedmont Biofarm has formed a sustainable agriculture project and farm in the side yard. We have ECO Blend, which is a bio-herbicide and bio-pesticide company. There are about eight businesses inside the fence. And there seems to be a lot of interlocking relationships, where one is selling products to the other or living on the co-products of other, etc.

JUAN GONZALEZ: Have you gotten much support from local government leaders in these activities?

LYLE ESTILL: Moral support, absolutely.

AMY GOODMAN: Explain how businesses and people work with the local currency. I mean, how does it really help local economy?

LYLE ESTILL: OK, so one measure of the vitality of an economy is monetary circulation, that is, how many times a dollar goes around before it leaves town. So if you buy a book at our locally owned bookstore, they're going to take that dollar, and they'll spend it on the local bookkeeper, and they'll buy an ad in the local newspaper, and someone will go out to dinner at the local restaurant, and the dollar will go round and round and round before it leaves town. If you take that dollar and send it directly to Amazon, it leaves town immediately, never to be seen again. The nice thing about the Plenty is you can't spend it in China. So the only place that it circulates is in our local economy. And so, the more circulation there is, the more enriched we all are.

JUAN GONZALEZ: And how many firms within the community take, accept the tender as—in place of money?

LYLE ESTILL: Today, there's a smaller number. This is a revitalized effort. There's probably a dozen places. You can buy your fuel and your internet service and your groceries and lunch at the general store cafe. Now that Capital Bank has agreed to exchange Plenties for Federal Reserve notes, I don't think it will be long before every merchant in town starts taking Plenties.

AMY GOODMAN: Talk about the overall sustainability community, Lyle. Who is involved in it?

LYLE ESTILL: We have a—

AMY GOODMAN: Don't worry about that.

LYLE ESTILL: Don't worry about that. We have a bunch of people from our—let's see, at our Central Carolina Community College on the edge of town, we have a sustainable agriculture program, which is instrumental to our community, and it graduates a new crop of sustainable farmers every semester. They also run a biofuels program, and the biofuels program graduates a bunch of biodiesel activists every semester. So you have the farming community, and you have the fuel community, and then you have Chatham Marketplace, which is our co-op grocery store. And the co-op grocery store is really a hub to Pittsboro. You know,

it's funny. The co-op grocery store is located in an abandoned textile mill on the edge of town. And sort of, globalization cost us our mill. And it's—

AMY GOODMAN: What do you mean?

LYLE ESTILL: Well, I guess if you can make a woven label cheaper in Malaysia, then you don't need North Carolina textiles. So you've got a big empty mill, and it's local businesses that are bringing the mill back to life. And that includes Chatham Marketplace.

AMY GOODMAN: Anything else you'd like to tell people around this country and around the world on this global broadcast that very much is about grassroots community media all over the country linking together?

LYLE ESTILL: Well, I think that self-reliance is important. And what we have been working on is trying to explore ways of being a self-reliant community. And that includes how would we fuel ourselves and feed ourselves and finance ourselves. The less dependency we have on the rest of the world, I think the better off we are.

AMY GOODMAN: Well, Lyle Estill, I want to thank you very much for being with us. His latest book is called *Small Is Possible: Life in a Local Economy*. Can I get a copy—can I get one Plenty? Is that alright?

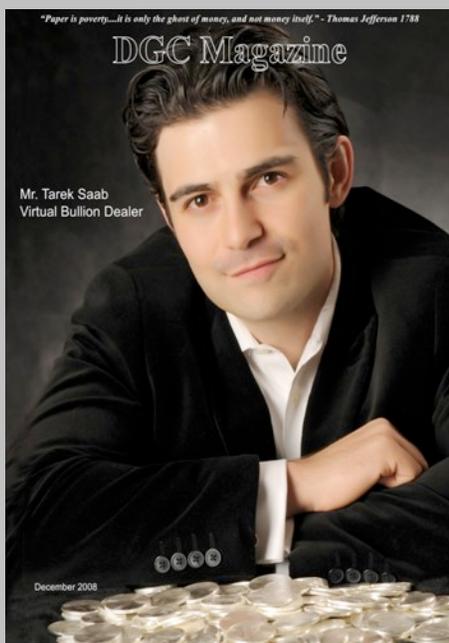
LYLE ESTILL: Oh, dear, it's supposed to circulate. You're not supposed to put it on your bulletin board. Sure, you can have one.

AMY GOODMAN: Thank you very much for joining us, as we bring out the voices of the grassroots.

Juan, this has been a fascinating trip. Last night, we celebrated a number of community media outlets. I don't think they were ever together in one place at one time, but we were all together in Durham. Democracy Now! broadcasts on WNCU every evening. That WNCU is an NPR station in Durham at the historically black college NCCU, which is North Carolina Central University. We were also celebrating the People's Channel in Chapel Hill. The People's Channel is public access TV. We learned about Lyle, actually, when I was on a low power FM station yesterday called WCOM-LP in Carrboro. And they were talking about Lyle Estill and all his remarkable work. And finally, we're celebrating a group called Balance and Accuracy in Journalism.



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# DIBSPACE

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*“...designed to help local economies become more self-sustaining by giving businesses and individuals a powerful new way to support each other.”*

Dibspace is a powerful new free local currency credit system in Seattle. The units of value are Dibits.

This is not a primary legal tender currency and is not intended to replace anything, but it will help to supplement and sustain your needs.

Dibspace can be categorized as a new alternative economy and a good one. There are no complicated barter questions, this community is explained through plain & simple language, here is how it is described, “...we’re all about helping you fill up your workday even when cash is in short supply.”

Do you have some extra time and want to earn some dibits to spend around town? I love it.

Transactions on Dibspace are based on Dibits rather than Dollars but these units are on par with the greenback. 1 dibit = 1 dollar.

If you have an account (they are free) and have some extra time to offer out, there are three different way to find business: by appointment only, a range of dates and my favorite “Available Now.”

Getting a haircut...make an “appointment”. Can’t get to work because the old Chrysler needs a repair... better look under “Available Now”

This program is similar to a Time Bank or even a LETS but Dibspace offers some neat upgrades and features.

The program is designed like a 2.0 social network NOT a boring accounting program. It is so simple to sign up & operate an account Dibspace makes me want to me to Seattle just for the local goodies.

***Dibspace is all about trading in the here and now so we give you the option of being immediately notified via text and/or email whenever an offer appears that matches your Saved Searches or when you receive a message, get dibbed, receive an invoice, etc.***

The email updates & Text Message (SMS) Notifications are very convenient.

Here were my options when I am logged in -->Send me an email at editor@ccmag.net when:

- **My offers are dibbed**
- **I receive an invoice to pay**
- **An invoice of mine is paid**
- **I receive a message**
- **New offers appear that match my Offer Alerts**
- **Another user follows me**

Their marketing approach is hands on and it is easy to spot critical differences between their new start up and other existing systems.

When you arrive on the web, there is a short video ‘interview’ with a local user who is in the process of styling a client’s hair. He begins by telling visitors the purpose of Dibspace and reasons for using their local system. The brief video showed me all the advantages to using Dibits without a ton of boring stuff.

Later as I had signed up a test account and I noticed that Aaron Brethorst and Dominic Canterbury were both following my activities in the system. I already had friends and I even got an email notifying me of my new local traders. This reminded me of membership in a social network where cool locals can be tracked down from their profiles. It was a sort of MySpace for trading in Seattle and you automatically attract new friends.

Hmmm. MySpace - Dibspace :-)

What these gentleman have done is combine the cool world of online social networks and the practical world of time banking into one fun and helpful program. In case you are wondering, Dominic Canterbury also happens to be the President and CEO while Aaron Brethorst is the COO & VP Engineering.

Kudos for a job well done and perhaps we might see other Dibspace communities popping in around the country soon.

**PS. The offer board was jammed full of good stuff the day I tried it out :-)**

**PPS. I see a Dibspace email ‘Alert’ just arrived with today’s Featured Offers. I love this software.**

# KIVA loans that change lives

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\$25  
\$375

loaned so far  
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LEND NOW

**BusinessWeek**

"Innovation of the Week:

Kiva.org uses smart design to make a little cash go a long way."

**BBC**

"Revolutionizing how donors

and lenders in the US are connecting with small entrepreneurs in developing countries."

**CNN Money**

"If you've got 25 bucks, a PC

and a PayPal account, you've now got the wherewithal to be an international financier."

**THE VOICE**

"Kiva simply democratizes access to a

worldwide microfinance movement that has been empowering the working poor for two decades."

**The New York Times**

"At Kiva.org,

a schoolteacher in Kansas can partner with an expert seamstress in countries like Kenya, Mexico and Ecuador to jump-start a tailor shop."

Kiva.org is a non-profit that is revolutionizing the fight against global poverty by enabling people to connect with and make personal loans—of as little as \$25—to low-income entrepreneurs in the developing world. Most of the poor in developing countries are self-employed entrepreneurs and a small loan to purchase business-related items such as sewing machines or livestock can empower them to earn their way out of poverty.

## HOW DOES IT WORK?

### Kiva brings together lenders and worthy enterprises on the web.

From Kenya to Ecuador, microfinance institutions (MFI) around the world go to Kiva.org and post photos and profiles of low income entrepreneurs in need of money for their businesses.

### Loans made easy and personal.

Lenders go to Kiva.org and browse through profiles of low-income entrepreneurs—a dairy farmer in Kenya, a man who wants to open a shoe shop in Honduras, or a tailor in Bulgaria. Lenders can then loan as little as \$25 to the entrepreneur of their choice via PayPal, a globally recognized online payment service.

### When a loan is funded by individual lenders, Kiva pools the money and transfers it to a Microfinance partner who handles distribution and collection of loan payments.

Journal updates keep the lenders informed about the progress of the entrepreneur they sponsored. Loan repayments made by the entrepreneur over the course of about 6-18 months are sent back to Kiva by the MFI partner.

### Once loans are repaid, Kiva users can choose to withdraw their principal or re-loan to another entrepreneur. (80%+ of Kiva lenders choose to re-loan!



### Kiva Shows You Where Your Money Goes

Unlike donations which usually go into general funds, Kiva loans show you exactly WHO your money goes to, WHAT they are doing with it, and HOW you are making a difference. Best part? It's a loan, not a donation. We invite you to make a small loan and make a big difference!

# Access to a Worldwide Network

The concept behind Kiva is *simple*:

**Bring together lenders and worthy enterprises on Kiva's website.**

— From Kenya to Ecuador, microfinance institutions (MFI) around the world go to Kiva.org and post photos and profiles of low-income entrepreneurs in need of money for their businesses.

**Loans made easy and personal.**

— Lenders go to Kiva.org and browse through profiles of low-income entrepreneurs—a dairy

farmer in Kenya, a man who wants to open a shoe shop in Honduras, or a tailor in Bulgaria. Lenders can then loan as little as \$25 to the entrepreneur of their choice via PayPal, a globally recognized online payment service.

**When a loan is completely funded by individual lenders, Kiva pools the money and transfers it to an MFI partner who administers it to the entrepreneur.**

— Journal updates keep the lenders informed about the progress of the entrepreneur they sponsored. Loan repayments made by the entrepreneur over the course of about 6-18 months are sent back to Kiva by the MFI partner.



## Microfinance institutions (MFI)

Organizations that give small loans that help poor people who wish to start or expand their small businesses but are too poor to qualify for traditional bank loans. Over 10,000 MFI exist worldwide

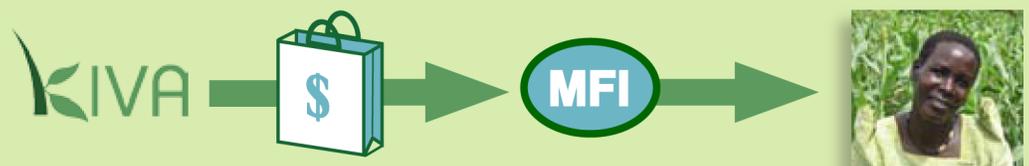
**MFI posts an entrepreneur's photo and loan information on www.kiva.org**



**Kiva users browse profiles, select an entrepreneur, and then loan money using a PayPal account**



**Kiva wires the loaned funds to the MFI partner, who in turn disburses them to the entrepreneur.**



**Once loans are repaid, Kiva users can choose to withdraw their principal—or re-loan to another entrepreneur.**

## **Bernard Lietaer's Interview with Brazilian Newspaper Folha de S. Paulo**

Folha de S. Paulo is a Portuguese language newspaper published in São Paulo. It is Brazil's largest in circulation since 2006, and reflects the development of the media in Brazil. The interview took place in late 2008.

**FOLHA – It's really curious that the world's most similar experience to the Palma Bank (created in one of Brazil's poorest place) is a Swiss experience. The advantages for Palmeiras community are easy to understand. But why places like Switzerland, Japan and USA -which have always had a stronger economy- have been experiencing the complementary currency system, in the last decades?**

**BERNARD -** The reason that the WIR started in Switzerland was because of the time: in 1934 they were in the middle of the Great Depression. Like now, people and businesses were in trouble economically because of the banks stopped lending, and that gave the impetus to explore non-conventional options. Similarly, Japan started getting seriously interested in complementary currencies in the mid-1990s, after their own bank crash that occurred in 1990. In short, people seem to look at non-conventional solutions only when events oblige them to do so. However, what is interesting in the WIR case is that the "emergency solution" they started in 1934 turned out to be so useful to its users that it still is operational today; that it has grown to include 65,000 businesses, a quarter of the Swiss corporations, and generate activity in the order of a couple of billion US\$. Just like Banco Palma, all activities are available in both national money and a complementary currency whose value is equivalent to the national money. I would say that in Brazil's North-East, the economic depression has been permanent for most ordinary citizens...

Because the unprecedented global banking crisis of last October will trigger a long, simultaneous economic recession, I now forecast that the Brazilian decision to generalize dual currency banks of the type of Banco Palmas as a pragmatic tool to reduce social stress is an important precedent that other developed countries than Japan or Switzerland should and will follow.

**FOLHA - Bankruptcy means reduced credit, which in turn results in a lack of money for the**

**rest of economy. The conventional solutions to avoid that are the nationalization of toxic assets or the nationalization of banks themselves. You propose something else: the creation of business-to-business (B2B) complementary currency systems, in the perspective of the network economics. Would you explain how this proposal would work as a systemic solution for the crisis?**

**BERNARD -** There are three reasons why the B2B currency is a systemic solution to a systemic banking crisis like the one we are living through today:  
- The first reason is functional: by definition, a B2B currency enables exchanges to occur that otherwise simply wouldn't happen. Like any complementary currency, it links resources that would otherwise would remain unused, to needs that otherwise wouldn't be met.

- The second reason is structural. We now know from complexity theory that the sustainability of any complex system requires a minimal diversity and interconnections (see graphics in White Paper). A B2B complementary currency provides a diversity in both the types of currencies and the institutions involved, something which isn't the case with a monoculture of national money managed by banks. This is illustrated in a natural ecosystem for instance by the difference in resilience between a diversity of a natural forest, and a monoculture of a single type of plant which is vulnerable to the slightest change in the environment.

- The third reason is dynamic. A B2B currency behaves spontaneously in a countercyclical way with the normal economy. We have the proof of this with the dynamic of the WIR B2B currency that has been operating in Switzerland since 75 years. When the Swiss economy is in recession, the volume of business activity completed in WIR spontaneously increases, and more new businesses tend to join the WIR as well. When the Swiss economy is in a boom period, the volume of WIR activity slows down or even reverses itself. The reason for this is simple: given the choice, everybody prefers to be paid in Swiss Francs (because Swiss Francs are more widely accepted worldwide); but when there is a recession, Swiss Francs are simply less available, and it is better to accept WIR than not making the corresponding sales and having to fire people. This spontaneous countercyclical process has been macroeconomically proven by a study of Prof. Stodder from the US. It shows that the secret for the stability of the Swiss economy turns out to be little known complementary currency system! (see my website for the original study).

**FOLHA – You said that there is a movement**

**going on in an European level that is creating B2B complementary currencies of the type of Wir in several countries. What experiences are being launched in Europe?**

BERNARD - There are currently three pilot projects in gestation: one in Brittany, France, involving one regional bank and 200 corporations; one initiative funded by the Flemish government in Belgium that would focus on the harbor city of Antwerp; and one in Southern Germany involving a cluster of big and small companies. These three pilots would be using the same software in Open Source, so that they can easily be interconnected in 2009 or 2010, with the objective of creating a system that would work on the Euro-zone scale.

**FOLHA – You said that several banks have gotten involved in providing account and payment services for complementary currency projects – which is the case of the Popular Bank of Brazil (part of the Bank of Brazil) and the Palmas experience. Would you give some examples of that? How private and public banks (local, regional or national) might benefit from the introduction of B2B currencies?**

BERNARD - Let me give three examples of banks that are now already involved in managing complementary currency systems. For instance, the accounts for the Ithaca HOUR system in Ithaca, New York are managed by the Ithaca Bank; the GLS Bank in Germany is involved in the distribution of the Chiemgauer complementary currency in Southern Bavaria, including making them available through their ATM machines; and the Raiffeisenbank is a primary actor in the launch of the regional currency in Vorarlberg, Austria. These are all three regional banks, and they have three motivations. First, those regional banks have become aware that if don't provide different services than their big bank competitors, they will simply disappear. And big banks aren't interested in what appears to them small scale local activities. Second, when a customer in Ithaca New York opens up an Ithaca HOUR account, he or she will also tend to open a dollar account. So the Ithaca Bank will get more customers and more dollar deposits than would otherwise be the case. Finally, what is good for the economy of the region is by definition good for the regional banks.

**FOLHA - You say that the most effective way for governments to support complementary currencies would be the acceptance of these currencies as partial payment of taxes. In what countries this is already being done?**

BERNARD - The acceptance of complementary

currencies by governments is still rare, and I don't expect central governments to be the first to get involved in this practice. But it makes a lot of sense for city and county authorities to do so, given that they need the money to provide services to the local communities, which are precisely those that accept those complementary currencies. There are two cities in Japan who have made that step. As businesses get involved in exchanges with B2B exchanges, one can expect more lobbying to occur to have such B2B currencies accepted in partial payment in local taxes.

However, what is already pretty common in various parts of the world now is that exchanges in certain specific social purpose complementary currencies have been officially declared tax-exempt. That is the case for instance with any quantity of economic activity facilitated through the 80 Time Dollar systems currently operating in various parts of the USA. Less radical is the example of what happens in France: complementary currency activities below a certain volume are also tax exempt. However, when the volume of exchanges for an individual go beyond that level, they become taxable.

**FOLHA – The Grameen Bank experience (of Muhammad Yunus), as far as I know, doesn't have a complementary currency. But they really focus on microcredit (microloans). Banco Palmas does both things. Do you find any more similarities between Banco Palmas and Grameen Bank?**

BERNARD - Banco Palmas as the Grameen Bank are both involved in microfinancing activities. However, in my opinion, Banco Palmas is more advanced than Grameen, because it helps proportionally more of its customers to get out of poverty. Here is the reason: the interest rate charged by Grameen Bank is 26%; other microcredit organizations such as the Compartamos company in Mexico charges more than 100% per year. How many new grassroot businesses can be created that have a rate of return high enough to financially justify such loans? In contrast, Banco Palmas makes credits available in both national money and Palmas. The loans in Palmas can be provided at a much lower interest rate than those in national money. That way someone can borrow in (expensive) national money only what needs to be imported from outside the community (e.g. sewing machines or mobile phones); but they also can borrow (at low cost) in Palmas for anything that the local community can provide. Furthermore, this in turn provides more work for other people in the same community.

###

## ..a little more on Banco Palmas

Banco Palmas facilitates local production and consumption in Brazil's Fortaleza region by instituting a network of community banks that serve local needs.

\* <http://blog.p2pfoundation.net/the-community-credit-movement-in-brazil/2008/12/16>

In order to keep community resources within the local economy, the Bank created the PALMA, an alternative currency valid only within the local community.

This creates a supportive and alternative market between families – in effect, linking them all with a network of PALMAs.

The PALMA runs in parallel with the official currency (Real) and is accepted and recognized by neighborhood producers, storekeepers and consumers.

Use of the PALMA is further encouraged by the ability of consumers to receive a PalmaCard, a credit card for PALMAs, which is paid off monthly.

The alternative currency is backed by national currency funds held in reserve, and paid to individuals and businesses for work on development projects, such as building a school or new community center.

Workers and other community members can exchange their PALMAs for Reals for a 1% fee, or they can choose to spend their PALMAs at local stores, where they often receive discounts.

For example, when a community member spends PALMAs, he is eligible for a 10% discount at the household gas company, neighborhood stores, and the collective transport service.

Thus, the Bank encourages people to both make and spend money in their local community.

Banco Palmas accomplishes this not only by providing micro-loans, but also by partnering with a number of organizations, including local businesses, churches, and community centers, to promote local consumption.

\*<http://www.citizenbase.org/node/3018>

*Here is something exciting from the NetSquared Project Gallery a one-stop-shop for innovative ideas from the NetSquared Community. The gallery showcases all Projects submitted to recent Partner and NetSquared Challenges, here is an exciting new one.*

*The second project - Mobile Application for Virtual Community Based Complementary Currencies - will develop a mobile phone m-banking application aimed at enabling the creation of community based complementary currencies. The application will operate in very much the same way as Wizzit and m-Pesa.*

## MOBILE APPLICATION FOR VIRTUAL COMMUNITY BASED COMPLEMENTARY CURRENCIES

### THE PROJECT:

#### SHORT PROJECT DESCRIPTION

Develop a mobile phone m-banking application aimed enabling the creation of community based complementary currencies. Using open-source software, FrontlineSMS, the application would operate in much the same way as Wizzit and mPesa.

#### DETAILED PROJECT OVERVIEW

##### Central Idea

Develop a mobile phone m-banking application aimed enabling the creation of community based complementary currencies. Using open-source software, FrontlineSMS, the application would operate in much the same way as Wizzit and mPesa.

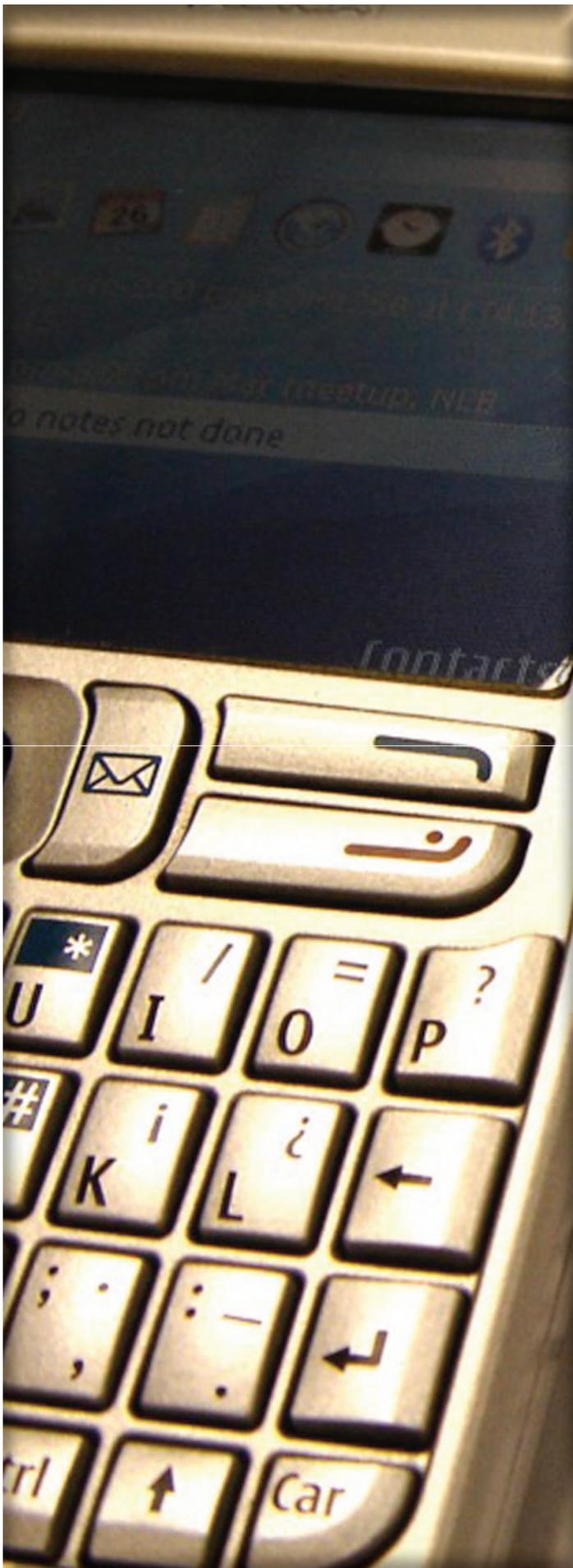
##### Stage One

Develop the software application. The application will be built on the FrontlineSMS software and modeled around the existing m-banking interfaces such as Wizzit <http://www.wizzit.co.za> and mPesa <http://tinyurl.com/6es5q8>

##### Stage Two

Create a complementary currency in a poor community, urban or rural, in South Africa using the mobile application.

A complementary currency is a currency that operates



in conjunction with the national currency it does not replace the national currency, rather they merely create additional opportunities for the real economy to operate in times of greatly reduced credit and financial liquidity (for example poor communities with under-employment)

The idea, implementation and value of a creating a community based complementary currency are well documented. There are over 1,900 community-based currencies around the world. Examples include Ithaca Dollars <http://www.ithacahours.org> , Time Banks <http://www.timebanks.org> and the lesser known but extremely successful WIR [http://en.wikipedia.org/wiki/WIR\\_Bank](http://en.wikipedia.org/wiki/WIR_Bank) based in Switzerland, and by Bernard Lietaer <http://lietaer.com> .

All of these examples showed some sort of positive economic impact – creating jobs and keeping businesses open and communities viable. However, there have been very few efforts at creating these sorts of currencies as a potential economic development tool.

A complementary currency based in a community creates the opportunity for the community to actually create their own means of exchange. This is very different from trying to bring money from the outside into the community.

This approach offers a novel development idea and utilizes a very ubiquitous technology to drive the implementation.

In South Africa we will work with the help of organizations like: Community Exchange Systems, Transition Towns South Africa - both of these are part of global networks of people that work with communities to help them in the process.

In addition we have been in conversation with many experts in the arena: Bernard Lietaer, Arthur Brock, Eric-Harris Braun, and many others.

The mobile application that is created will be open-source and open to use throughout the world. The final result being an increased ability for local communities to solve their own issues of liquidity and economic development without having to rely on donors or micro-finance options.

Complementary Currencies do not charge interest!!

## WHAT ELSE HAVE YOU DONE IN THIS AREA?

Saul Wainwright – extensive research into economic development, finance and economic theory, and of course complementary currencies. Saul is also a native South African and holds a degree with honors, from UC Berkeley in Political Economics. Saul was awarded a Haas Scholars Award to fund research into South African Investments in the rest of Africa. He also co-organized the BarcampAfrica at Google in October 2008. He will be leaving for SA in January to start a MA in Philosophy, Politics and Economics

Ken Banks – founder of Kiwanja.net and has over 22 years in the ICT world. Helped create FrontlineSMS, NGOMobile and more. He has received large grants for his work from the Hewlett Packard Foundation, McArthur Foundation and the Open Society Foundation.

Julian Gordon – with over 30 years of experience in the IT world he brings invaluable technical skills to the group. He has also worked on several mobile phone applications. He lived and worked in Silicon Valley through the 90's participating in many startups and large companies. He is currently in SA and will provide extensive technical expertise.

- **Cause Areas:**
  - o Community Programs
  - o Economic Growth
- **Previous Prize Tags:**
  - o USAID
- **Organization supporting your project:**  
FrontlineSMS
- **Supporting Organization URL:**  
<http://www.frontlinesms.com>
- **Does your Project have financial support?:**  
No
- **Is the impact area of your Project global?:**  
Yes

## THE ASSESSMENT

### TYPE OF EXPERTISE NEEDED?:

Technical Expertise

### DESCRIPTION:

The need to develop the actual interface of the currency will require technical knowledge. Using FrontlineSMS and the assistance of Ken Banks will greatly assist. Additional expertise will be needed.

### TYPE OF EXPERTISE NEEDED?:

Policy/Program Expertise

### DESCRIPTION:

Identifying the community and implementing the complementary currency will be a major challenge. Saul will lead on this but additional assistance will be needed. There are several complementary currencies in existence in SA with great support networks and people willing to assist in the implementation.

### TYPE OF EXPERTISE NEEDED?:

Marketing/Media Expertise

### DESCRIPTION:

There will be a need for a set of people who are very informed on creating complementary currencies. We have already made connections in this area with existing organizations in SA and globally. These include Transition Towns SA, Community Exchange Systems in SA, Arthur Brock, Eric Harris Braun, Bernard Lietaer and many others throughout the community. This network will be heavily tapped during the process of the actual creation of the currency.

### SUSTAINABILITY (FINANCIAL) MODEL:

The goal is to create a free platform based on open-source technologies. The goal of a community currency is to be self-sustaining.

So beyond the cost of research and development and then the start-up costs associated with facilitating and implementing the currency there should be no other ongoing expenses.

### POTENTIAL OBSTACLES:

The possibility that a suitable community is hard to identify.

The acceptance of the currency.

Funding the entire project from start to finish.

### PROJECT MILESTONES:

- 1) Creation of a viable mobile phone application
- 2) Identifying community
- 3) Creating and implementing the community based currency

For more information please visit their web site page:

<http://www.netsquared.org/projects/mobile-application-virtual-community-based-complementary-currencies>

# LIBERTY DOLLAR OF CHAMBERSBURG... YOUR SOLUTION TO A DEPRECIATING DOLLAR

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<http://www.chambersburglibertydollar.com>



# SCEC - SOLIDARITY AND LOCAL COMPLEMENTARY CURRENCY IN ITALY

By Sepp Hasslberger

SCEC stands for Solidarietà che Cammina - Solidarity that walks. It is a complementary currency that is designed to start its life circulating in common with the official currency, the Euro.

It is adapted to the Italian situation, where alternative currencies are looked upon as competition to the official one. So SCEC defines itself as a complementary currency. It circulates together with the official currency.

SCEC is in the form of a discount chit denominated in Euro equivalents (in denominations of 0.50 Euro, 1, 2, 5, 10 and 50 Euro). It is distributed for free and acquires value only when used. Businesses and professionals agree to give a discount to buyers who pay (in part) with SCEC, usually around 20 %, but ranging mostly between 10 and 30 %.

A full description of the project in English - a bit lengthy but certainly of interest - is available here:  
<http://www.arcipelagoscec.org/doc/ArchipelagoSCECproject1.pdf>

SCEC is putting first emphasis on actually supporting local production and commerce over imports from far away and world wide commerce by multinationals. The currency makes local exchanges more convenient for people who use the system, as they get a break by virtue of getting substantial discounts on the normal price.

The SCEC, once issued, stay in circulation and can be spent at any business or professional that adheres to the program and states how much discount they are willing to give. In this way, SCEC is tax neutral - no tax is to be paid on it as it is merely a discount.

Users of course, who are not subject to value added tax (VAT) when buying/selling second hand goods or exchanging favors and transactions in the social area can use SCEC to replace the official Euro currency in these direct exchanges.

SCEC is a discount as far as the government is concerned, but it is a fledgling alternative currency as far as the users are concerned.

It favors local commerce and as it gets more and more accepted, future uses might even include the payment of rates or (local) taxes.

An electronic system to run side by side with the currently available paper currency is in the planning stage. This would work like any bank account. You can make transfers to other users of the system, and you can convert paper into electronic or electronic into paper, if so desired.

Organizationally, SCEC is organized as a non profit "archipelago of several islands" which are the regional associations that are independent of each other, but agree to use the same kind of currency and to exchange information on who are the member businesses and professionals who accept SCEC as part payment for their goods or services.

SCEC are issued periodically and equally to all participants in the system, in exchange for a voluntary contribution intended to defray the costs of printing and administration.

Loans in SCEC to participating businesses are possible. They are given as an advance on future distribution of the currency. Once someone has received a loan they will not receive any future SCEC distributed to others, until they are "caught up" and are once again eligible to receive the normal distributions. Anyone entering the system gets 100 SCEC to start trading. To get more, they have to either wait for another periodic distribution or have to start giving some kind of service for which they accept SCEC in payment.

[http://www.laleva.org/eng/2009/03/scec\\_-\\_solidarity\\_and\\_local\\_complementary\\_currency\\_in\\_italy.html](http://www.laleva.org/eng/2009/03/scec_-_solidarity_and_local_complementary_currency_in_italy.html)

# INNOVATIVE THINKING FROM THE SEATTLE AREA



The neighborhood of Capital Hill now offers their own local discount-voucher/scrip/coupon for area businesses.

***The idea of the bills is simple -- anybody can print and distribute them and any business can accept them for whatever value they think is fair. The council is suggesting the coupons be good for \$1 or 10% off depending on the merchant's discretion but be ready for a case-by-case situation when you use. The goal is to encourage people to shop in the neighborhood. And to have a little fun.***

You can only use one 'note' per visit but if you get lucky, the merchant may return the note and invite you to stop by again. It's a neat idea. You can download and print them right from the Net. While the note looks very familiar, I did notice the Obama logo in the background and some text also reads, "Please copy and reuse".

CHS Capitol Hill Seattle Blog is a community site dedicated to the Capitol Hill neighborhood in lovely Seattle, Washington USA.

Source: <http://blog.capitolhillseattle.com/2009/04/01/unveiling-the-capitol-hill-discount-dollar>

## THE RETURN OF THE GROAT (EXMOOR, UK)

The Groat, was one of the first currencies in medieval times during the reign of Scotland's King David II. These early coins were minted around the mid 1300's.

The new Groat, is a complimentary currency commonly known as a voucher. Like the Capital Hill notes these can be downloaded and printed from the Net. The new Groat's do not have a specific face value, each of the complimentary

Exmoor notes is exchanged locally and the accepting business decides what the coupon is worth. Local participating business owners see this plan as a way of attracting customers during the off-peak season. More than 30 businesses have bonded together for the offer and consumers using groats in the West Country will be receive cheaper prices than those paid for with hard British currency.

While "made-up" currencies are not legal tender as only a body like the Bank of England or the U.S. Treasury can issue a note, a "complementary currency" can be freely exchanged for goods or services by consenting parties in a private contract.

Groat Coin Photo <http://en.wikipedia.org>



# THE THIMBLE, THE AUTO, THE TOP HAT AND THE SHOE



by Chase Ingersoll

***“Our government is unconstitutionally using a fiat currency!” Blank stares.***

***“All of our currency is debt issued and accordingly we will never be able to pay off the public or private debt!”  
No response.***

***“The system is rigged! Our Treasury is no more than a whore, printing money and giving it to the private bankers who privately own what they call the “Federal Reserve”.  
Ho hum.***

They just don't get it. Sure, they can blame the banks for making loans to NINJA (No Income No Job or Asset) home buyers and they can understand that these loans were packaged into investments deceptively called “securities” that have transformed their 401k into a 201k, but what they don't seem to

get is where this all began was the corruption of their currency marked “FEDERAL RESERVE NOTE”.

So how do those who understand, get through the skulls full of mush and flick the switch on whatever so small amount of light is inevitably there? How do we take LETS from an abstract discussion comparing its advantages to the liabilities of a interest based currency? How, how, how.....ah, lets play Monopoly.

So the four skulls full of mush are gathered around the table, each on their own side of the board, one with the top hat, the other with the car, it doesn't matter, who really cares, those tokens are just a small bit to distract them from ever thinking that not one of them has any chance of winning in MY game of Monopoly. For you see, MY game of Monopoly is a variant I call “Twist” as in “Federal Reserve Twist”.

And so the players select their tokens and inquire as to mine. “Oh, I don't need a token. I am going to be the bank. Just the bank. You get the token and get to go around the board acquiring property. I will just be the bank.”

Odd stares. “But how will you play if you don't go around the board.”

“Not to worry. I will be just fine. I'n fact I am certain that I will win.”

“Posh. How can you win if you don't have a piece and don't move around the board and acquire property?”

“You will see. Now player to my left shall begin.”

And the player to my left rolls the dice and moves his thimble to Reading Railroad.

“Ah. I love railroads!”

“I agree. That is a great start to your game. And you would like to buy the Reading Railroad?”

“Why of course.”

“But wait! He hasn't any money! None of us have any money! You forgot to give us money at the start of the game!”

“FORGOT! I forgot nothing. The bank never forgets. You think money grows on trees. You want money, then you will have to earn it. He wants Reading Railroad. The Railroad he shall have.”

“But how shall he buy it without any money?”

"How shall any of you buy anything without any money?"

"Yes, yes, yes, yes. How shall we buy? How shall we play?" they all ask.

"Well, since you have no money to play, I guess if you want to buy, you shall have to borrow."

"Huh?"

"Yes, you shall have to borrow."

"To heck with that. I will just pass on the railroad and wait until I have some money and pay cash."

"Good for you! Save up and buy. I like the virtuous player. As the banker I can appreciate that."

And the second player rolls. "Snake eyes! One, two, Community Chest." He takes the top card which says, "Life Insurance Matures - collect \$100.00"

"Oh yeah. I can now buy Oriental Avenue. Hand it over Mr. Banker!"

"Very well. You are a fortunate chap and leading in the game."

And the third player rolls and moves her shoe. "One, two, three, four, five, six and seven. Chance?" She takes a card. "Pay School Tax of \$150."

"But I don't have \$150.00"

"Well, you will have to find it or you are out of the game." As the Banker, I had to point that fact out to her.

"Out of the game? But I just started. This isn't fair. How can I really get to play without any money."

"Well, I know a way."

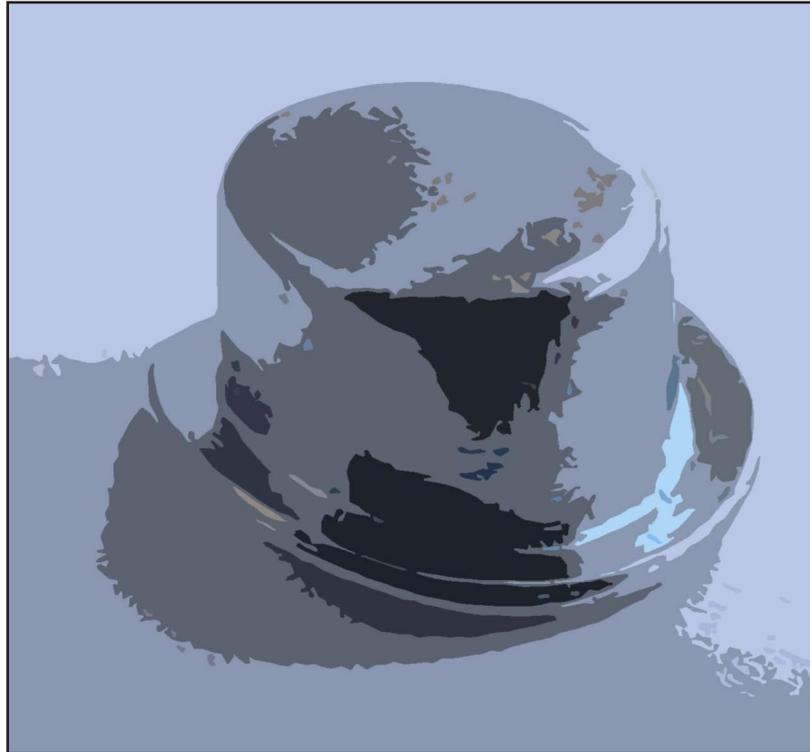
"A way?"

"Yes, a way you can get the money to pay the tax and stay in the game?"

"What is that way?"

"It is the oldest way in the world?"

"Oldest way in the world?! What are you talking about?!"



"You know.....what is the oldest way in the world to get your hands on some cash? And there is nothing wrong with that way, especially when it is for the children.....it being the school tax and all."

"Why you perv! What am I supposed to do strip off my shirt to get the money to pay the school tax?"

"No. No. No. Think again. What is the oldest way that both men and women got money when they needed it especially in the case of needing it to pay the

taxes?"

"Huh?!"

"They went to where the money was and borrowed it from the....."

"The BANKER!"

"Hey, that is what I am here for!"

"You get the money. You pay the tax. The kids stay in school. You stay in the game."

"Great! I think I will stay in the game!"

"You go girl! Here is \$150.00 to pay the tax, and by the way I think your luck is going to change with your next turn, so why don't you let me loan you another \$1000.00 on top of that?"

"Huh?!"

"Yeah, I'll loan you another \$1,000.00 on top of it so that you can buy some of the properties that you land on and collect rent from the other players. That is how the game is played. No?"

"Oh....I get it. Monopoly with a twist. You are like teaching us how real estate investment takes place in the real world. Very cool. I will have to teach this version of the game to my kids. Teach them how to be investors."

"Yes, you are a really good mother. Here, \$100.00, \$1000.00, \$1,200.00. Now pay the \$150.00 tax and we will put it in the Community Account."

"Hey wait! I thought you were loaning me \$1,300.00 total."

"I did. See I wrote it down right here - \$1,300.00 under your name."

"But you only gave me \$1,200.00"  
"That's right."

"But why? You said you would loan me \$1,300.00"

"But I did. And I deducted \$100.00 from the \$1,300.00"

"What for?"

"My fee."

"Your fee?!"

"Yes. An origination fee."

"Origination fee?"

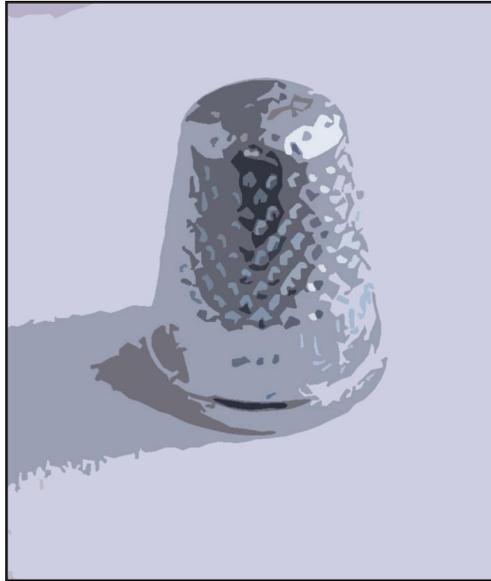
"Yes. That is customary with all the loans I make. All borrowers are charged the same fee. I don't discriminate. You don't think that is fair."

"Well, not really?! I don't think you really did anything for that fee."

"Well, I did. I made the loan, I recorded it here on my ledger. And bottom line, it is my money, so if you don't like the fee, you can just give it all back."

"But then I can't pay the tax am bankrupt and out of the game."

"Okay."



"But....but....but something doesn't seem quite right."

"Hey. That is how the game is played. The rules are the same for everyone and if you can't run and borrow like the big dogs, you need to stay on the porch."

"Well, I guess I really have no other choice."

"Hey there. You made the right decision. Now you really in the game and look at the deals that are just around the corner. Who is next? Ah, Mr Top Hat."

Top Hat rolls. "One, two, three, four, five. READING

RAILROAD. Hahahaha sucker.....too bad for you that you didn't buy it. You'd be getting rent. Instead, this baby is mine. Mr. Banker, loan me \$200.00."

"Very shrewed Top Hat. I see that you learn from others misfortunes. No let me see how you handle this complexity of the game. I can loan you \$200.00 which will need to be \$300.00 because I take the, you know, \$100.00 origination fee. But for the same fee, I would be happy to loan you a larger amount."

"A larger amount? How much?"

"Up to \$2,500.00 and I will include the \$100.00 origination fee on the back end of the loan you really get the benefit of a full \$2,500.00"

"Hmmmm. Well that makes more sense than paying a \$100.00 fee every time I want to borrow. What the heck, you have a deal."

And so the banker records \$2,600.00 under Top Hat on the debt ledger.

"Hey Banker! What about us?"

"What about you Mr. Thimble?"

"Can we get the same deal?"

"Why Mr. Thimble, I thought you were the frugal, saving sort, not the borrowing type?"

"Hey Banker, I just lost out on \$25.00 in rent. Now I see how this game is played. Give me the \$2,500.00"

And this is how Mr Thimble, Ms. Shoe, Mr. Auto and Mr. Top Hat all came to have an amount of \$2,600.00 recorded under their name, on Mr. Bankers ledger.

Now fully liquidated with Mr. Bankers funding, the Thimble, Shoe, Auto and Top Hat circled the board in earnest, buying up properties, charging and receiving rents but every time they went around the board and passed go, each paid the Banker the sum of \$130.00 representing the 5% interest that Mr. Banker charged on each of their loans.

Mr. Thimble was the first to go bust. He landed on a Boardwalk hotel which had been previously purchased by Mr. Top Hat who had traded Marvin Gardens and two Railroads with Mrs Shoe to acquire Park Place. Down to his last \$100.00 Mr Thimble on his next turn rolled the dice and landed on Baltic Avenue which fortunately for him, he owned. But then Mr. Banker stuck out his hand.

“What?!”

“What are you forgetting my frugal Mr. Thimble?”  
“Oh, your payment. But I haven’t but a hundred dollars left.”

“Well, what are we going to do Mr. Thimble? You know how the game goes, if you can’t pay the interest or rent, game over for you. Does anyone want to buy a property from you?”

“Hey, we are kind of cash poor out here. Sure, I just collected the rent for Boardwalk, but I have my interest payment coming up and I’ve got to keep a reserve to pay fines and any rents that I might be charged.”

“Well Thimble, what are we going to do?”

“I guess that I am out. Sorry.”

“Tell you what Mr. Thimble, why don’t I loan you another \$2500.00 so that you can stay pay your interest and stay in the game. That will also enable you to put up some hotels on your properties and with a little luck overtake the others.”

“You would do that for me?!”

“Sure. We will call it an investment in your future. I think that you still have one in this game. Your luck is bound to change and one of them is bound to land on one of your improved properties.”

“Hey! What about us?”

“What about you?”

“Don’t we get the same deal?”

“Hmrrrrrr. Well, those are the rules. I can change the terms, but I have to change them for everyone and apply them equally.”

“Change the terms?! Change them to what?”

“Well, if I am going to keep Thimble in the game and loan him another \$2,500.00 when all of that improved property is sitting out there, the risk of him going bankrupt really is greater, so I am going to have to charge a higher interest. And if he gets a higher rate, well, to be fair I have to charge everyone the higher rate.”

“What’s the rate?”

“Ten Percent.”

“Ten percent! That’s double.”

“Hey. It is double for everyone. That’s fair. Tell you what, to make it really fair, I won’t even charge any of you any interest for the next 5 turns around the board.”

So Thimble and the others lined up at the Bank and each received another \$2,500.00 and each had another \$2,600.00 recorded against them on the Bankers ledger. And for the next 5 turns they all played, charging and paying rents, collecting from the Community Chest and buying their way out of Jail, but then it hit. The five turns around the board were up and again the Banker held out his hand. “Three hundred and ninety dollars please.”

“Wow! That is really going to add up. Fifteen



hundred dollars every time we go around the board. Why three trips and that is almost as much money as any of us got from all of our borrowing."

"Don't worry at least one of you will not make it another three trips around the board."

"What?! What makes you say that? How can you know that?"

"You will see. You will see."

Actually, both Mr. Auto and Mr. Thimble went down on the next turn. First, Mr. Auto landed on Pennsylvania Avenue. Mrs Shoe clapped her hands. "Yes, yes, yes. Pay up buddy or you are out. And don't loan him any more money Mr. Banker. I want his properties."

"I like to see a woman happy. No more lending to anyone. Mr. Auto, I think that you are bankrupt, go and hand those properties over to Mrs Shoe."

Mrs Shoe happily stretched out an open hand to Mr. Auto.

"Oh, but wait a second Mrs Shoe. I forgot to mention as it was so obvious but since Mr. Auto is bankrupt, he can't transfer the properties to you without first being released by me."

"Released?!"

"Yeah, released. Since he has never paid any principal back on the properties, I still have a blanket lien for the total amount that he has borrowed on all of his properties. For them to be transferred to an unsecured creditor like yourself, rent is always an unsecured debt, you and I are going to have to do some negotiating."

"What?!"

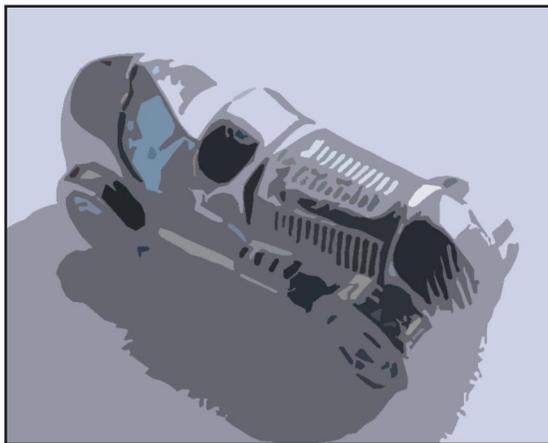
"I supposed I could take something other than cash, but being that I am a cold hearted, bean counting banker, even more than seeing what's underneath that shirt of yours, I just sort of need to finally get back some principal and clear off some of these balances. So if you want to pay off some Auto's debt, I would be happy to release some of the properties to you."

"But I spent most of my cash putting a hotel on Marvin Gardens. I have to have enough to survive the others players rents if I should land on them."

"You are probably right Mrs Shoe. Hand them over here Mr. Auto."

And that is how Mr. Banker went from owning all the money to now owning all of the property that was formerly owned by Mr. Auto."

"Hey! What about my rent?"



"Rent?"

"For Mr. Auto landing on my Pennsylvania Avenue Hotel. You got all of his properties. Should you at least pay me my rent."

"Where is that in the rules. That is what he owes you. Again, as the Banker, I am the secured creditor and I get paid first. But seeing how Mr. Auto never paid me any principal, everything that he

owns is completely mortgage to me and there is no excess. But I tell you what, just to be fair about things, let's have a fair market auction."

"Auction?"

"Yes. Auction. Now what will you bid for all of Mr. Auto's assets? Mrs Shoe?"

"Well, all I have left is \$1,500.00. I need to save at least \$500.00 of that so I will bid \$1000.00."

"Thimble?"

"I have only \$900.00 left, so she tops me."

"Mr. Top Hat? You have \$3000.00 sitting there. Why don't you."

"Bid \$1100.00?"

"There you go."

"Okay, \$1,100."

"Very good. It was nice to see the Auction action, but because I am owed \$5,200.00, I think I will have to bid the same as a judgment of my secured blanket interest and take possession of all of Mr. Auto's property. But thank you for bidding."

"So you get all of his properties?"

"Yes. Of course. That is how the game is played."

It was my money. I did not get it back, so I get his property."

The three remaining players looked dubious. Mr. Thimble rolled the dice. "One, two, three. Uh oh."

"Ah, I see that you have landed on a property that I recently re-possessed from Mr. Auto. And it has a house on it. Thank you very much."

"Uh oh."

"Uh oh? What?"

"Don't you see it?"

"See what?!"

"We are all screwed. All screwed. He was right. Not only are we going to owe him \$390.00 every time we go around the board, but now we are going to be paying him rent if we land on his property."

"Crap! You are right! None of us are going to last more than another turn around the board. He has more cash than all of us combined because each time around the board we pay him interest."

"And you will notice that up until this last turn by Mr. Thimble, I have never collected any rent for any property."

"We have been collecting rent."

"But we have also been paying rent."

"And round and round your money went to each other and the community chest and your taxes and schools."

"But every time we went around, you sucked off five or ten percent of it in interest and you did not return the money to us and you never had to pay the community chest or the taxes or the schools."

"But that is simple. You were players and I was the bank. You played the game under the rules that were set up for you."

"But you set up those rules."

"I tell you what. Let's play again."

"Play again? Why? What's the point? If you start with all of the money and we have to borrow it and fully mortgage our properties to you to acquire them in the first place, and then have to pay interest to

you every time that we go around the board, you are always going to end up with all of the property that we buy and improve. Who needs to play again to see that?"

"Mrs Shoe?"

"No. That's obvious now."

"Mr. Auto.?"

"No."

"Mr. Thimble?"

"Hell no! This was a setup! This game is rigged. Why would anyone play it?"

"Because you play it every day?"

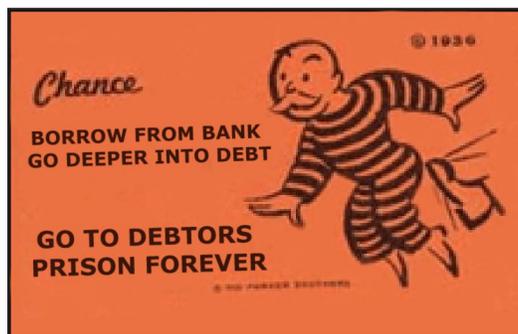
"Every day?! What are you talking about?"

.....and so were the eyes of Mr. Thimble, Mr. Auto, Mrs Show and Mr. Top Hat opened to the way the Federal Reserve creates an artificial demand for a valueless means of exchange that results in an unfair competition of those who work and grow and build and buy and sell, even while the value of their product is undermined as the bankers first liberally loan their money into the market and having created an excessive demand for it, then hoard it and watch mere paper increase in value against the value of the land, and crops and the very hands that produced all that men really need.

And once the commodities produced by mens labor is devalued against the currency printed by the financiers, the financiers both quietly and openly acquire the best of the commodities before they again flood the market with excess paper now needed in an even greater amount to re-purchase the commodities.

And what has the banker or financier produced in all of this? The simple answer is nothing. The more serious answer is that the interest they collected was a significant drag on the collective means of production, and worse still a drag that inflicting great trauma to the psyche of every individual, every family and every community which they touched.

Now, return to the simple game of monopoly and grant to each player, without burden of interest, an equal sum of currency with which they can participate in the game. Yes, there will be a winner and losers. But at least the winner is not pre-determined in a rigged game.



# LOCAL CURRENCY: FIXED EXCHANGE RATE, EXCHANGEABLE

by Aaron Wissner

<http://www.localfuture.org>

A local currency is one that allows barter or trade to continue between a small(ish) group of people. The two most well known examples in the USA are Ithaca Hours and BerkShares. Local currencies have been used often, most especially in communities with high unemployment rates, and during generally tough economic times.

My thoughts, for Michigan, are to create a local currencies throughout the state. In addition, I think it would be useful for all the local currencies within Michigan to have a similar exchange system or rules structure, and for all the bills to have common back sides, while the front sides would be specific to that community. This common back side would allow either a limited use of the community currency across multiple Michigan communities, or would allow, at a moments notice, a switch to a state-wide currency, in the event of an unprecedented catastrophe that makes such a switch essential.

Now, in thinking about local currencies, and learning up on them a bit, I've discovered that there are some variations. Each of these has unique traits, and so each is worth considering.

## Exchangeable - Fixed Exchange Rate

In this case, one brings in regular cash money and trades them in for the local currency. For example, bring in 10 U.S. dollars and get back a 10 CityHour note. Use the CityHour note anywhere you like amongst the participating individuals and businesses.

A fixed exchange rate local currency would be the simplest form to implement. Confidence would be high in that form of local currency, especially if it were exchanged at the bank, or at any participating merchant.

The benefit would be that it would be fun to use the

money. Many merchants would quickly join as it would be easy to convert to the national currency. It would also encourage holders to look around to see from whom they could purchase.

For the bank that was exchanging the currency, the national currency that was brought in would be added to their assets. It seems that this would allow them to extend some additional loans given their slightly larger balance sheet. The likelihood of everyone trading the local currency in for national currency would be rather low, so from the banks perspective, it seems like a good idea.

There are undoubtedly a number of weaknesses with this form.

First, that any merchant could just adopt a policy to convert the local currency to the national currency, without spending any of the local currency. The impact of this would be that the local currency might shrink within the local economy, unless there were other participants that were converting to the local currency fast enough to make up for the decrease. A related weakness is there is little incentive to seek out other local businesses or opportunities to use the local currency.

Second, being tied to the national currency, inflation or deflation of the national currency would lead to the same with the local currency. This would diminish the local currency's effectiveness at providing an emergency backup to the national currency in the event of a currency crisis.

It also seems that the amount of additional economic activity created might be minimal using this sort of currency. Since people are trading in national currency, the total amount of currency held by the community (excepting the bank) does not increase. If the bank does extend a few additional loans, those might or might not be in the community.

## BerkShare

The BerkShare is very similar to this form. It is convertible, but \$90 USD converts to 100 Berkshare, and vice versa. Let's examine how this would impact a merchant.

1. Item which is normally sold for \$10 USD
2. Person purchases for 10 BerkShares, which only cost the individual \$9.
3. Merchant takes 10 BerkShares to bank, and gets

\$9 back.

So, the person gains, but the merchant loses. The incentive would be for individuals to transfer to Berkshares for all local purchases, as this is effectively a 10% discount. The question from the local participating merchant would be, "Are we going to get an increase in business enough to make up for your 10% loss on all BerkShares accepted?"

If the prices of the items in the BerkShare participating merchants were the same as the non-participants, the use of the BerkShares should encourage people to get the BerkShares and to purchase at the participating merchants.

As of this February 2009, the BerkShare exchange rate has changed to \$95 USD = 100 Berkshares. This enables a 5% discount at all participants, which should encourage more merchant participation, but which would decrease the incentive of individuals to convert to the BerkShares. <http://www.berkshares.org/>

#### Analysis of Fully Convertible Currencies

As with any convertible local currency, a major benefit goes to the entity that issues the local currency, as now they have national currency which could be invested for interest, or even better, loaned within the local community for needed projects. If the creating entity was a non-profit or governmental entity, then this could indeed help to accomplish community goals.

One question would be if that entity could spend local currency into the local economy without exchanging for national currency. Most likely, this would be entirely possible. The risk here would be that there would be a "run on the bank" to convert back into the national currency, and that the issuing agent would not be able to cover the total. This would probably suggest that a reserve requirement, typically 10%, would have to be intact. A safer number of 20-50% might be wise initially. Note, that at a 10% exchange rate, only 10% of the local currency would have to have been purchased, whereas the remaining 90% could be spent into the local economy. In addition, if people continued to purchase the local currency, the ability to spend additional local currency into the economy would also increase.

What would the impact of such an increase in the money supply within a local economy?

If the local currency were set up so that the board of the issuing agent could vary the exchange rate, or even make them non-exchangeable, then they might be useful when the national currency has problems.

The concerns here seem to parallel the concerns that any national currency might have.  
Other Forms

There are a number of different forms of local currencies currently in use.

One form is non-exchangeable. Participants earn the currency, or are given them, based on various rules. They may or may not have an "exchange rate".

Another form is designed to keep the money moving, by decreasing in value at set points in time. One example in use in Germany loses 2% of its buying power every two months. Other forms may lose 1% per month, which is accomplished by the necessity to buy a stamp (or stamping) to keep the money valid.

Some forms of local currency are designated in "Hours", such as in Ithaca, New York, to demonstrate that it is really human labor (an intelligent, precise application of energy) that backs the currency.

Finally, there are non-physical local currencies, which exist only within computerized online barter systems.

It is likely that all of these forms have strengths, and challenges, that would need to be accounted for in advance, and monitored closely and constantly; but the use of a local currency may be what it takes to pull individuals and communities out of the doldrums and revitalize their local economies.

#### Note

I wrote this article about a month ago, waiting for time to write more about the various forms, but instead, I'll publish this now, and come back to the topic at a later time.

My organization, Local Future, will be hosting an event on local currencies in a few weeks, so I'll be doing quite a bit of reading up on them between now and then.

...continued on page 40

## Michigan Local Currencies

Traverse City, Michigan - Bay Bucks -

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

Detroit, Michigan - Great Lakes Hours - no information

Holland, Michigan - HollanDollars - looks like a gift certificate for many merchants in one city

### General References

[http://www.smallisbeautiful.org/local\\_currencies.html](http://www.smallisbeautiful.org/local_currencies.html)

[http://en.wikipedia.org/wiki/Local\\_currency](http://en.wikipedia.org/wiki/Local_currency)

<http://en.wikipedia.org/wiki/WIR>

[http://en.wikipedia.org/wiki/Prosperity\\_Certificate](http://en.wikipedia.org/wiki/Prosperity_Certificate)

[http://en.wikipedia.org/wiki/Demurrage\\_\(currency\)](http://en.wikipedia.org/wiki/Demurrage_(currency))

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

<http://www.mkeever.com/kent.html>

<http://project.cyclos.org/>

Name Idea: Thorn-Apple Coupon (deteriorates in value over time)

Note: Collectors of rare bills will provide national currency in exchange for the local currency, see examples of when new currencies were first issued.

###

# INTERNATIONAL LOCAL COMMUNITY CURRENCY CONFERENCE SUMMIT

This is a design proposal for an international conference and summit focused on local currency, community currency, complementary currency and additional ways to fine tune the money supply and spending withing communities, regions or states.

Of primary interest at the summit would be examining in detail the successes and failures of local currency

to meet their design goal within their circulation area; to examine the concept of developing a state owned bank; and to examine other ways that communities, regions, and states can intelligently create the money or capital necessary to meet local needs.

### MOTIVATION

In Michigan, where the reported unemployment rate is 11.6%, and local employment rates are higher, such as in Detroit with a 22% reported unemployment rate, the need to create money in order to create jobs is massive.

One possible solution is creating local community currencies which could provide a system for barter within communities. It appears that such systems are currently in use in hundreds of communities around the world, with notable examples in the USA including the Ithaca Hours and BerkShares.

Another possible solution is the creation of a state owned bank, the primary example being the Bank of North Dakota, which takes in all revenue for the state, and in turn is able to create loan money to create jobs.

Both of these possible solutions hold promise for Michigan and other hard-hit areas as a result of the current global recession.

### CONTENT

Desired understandings from the conference:

\* What money is, where it comes from, when it succeeds, and how it fails, including successes of the past which are no longer in use (such as being deliberately phased out)

\* The best way to create, implement, and maintain a local currency; to create jobs, increase local spending, and ensure that all community members have access to a means to provide for their basic needs

\* The many pitfalls of local currencies, and how to avoid them, such as counter fitting, lack of acceptance, low confidence, under circulation, over circulation, hoarding

\* The various forms of local currencies, including directly convertible fixed exchange rate, floating exchange rate, methods for demurrage (designed inflation to accelerate the speed of money), etc.

\* The potential and drawbacks of creating a uniform local currency system within a state, which would be able to function effectively in the case of a hyperinflationary event in the national or global currencies

- \* The history and function of the Bank of North Dakota, and how this model could be implemented by any state, or appropriate governmental entity
  - \* Impacts of transitioning to a state owned bank, and ways in which to best implement such a transition
  - \* Ways to decrease the outflow of money from communities, regions, states by focusing efforts on decrease specific imports, such as fuel imports, by utilizing various methods to decrease use and increase production of said import within the community, region or state
  - \* Ways in which the state could create money, such as debt or investment, as suggested by Byron Dale in Minnesota
  - \* Provide extensive time including structured and unstructured opportunities for networking amongst all participants
  - \* Provide critical discussion and debate around challenges and drawbacks of various solutions
  - \* Create and strengthen the network of local currency advocates
  - \* Create an extensive web site with conference podcasts, presentation slides, videos, and discussion areas;
  - \* Create a documentary length movie on local currencies, including state owned banks, for use by participants in their own communities and constituencies, as well as others interested in learning more about local currencies
  - \* Create a book "Local Currencies" which is a practical guidebook to creating effective, resilient, local currencies and state level solutions
- Such a conference invites the active participation of many individuals and organizations, particularly those with experience in the creation of local currencies and state owned bank solutions.

#### LOCATION, TIMES, AND DATE

The target location and date for the conference is June of 2009 in Michigan; June because this is the earliest practical time to organize a conference of such design, but as early as possible due to the deteriorating state of the national and global economies; and Michigan because of the highest level of general unemployment in the USA and the overall desire to look critically at all ways to create jobs within the state, not to mention the very high likelihood of rapidly increasing unemployment if/when the auto industry continues to contract and/or fail.

The length of the conference would be four-days, as follows:

**Thursday** - one evening talk, and networking

**Friday** - scheduled discussions and networking during the day (preconference), with talks starting at 7 p.m.

**Saturday** - full day of talks and discussions

**Sunday** - talks through 2 p.m., post-conference discussions and planning afterwards

#### SPECIFIC SPEAKERS & TOPICS

In addition, specific individuals and communities would be invited to speak about their efforts, both successes and failures, and to provide insight into the day to day challenges of such efforts. Namely:

- ***Ithaca Hours of Ithaca, New York***
- ***Berkshares of New Barrington, Massachusetts***
- ***Mendo Credits of Willits, California***
- ***Bay Bucks of Traverse City, Michigan***
- ***Thomas Greco of Reinventing Money***
- ***Robert Kleine, the Treasurer of the State of Michigan***
- ***Eric Hardmeyer, Head of Bank of North Dakota***
- ***Ellen Brown, author of Web of Debt***
- ***Chiemgauer of Bavaria, Germany***
- ***Calgary Dollars of Calgary, Canada***
- ***Totnes Pound of Totnes, England***
- ***Money created as investments by Byron Dale***
- ***Experts in money, finance, economics, monetary policy such as college and university professors and researchers***
- ***History, causes, and ways to avoid inflation, deflation, hyperinflation***
- ***Money's relationship to energy and labor***

#### REQUEST FOR HELP

To my knowledge, no conference of this magnitude (four-days, international, broad scope) has been organized around these topics, so this would be a first. It will take many, many people spreading the word, and volunteering to participate to get this conference to happen. You are invited to do what you can to help, most importantly in this early stage by providing critical input, suggestions, ideas, for all of the above; and in spreading the word to others who might be interested in such a conference.

Please comment below so that everyone reading and interested can provide input.

Also, feel free to email me: Aaron Wissner, organizer of Local Future nonprofit: [aaron@localfuture.org](mailto:aaron@localfuture.org)