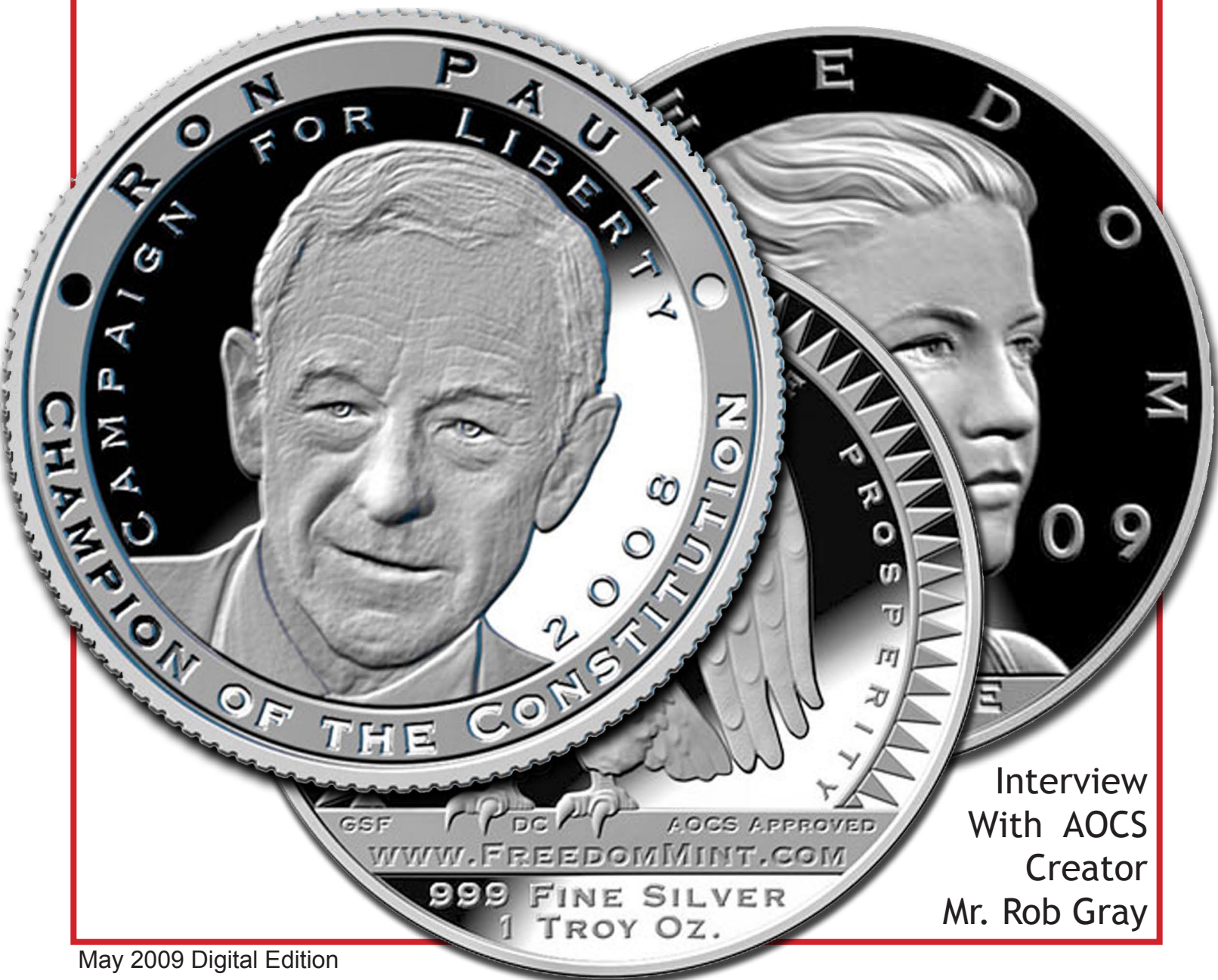


DC LOCAL

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

Bartering With Silver The American Open Currency Standard



Interview
With AOCS
Creator
Mr. Rob Gray



A film by Alan Rosenblith

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

The Money Fix is now available for purchase. Visit their web site for more details.

Contact Alan at
alan@themoneyfix.org

or

follow Alan on Twitter
[@AlanRosenblith](https://twitter.com/AlanRosenblith)

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Apr 2008

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SILVER BARTER CURRENCY FOR BARTER,
SAVINGS AND INFLATION PROTECTION.
THESE MEDALLIONS ARE FROM
WWW.FREEDOMMINT.COM**

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NEW LOCAL CURRENCY PROJECTS & OTHER EFFORTS

BRIXTON POUND, LONDON (UK)

Brixton will be the first part of London to have its own local currency and the first urban area in the UK.

Web: <http://brixtonpound.wordpress.com/>

Twitter: <http://twitter.com/brixtonpound>

“The Brixton Pound (B£) is a local currency launching in September 2009. This is a practical way for local people to vote with our wallets for a strong and diverse Brixton economy. It will be a complementary currency, working alongside (not replacing) pounds sterling, for use by independent local businesses and individuals trading within Brixton. The currency’s sterling backing is held by Lambeth Savings and Credit Union (LSCU), who provide access to low interest loans for the local community.”

COLUMBIA EXCHANGE CIRCLE, COLUMBIA MISSOURI

<http://comoexchange.org/>

An open web-based network designed to foster community interaction through the exchange of a community currency and an online social network designed to promote currency usage. Each member has a profile and may categorize their interests, post offers & requests plus make direct exchanges.

--KOMU News Story & Video, <http://su.sg/62a3>

Units of exchange are Marbles. The value of a Marble is flexible. It's meant to adapt to the circumstances. General guideline is that an hour of your time is worth about 10 Marbles. As livable wage of \$10 an hour, compare 1 Marble to 1 Dollar. Flexible.

Rather than create currency out of nowhere as debt, marbles emerge out of a community exchange. When an exchange takes place, the inherent value of the exchange is mirrored in marbles: one member's balance rises, and another's falls by the same amount. This is the key. Marbles are an abundant resource because the inherent value in people is an abundant resource.

Balance is built into the Columbia Exchange Circle. Since each transaction is a mutual-credit exchange, the total number of marbles created is zero. While a member may fall below zero, the Circle as a whole

will always remain balanced at zero. Members are encouraged to be as active as possible, and strive for a balanced “Net-Zero” account.

<http://comoexchange.org/>

WAIRARAPA GREEN DOLLARS, WAIRARAPA, NEW ZEALAND

WAIS Vouchers Accepted Here!

The Wairarapa Green Dollar Exchange (the existing Wairarapa LETS) is introducing new cash notes that can be used to purchase local products and services. The denomination of each note are pegged to the New Zealand dollars. 18,000 vouchers are being printed with a total face value of 76,500 WAIS, pronounced ‘wise’. They will be introduced slowly as members withdraw the vouchers from their exchange accounts and non-members purchase them. The aim is to emphasize the availability and quality of locally produced goods and locally owned businesses, without turning away from the benefits that a more global economy can also bring.

<http://www.wais.org.nz/>

NORTH FORK SHARES, CALIFORNIA

In North Fork, California, Josh Freeman is hard at work putting together a local currency in his community. They already have a detailed web site up, a steering committee, they are working towards both a web directory and a print version, plus there is even a potluck dinner planned. Josh tells me in email that he will keep CCmagazine up to date on their progress each month. Look for NF Shares to be active later this year.

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

TRANSITION TOWN PORT ALBERNI, CANADA

At the first Transition Town meeting in Port Alberni, BC, Canada they discussed creating a local Port Alberni currency to bolster area business. Their local currency concept would be modeled after the Saltspring Island Dollar. Follow their progress on:

<http://www.murkyview.com>

MICHIANA MAC

The Michiana, Indiana community has officially named their local currency. The units will be call MACs.

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

BAROON DOLLAR, AUSTRALIA

Australia's first dollar-backed community currency

Location: Maleny Australia

Time Zone: Brisbane

Web: <http://www.baroon.dollar.org>

Twitter: twitter.com/baroondollar

"The Baroon Dollar is a community or complementary currency in development, which will be redeemable for goods or services within the Blackall Range and Sunshine Coast Hinterland region. It is an initiative of Sustainable Maleny and the Australian Institute for Community Currencies Inc - a non-profit community organisation." "In 2009 the Australian Institute for Community Currencies Inc. (AICC) was formed from Sustainable Maleny's interest in fostering innovative solutions toward maintaining a high quality of life for all members of our community."

This local currency gets its name from the Baroon Pocket Dam, Blackall Range region. Organizers and participants hope that the experience of creating this model will stir development of other community currencies around Australia.

The Baroon Dollar received some excellent media coverage on ABC's Radio National Program - Life Matters in April 2009.

The program investigated the effects of the current economic recession on health. Speakers included Andrew Leigh (Associate Professor of Economics, Australian National University); Professor Mark Harris (Executive Director, Centre for Primary Health Care and Equity, UNSW); Professor Gordon Parker (Executive director, Black Dog Institute).

Listen to the program.

http://mpegmedia.abc.net.au/rn/podcast/2009/04/lms_20090417.mp3

HOW DOES "NASHUA NUGGETS" SOUND? (New Hampshire)

In New Hampshire, over the past month there have been three editorials in the Nashuatelegraph, the online version of The Telegraph, (<http://www.nashuatelegraph.com/>) discussing the creation of a local currency called "Nashua Nuggets". It's not surprising that all of the editorial content and comments have been positive. We'll look for more information on Nuggets the weeks ahead.

TUCSON LIFE CACHE, ARIZONA

The word 'Cash' can be spelled several different ways. In Tucson, Arizona, 'Cache' means their future local currency known as Tucson Life Cache.

If you have ever desired to start your own community currency, you may want to pattern your organization after this one. These are some of the hardest working, best communicating folks I've ever meet in the CC world. Through their Google Groups list, they have meetings, movies, discussions and now there is even a logo contest.

Here is more about the organization.

Mission Statement: Our mission is to create a locally-based economy in Tucson, Arizona, that promotes self-reliance, sustainability, community, fairness, civic and neighborhood pride, and humane commerce.

Top 5 Goals:

1. Identify the goods and services that have both the greatest demand and the greatest potential to be produced locally.
2. Provide a medium of exchange for local goods and services that maximizes our community's self-reliance.
3. Create and support training opportunities for community members interested in learning the skills required to produce needed goods and services.
4. Find simple ways to bring local buyers and sellers together through the development of new communication tools and the promotion of existing infrastructure such as farmer's markets and Internet groups.
5. Encourage diversity within our group and seek involvement from as many local community members, businesses, and organizations as possible.

<http://TucsonLocalCurrency.org>

<http://groups.google.com/group/tucsonlocalcurrency>

MEGABUCKS, ATLANTA

Meet Alan from MegaBucks a new local currency program starting in the Atlanta area. (notes)

Follow their progress from pre-launch to grand opening or catch Alan on Twitter. Soft launch is July 4th.

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

<http://twitter.com/MegaBucksAtl>

continued on page 6

KENMARE YOURO, IRELAND

Just launched May 15 is the Kenmare YOURO local currency. This is a temporary project which will run until September and at that time all YOURO notes will be redeemable for Euros. The Transition Towne hopes that by September they will have a comprehensive plan for a permanent currency system. For more info see their web.

<http://transitiontownkenmare.wordpress.com>

STROUD LOCAL CURRENCY PICKS A NAME (UK)

STROUD POUND

As we posted back on April 19th, the Stroud team had still been working on the name for their new local currency. Well...they have decided to call the local currency Stroud Pounds and have a picture of a teasel on it. For more information you can check out their blog

<http://transitiontownstroud.blogspot.com/>

KILOWATT CARDS

Kilowatt Cards are gift cards which pay for 10 kilowatt-hours of electricity in any home utility account (including all taxes and fees). Kilowatt Cards are backed by tangible assets, not just promises. They are issued as barter for goods (e.g. firewood) which are held, and later sold to pay for the electricity as needed. The cards are redeemable for electricity worldwide, resulting in a store-of-value (wood) and a medium-of-exchange (paper) that avoids inflation.

<http://www.kilowattcards.com/template/index.cfm>

MENDO MOOLA, UKIAH VALLEY, CALIFORNIA (coming)
Mendocino Neighborly Notes, Certified Sustainable. Whether times are dire, or times are good, a local, Ukiah Valley (Hopland, Ukiah, Redwood Valley, Willits) currency is an idea who's time has come. What will it take to make happen?

1. The community of locally-owned businesses
2. An organizer who knows money
3. The Savings Bank
4. The Mendo-Lake Credit Union
5. 40 businesses with an investment of \$500 each

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

NEED INFO ON HOW TO START YOUR OWN COMMUNITY CURRENCY? ITHACA CAN HELP.

From the Ithaca Hours blog the Board president Stephen Burke tells us that they will soon have a new 'bona fide' start-up kit for communities. In the mean time, if you would like some help now, the Ithaca Hours has a print directory with a FAQ section, membership

forms and terms which may be very helpful for you. Grab a copy from Stephen for just \$10 and additional copies at \$2.50 each. Visit their website, or call Board president Stephen Burke at Small World Music, 607-256-0428. <http://www.ithacahours.org/>



S.COOP coins that have been handed out to retailers who run stalls at the Petticoat Lane Market (London). These coins can then be redeemed for a single scoop of ice cream at Monochrome, a pop-up ice cream parlor. In addition to its various flavors, the shop also serves up a history lesson around cooperative currency, an alternative monetary system instituted by English collectives that date back to the 1900's.(above)



Concept Coin. More on this next month.

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

MONEYART



Fine moneyart by
Stephen Barnwell

WWW.MONEYART.BIZ

SUCCESSFUL LAUNCH OF THE PLENTY, NORTH CAROLINA AREA LOCAL CURRENCY

The word PLENTY is an acronym for Piedmont Local EcoNomy Tender. The Plenty local currency is supported by a grassroots effort to promote local spending in the heart of North Carolina's Piedmont region; including Chatham, Orange, Durham and parts of Alamance, Wake and Lee counties.

Just a few days ago the town of Pittsboro re-launched the PLENTY. Unlike the previous NC Plenty which circulated back in 2002, this new version offers an easy exchange back to US Dollars through the local branch of Capital Bank. The current ratio for buying Plenty's is spend \$9 USD and get 10 Plenty's. This is an automatic 10% discount for shoppers at participating stores. New denominations are now available during business hours at the Pittsboro branch, at 37 Hillsboro Street.

If you have ever wondered how much research and work goes into the launch of a community currency, 7 years ago, the original Plenty team crafted a very good business plan some years back and it's still online. Visit: <http://www.ncplenty.org/businessplan.pdf> This 2002 biz plan was created for the original Plenty with the web URL (ncplenty.org) , the just launched new active web is at <http://www.theplenty.org/> By the way..."The public may also exchange "old" PLENTYs for the newly denominated PLENTYs at Capital Bank in Pittsboro. The new denominations correspond directly with US dollars (\$1, \$5, \$10, etc.) and are taxed the same as dollars." It is pretty amazing, the new organization is honoring the 7 year old non-redeemable version of the currency.

Perhaps the most interesting item on the new PLENTY I have found to date is outlined in their bylaws as shown here. Parts A & B are standard



and important to know that the 'funny' money requires dollar backing at all times. What is very exciting to see is the vision this group has leaving open the option to back their money with a commodity as outlined in part C. Will that be gold, silver, biofuel or some type of food stuff or grain? We will be keeping an eye on this currency for more exciting future developments.

Section 1 Convertibility of the PLENTY

A. The Piedmont Local EcoNomy Tender (PLENTY) is convertible to Federal Reserve Notes at participating financial institutions (Reserve Partners) at the exchange rate approved by the Board of Trustees, but is not guaranteed by any person or institution.

B. All circulating PLENTYs must be fully backed by appropriate reserves at all times. The Board of Trustees will work with Reserve Partners to assure full convertibility with appropriate audits and internal controls.

C. The Board of Trustees may identify and authorize other reserve commodities suitable for convertibility in the interest of sustainable local economic development.

ARTICLE BY MARK HERPEL



BEAT THE RECESSION, PRINT YOUR OWN MONEY!

Courtesy The Redcliffe Coin & Phonecard Club Inc.

By Mark Livett

Although this sounds like a good idea few people bother to take it up. You have to be very motivated to start up a local currency. Luckily for us, someone else was very motivated, and if it is local you are after, look no further than an hours drive away in the Sunshine Coast Hinterlands. The Baroon Dollar (named for Lake Baroon situated between the towns of Maleny and Montville) is planned to début in mid 2009, the project is a joint initiative of 'Sustainable Maleny' and the newly formed Australian Institute for Community Currencies Inc. Sustainable Maleny has been going for 2 years and has over 400 members, it has recently secured Maleny's inclusion in the highly renowned international Transition Town network, one of few Australian organisations to achieve this. They join the well known towns of Totnes and Lewes in the UK whose community currencies has proven popular with collectors and eBay.

Anyone that has ever bought or been given a gift card will be familiar with the concept of using local currencies, you get a sum of money in the form of voucher and then you hunt around for ways to spend it in one shop. A local currency is similar but you get to spend it in a range of shops in a small area, generally the area in which you live. As Coles and Myers will not take your gift vouchers you are forced to use local shops, run by local people, your business then supports these shops as opposed to supporting the company headquarters in NSW or Victoria.

As the banks won't take the vouchers you may as well spend them, so the money keeps on circulating, being used to buy groceries or pay for the services of local workmen (the stereotypical businesses that accept alternative currencies are massage therapists and faith healers as it appeals to people who are not mainstream, however in Ithaca in New York, over 350 businesses accept local currency either in part of full.)

The money circulates in the community rather than being siphoned off. You start to look out for local businesses, local handymen, local suppliers who accept the local currency. This system is not new, back in the Great Depression in the 1930s an Austrian town called Worgl experimented with its own currency, it was so successful that emissaries came from other countries to study the effects, in fact it was so effective, the banks, not liking the competition, forced the Austrian Government to close the experiment and sent the town back to the depression.

More recently, in the early 1990s the town of Ithaca in New York State brought out their own currency based on a unit of an hour's work, this system is still going strong and has been joined by over 200 in the United States with more overseas. What does this mean to those of us not living in the Hinterlands? For me it is an opportunity to add to my slowly growing collection of community currencies, for others it may be the opportunity to start a collection before the secondary market takes off (as it has with stamps, phonecards & coins) and becomes too expensive.

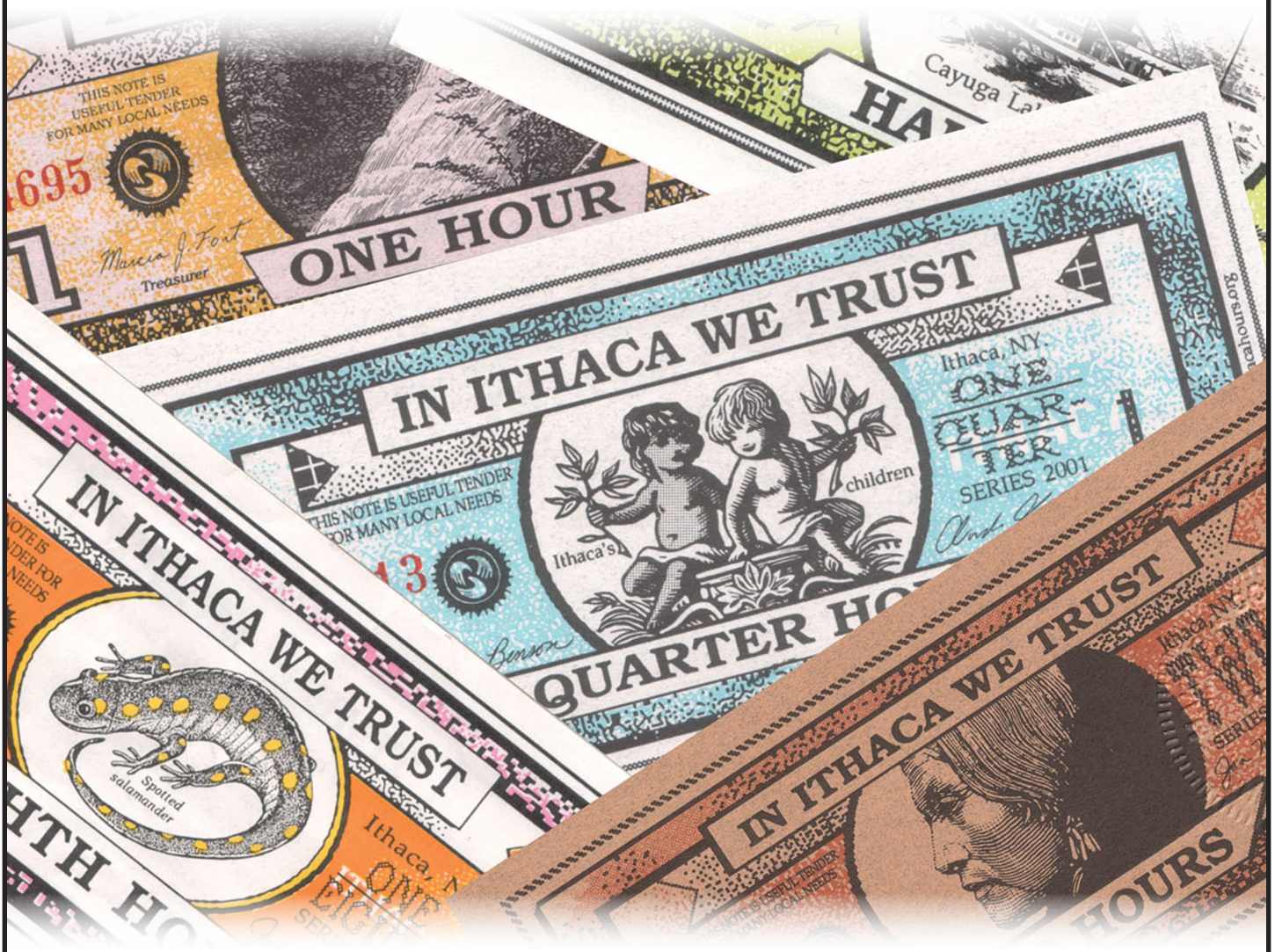
Buying community currency is like giving a donation to a charity, your money will go towards helping a community in the third world (well anything an hour from Brisbane is suspect) with the added bonus that you get a nice collectable, at face value, which you can also spend next time you are up in the Hinterlands.

If you would like any more information on the Baroon Dollar head to <http://sustainablemaleny.org/hindollar/>, the website is still being developed but it is full of information already and eventually you will be able to buy the dollars direct from the site.

Redcliffe Coin and Phonecard Club Inc.
10 Barramay Street,
Manly West QLD. 4179
Also see:
<http://www.baroondollar.org/>

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>

Statement Introducing the Free Competition in Currency Act

Via: U.S. House of Representatives: Statement Introducing the Free Competition in Currency Act 13 December 2007, Rep. Ron Paul, M.D.

Madame Speaker, I rise to introduce the Free Competition in Currency Act. This act would eliminate two sections of US Code that, although ostensibly intended to punish counterfeiters, have instead been used by the government to shut down private mints. As anti-counterfeiting measures, these sections are superfluous, as 18 USC 485, 490, and 491 already grant sufficient authority to punish counterfeiters.

The two sections this bill repeals, 18 USC 486 and 489, are so broadly written as to effectively restrict any form of private coinage from competing with the products of the United States Mint. Allowing such statutes to remain in force as a catch-all provision merely encourages prosecutorial abuse. One particular egregious recent example is that of the Liberty Dollar, in which federal agents seized millions of dollars worth of private currency held by a private mint on behalf of thousands of people across the country.

Due to nearly a century of inflationary monetary policy on the part of the Federal Reserve, the US dollar stands at historically low levels. Investors around the world are shunning the dollar, and millions of Americans see their salaries, savings accounts, and pensions eroded away by rising inflation. We stand on the precipice of an unprecedented monetary collapse, and as a result many people have begun to look for alternatives to the dollar.

As a proponent of competition in currencies, I believe that the American people should be free to choose the type of currency they prefer to use. The ability of consumers to adopt alternative currencies can help to keep the government and the Federal Reserve honest, as the threat that further inflation will cause more and more people to opt out of using the dollar may restrain the government from debasing the currency. As monopolists, however, the Federal Reserve and the Mint fear competition, and would rather force competitors out using the federal court system and the threat of asset forfeiture than compete in the market.

A free society should shun this type of strong-arm action, and the Free Competition in Currency Act would take the necessary first steps to freeing the market for competing currencies. I urge my colleagues to support this bill.

<http://www.house.gov/paul/congrec/congrec2007/cr121307h.htm>



AMERICAN OPEN CURRENCY STANDARD

AOCS

BARTERING WITH SILVER



Meet Rob Gray, he's the creator and operator of the American Open Currency Standard. The AOCS is an amazing new organization who's goal is to bring back real trading, assets for assets. Their tool to bring about this change is the one Troy ounce silver medallion or as it is sometimes called a 'round' bar. While the silver is round and looks similar to a coin, only the government has the right to create "coinage" these beautiful pieces might also be known as barter tokens.

Rob's web site makes a bold statement regarding the American financial system, it reads "No one is going to fix this for you: it's time for you to do something about it." I agree.

In this statement lives the concept of privately issued money whether it's local currency, barter tokens or privately issued digital gold currency. These products all bring together like minded people and facilitate extraordinary and every day trading opportunities. AOCS approved silver goes even one step further by offering standard universal silver unit for trade and also allowing anyone the option to create units

with their own personal or corporate brand and logo. The open currency standard allows users to create their own private silver barter money which is easily exchangeable with other barter groups. One ounce of fine silver is equal to one ounce of fine silver, no matter who's brand appears on the bar.

In the last two years the U.S. money supply has more than doubled. The the government and the Federal Reserve have spent, lent or guaranteed \$12.8 trillion, an amount that approaches the value of everything produced in the country last year. That money works out to \$42,105 for every man, woman and child in the U.S. and 14 times the \$899.8 billion of currency in circulation.

No one in government is going to fix this problem for you!

AOCS approved silver provides a private sound money platform for trade, savings and the accumulation of real wealth protected from inflation.

Here is my interview with Mr. Rob Gray.

What is the American Open Currency Standard (AOCS) and how does the mission statement read?

The American Open Currency Standard exists to expedite the implementation of Silver as money. The AOCS is a temporary bridge between the world of government-imposed fiat currencies and a free market system where commodities and other stores of value are actively traded in the MarketPlace. It is our ultimate goal to see goods and services once again priced in ounces, grams or grains alongside variable “paper” prices. When this is true, we will know that our mission is successful.

When did the AOCS get started?

The concept for the AOCS was hatched in November of 2007 after an in-depth study of the Liberty Dollar model, its strengths and challenges. The AOCS has yet to officially “launch” with a nationwide PR campaign.

What’s Wrong with the U.S. Dollar?

Runaway government deficit spending has no oversight with a paper currency. The US dollar is no longer based on an amount of gold, but instead is created based on the production limitation of the fastest printing press.

From the AOCS web site, I read:

“At the present moment, the AOCS trade group exchanges a 1oz .999 fine silver piece at a value of “fifty”. This means a merchant is willing to exchange fifty dollars of goods or services for a 1oz AOCS round.”

How many merchants are trading now using AOCS approved metal?

Presently, Merchants are categorized by their acceptance of either “barter” or “AOCS Approved”.

Only a few thousand Merchants directly accept AOCS Approved Silver directly at their place of business, while the other Merchants accept payment in barter. We can actively trade with any “barter” Merchant after converting our Silver one-to-one with the preferred barter currency.

Are the merchants also Liberty Dollar merchants?

A Merchant is invited to accept any currency they



please. As the Liberty Dollar is presently trading a one ounce round for a value of “twenty”, I imagine most Merchants accepting AOCS Approved are also happy to accept Liberty Dollars. I do not think, however, that this works the same way in reverse, though I don’t know of any uniform centralized directory of Liberty Dollar merchants.

A lot of our readers support and use the Liberty Dollar. Is the AOCS sort of a clone of the LD organization with the sort of base changes in face value?

I describe the AOCS model as “the Liberty Dollar on steroids”. There are many similarities and a few significant differences between the two:



1. Both systems use the same formula to calculate valuation changes
2. AOCS Currencies do not “move down” in value
3. AOCS is a decentralized network, allowing anyone to create a Silver Currency. When they follow the 2 guidelines (use an approved Mint, and reference the current “Series C” valuation or no value and just a weight and purity), they may call their new Currency “AOCS Approved”. This eliminates any single point of failure in our system.
4. AOCS invites everyone to purchase our Currency at a discount, not just “Associates” or “RCO’s”. Our suggested retail price at the moment (increases June 15th) is market “ask” + 5.50 per 1oz proof-like

medallion, minimum order of 20oz. Recently, LD updated this as well.

I have a multiple choice for you....are the AOCS Complementary Currencies:

- Legal Tender
- Lawful Tender
- Local Tender
- All of the above
- None of the above

In my opinion, the best answer is "None of the above". The closest match is Lawful Tender, as this begs the question of the inherent difference between legal and lawful. In my opinion, barter currency or private currency are a little closer to my belief.

What is an 'AOCS Currency Officer' and what makes up that job or what occurs in his daily AOCS business?

An AOCS Approved Currency Officer is our extension to the local community. Since this question was posed, the [OpenCurrency.com](http://www.opencurrency.com) page has been expanded to address this at <http://www.opencurrency.com/currency-officer.php> Essentially, it is up to the CO to expand our Merchant MarketPlace and facilitate exchanges with the public.

Are you planning any conventions or public events next year where like minded people could meet, trade and discuss the AOCS and sound money?

We are a platinum sponsor of "FreedomFest" in Las Vegas. Check out for details.
<http://www.freedomfest.com/exhibitors.htm>

There is a lot of excitement online about the Free Lakota Bank. Is it really a licensed bank?

No, the FLB is a private Silver and Gold depository.

What is the exact is the relationship between the Free Lakota Bank and the Republic of Lakotah?

There is no relationship.

Are these AOCS approved pieces one standard ounce or one Troy ounce?

Silver and Gold, as an industry standard, are measured in Troy. All AOCS Approved Silver and Gold coins are measured in Troy Ounces.

Is it possible for some person to just show up one day with their own 1 Troy ounce silver previously minted medallion and become and AOCS approved currency? How does a group or person get their own silver piece enlisted as one of the participating AOCS approved silver

currencies?

The qualifications for calling your Silver currency "AOCS Approved" is as follows:

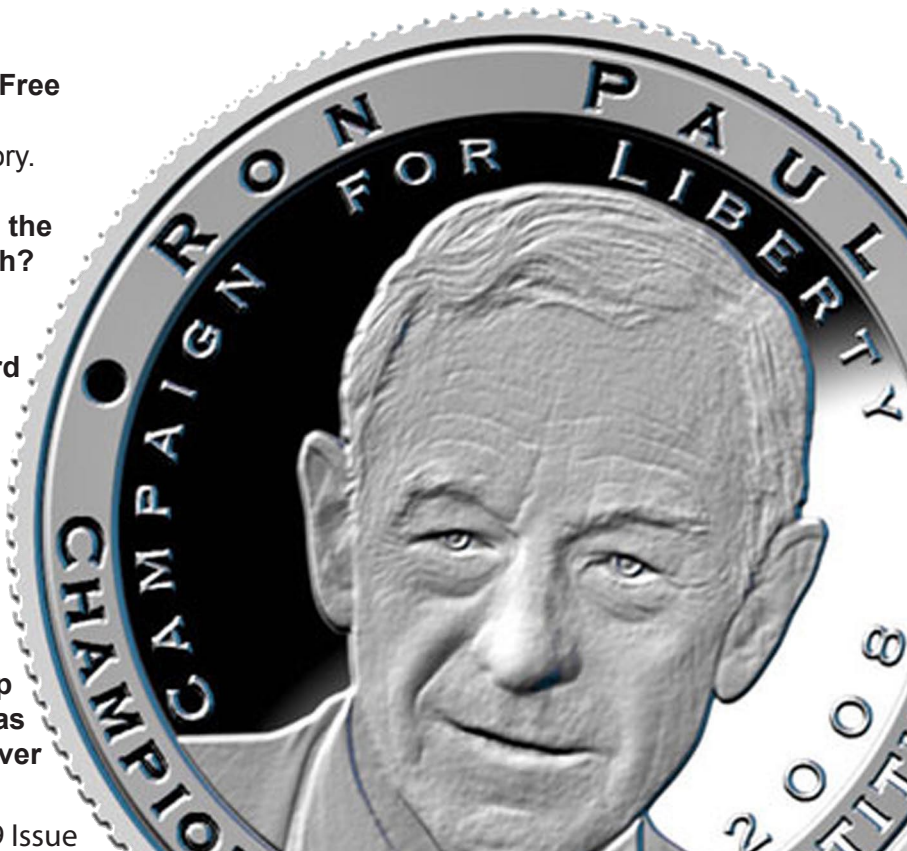
- Use an AOCS Approved Mint for blanking and final strike
- Reference the label "AOCS Approved"
- Use a face value that matches the current "Series C" valuation of "FIFTY" or have no face value, just a weight in oz or grams and purity, ie "1 oz .999 Fine Silver"

Anyone that produces a coin that meets these criteria is invited to call their Currency "AOCS Approved". However, the AOCS reserves the right to choose which approved Currencies to list on the website. For example, we may choose that listing the "KKK" coin, should it ever come to existence, may not be in the spirit of our organization.

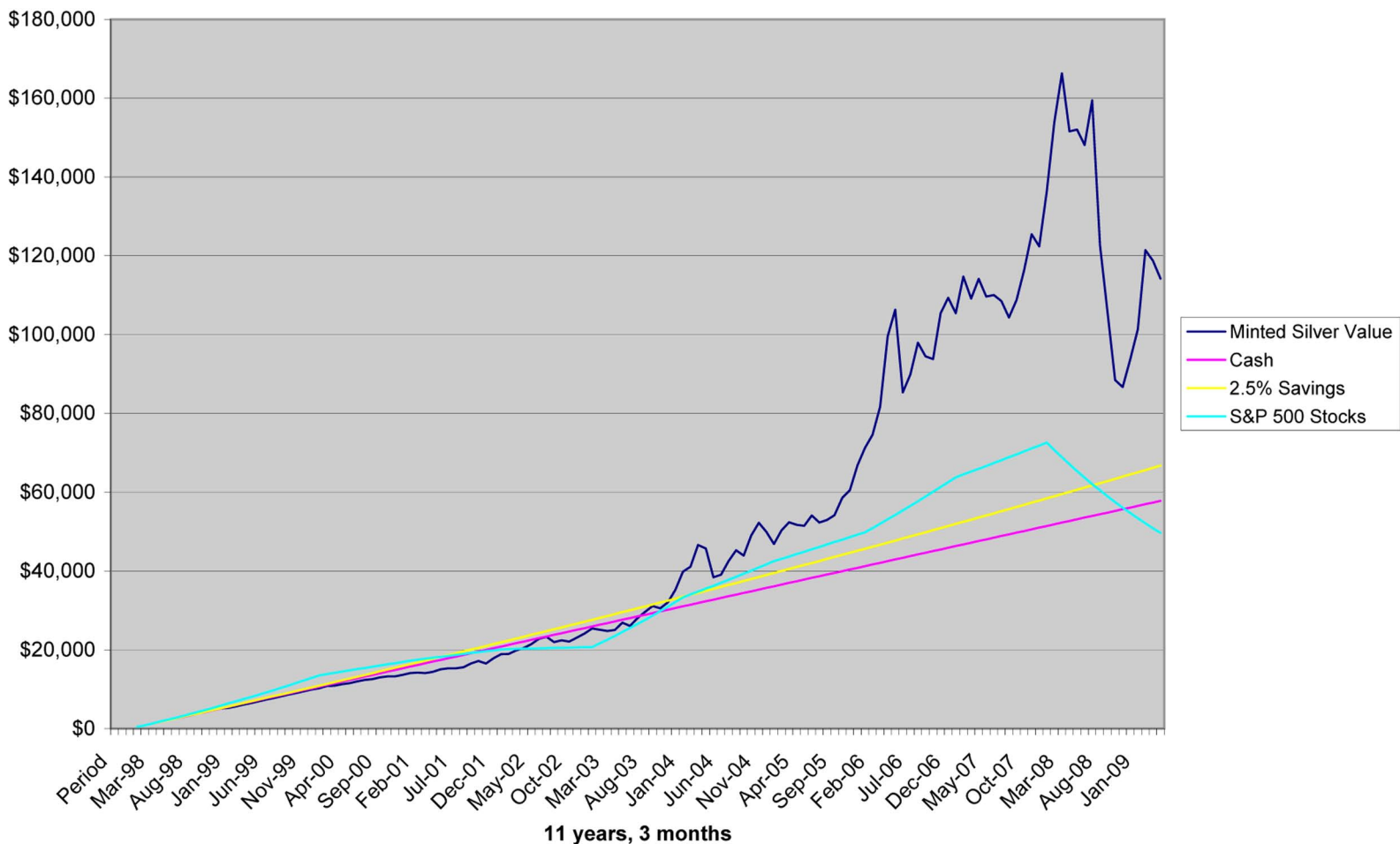
I know U.S. citizens (friends) who:

- go to work each day
- have their paychecks automatically deposited in the local BoA
- use their credit cards to shop at Wal-Mart
- charge their gas purchased each week on plastic
- contribute to their retirement account
- have 2 happy children and a mortgage

They have never invested in precious metal and



Savings Value over Time



never even considered using anything other than the good old U.S. Dollar. They often look at me as if I am a crazy person for extolling the benefits of real money.

As I understand it, these people are NOT your target market. Trying to convince someone from this type of lifestyle to also use silver as money...that's very tough.

Who do your products appeal to?

I strongly disagree. In fact, if we are to succeed at "waking up" the masses, we must create a product that appeals to them. My first shot is to show the attached chart (Savings.pdf). It demonstrates the value of a "savings account", if you were to set aside \$100 per week over the last 11 years and 4 months (it goes back to Jan1'98). The 4 options are saving the \$100 as "cash under the mattress", cash in a 2.5% savings bank account, a 401k or investment account that tracks the S&P 500, and purchasing \$100 of physical silver each week.

A standard question that comes up with this chart is "what about the big drop in silver's value". That can

be credited to serious deflation, falling crude oil prices, and government manipulation in the metals market (rationing and other "paper" tricks).

I have faith in the masses. I don't refer to them as "sheeple". I believe they simply have yet to reach the critical point where reason and logic kick back in and they join the rest of the "well-informed citizenry". Most change comes only after a certain level of pain is felt.

What group or groups of people are buying your precious metal products and who is your target market?

Most buyers at the moment are private collectors and/or those that sympathize with the Revolution. We are rapidly expanding outside of that demographic with charities and other groups that benefit from the introduction of our silver Currency.

Do you have an additional digital system where silver backed AOCS units could be transferred instead of shipping the metal like e-AOCS.com ?

Yes, we are working on a system in conjunction with the Free Lakota Bank to handle electronic transactions. Further, we're developing a central clearinghouse so that

other groups can establish banks, and yet depositors can still send funds between various institutions.

I saw The Freedom Mint in the list of AOCS currencies. The Freedom Mint is the Gold and Silver custom minting arm of RestoreTheRepublic.com. I like their products. How is The Freedom Mint associated with the AOCS?

The Freedom Mint produces an AOCS Approved barter round.

With the seizure that occurred at the Liberty Dollar organization, their precious metal, minted medallions and die sets....don't you anticipate that the evil Federal Government will do the same to your network?

No, our goal is to operate "under the radar" for some time, and when we officially launch, it will happen with such force and magnitude that any government response will be futile. And you can tell them I said so.

Do you have a plan of action to avoid such a seizure issue and legal action?

First, we don't put the word "dollars" on our pieces. Simple, but it helps prevent confusion in the MarketPlace. Second, we encourage supporters to shop and circulate Silver in our private network, as opposed to the Liberty Dollar strategy of "doing the drop" and convincing / tricking the merchant to accept the silver under the auspices of the Federal Reserve. Finally, there is no single point of failure in our system, so one action would be unable to shut down our operation.

What is the Silver Buyers Club and can anyone join?

The Silver Buyer's Club is an invitation for groups and communities to aggregate purchasing power to decrease the premium when buying Silver. The more the group buys, the lower the price. SBC managers set the terms for participation, from a single ounce to 20oz minimums.

Is it possible, if I wanted you to create a medallion for my group with my custom design on it, can you arrange that for us?

Of course! Talk to Eddie Allen, International Currency Director for details at eddie@opencurrency.com.

I really admire your concept of sound money and I agree paper IS poverty just as Thomas Jefferson said but we are not yet a majority and credit card

penetration in the United States is MASSIVE. How many 'members' or participants would you say the AOCS operation has right now?

Our group is quite small, and limited to a few thousand buyers at the moment. However, we project to have more than 250,000 Merchants world-wide and a BILLION in our economy by the end of 2009. Sound impossible? Time will tell!

Have you done any print advertising?

No, but will in conjunction with our official "launch".

We have some ideas for products and design. I might consider adding our products to your AOCS list of currencies. What are the requirements of the precious metal piece to become approved or integrated into the AOCS system?

Talk to Eddie and he'll set you up.

Can anyone join up and be included, how do I join?

Join...as a Currency Officer? Our present requirement is that you purchase 100oz of AOCS Approved Silver at spot + 4.50. Then, you may claim ownership of a City, and have 30 days to complete the objective required to manage the territory. David (david@opencurrency.com) will help you get going.

I know you were recently interviewed on the radio, what station was that and how was the interview?

It was on the Michael Badnarik "Lighting the Fires of Liberty" program on WTPRN.com. It may still be archived there.

A few years back in the New Hampshire State Legislature there was a Sound Money Bill asking for the use of Gold/Silver U.S. minted coins (or their digital equivalent) to be used in daily transactions for payables/receivables between it (the state) and the inhabitants and businesses in New Hampshire.

Do you favor this type of legal attempt to integrate real bullion into daily life with the U.S. Government's Federal Reserve banking system or is it more appropriate to simply create and use local and national private systems?

I am cautiously optimistic regarding these attempts. I am in favor of the concept, but am curious about needing a law to participate. For example, if I choose to accept payment in silver or gold, I may do so without the governments permission. Then, I may choose to liquidate some of my silver or gold so that I can pay my taxes. Again, I don't need the government to grant me

permission to do so.

HOWEVER, if the government and its associated cartels become involved in this process, the forces placed upon the market will hurt those like me that want to be left alone. For example, if my taxes are payable in USD, and the state says "we'll accept gold at the market rate on the day your tax is due," what happens if the "market" price of gold drops through the floor on that very same day, in anticipation of this event? Sound strange?

So, just when the time comes to pay my tax, the value of my gold or silver mysteriously drops 10-20%. While those moves are not uncommon, it won't be hard to imagine the gov't could interfere with the marketplace to create a depression of metal value at the very same time I need to use it.

HOWEVER, this situation would be avoided if the gov't would quote taxes in silver or gold, so that the varied value won't matter when it comes time to pay. Essentially, my belief is that any proposed system that trades metal at "market value" will steal from those involved.

I understand better than most, that business over the Internet does not require a big office and all the expenses which accompany that set up, but I could not find any street address or business type license anywhere on the web site.

Where is the AOCS located and do you have walk in offices?

The AOCS is run from my home office, and the home offices of the CO's across the country.

Do you offer a monthly nationwide newsletter or magazine which feature your merchants and users? Would you like one?

What a great idea. Bring it on.

On the Open Currency web site, there seems to be a merchant directory area but I could not access it. How do people get signed up to access this area? It is available now to the public.

I have visited the NeoCoins web site <http://www.theneocoins.com/> and I had to laugh...what a concept! The 'Dick Cheney' is sure to be a real classic, that's Mr. Evil himself pictured right on the front. I understand why it's sold out. If I wanted to market these pieces through my network of web sites or publications, do you have an affiliate or referral program?

Also a great idea. I think one is established but not presently operational. I could use some web help to get it going!

How much silver do you have in your pocket right now?

I frequently carry 6 samples of AOCS Approved Currencies. My personal Silver collection is quite limited, as I use it to help fill orders. More will come!

I'd like to thank Rob for answering my questions and wish him the best of luck. I firmly believe that the country should permit the use of gold and silver alongside fiat money.

INTERVIEW BY MARK HERPEL



WHAT'S BACKING THE NEW DETROIT CHEERS COMMUNITY CURRENCY?

"We hope this system encourages sustainable community economic awareness, or in the vernacular –show some love to your neighbors".

When you visit a new town you may quietly say 'wow' as you drive past shiny new buildings or manicured green parks. You may be doubly impressed and say 'hey look at that' as you work your way through the city streets and neighborhoods. Beautiful homes and clean streets (pretty places) definitely gives off what most people describe as the patented 'what a great place to live' feeling.

Well... don't be fooled by appearances. You can live in Beverly Hills or Palm Beach and still want to hang yourself because your life sucks!

Ultimately what makes a town or city great are its people.

My choice? I'll take the hard working, blue collar downtown crowd any day over some 'fancy - smancy' Lexus driving, latte sipping, wet behind the ears Vegan.

My preference is an old Cadillac, a cold beer and a cheeseburger.

Sorry, Santa Barbara, keep your expensive dry cleaning and clean ocean air, nothing personal, I preference is good music, old friends, cold beer and Detroit. Rodney Atkins has it correct, "These are my people".

As the economy slows and jobs disappear, Detroit residents are taking action to strengthen their local economy. A group of small business owners have recently created their own Detroit community scrip monetary system (local currency) and in the process has garnered more national press than Joe Biden's first 100 days. Let me introduce you to these local entrepreneurs.

There's Jerry Belanger who owns the Park Bar.

Jerry recognizes that 'success' in their community comes when local businesses work together complementing each others products and sharing customers. When the



Macy's Santa sent customers to the New York Gimbals, both stores ended up boosting sales and Jerry recognizes this fact.

John Linardos of Motor City Brewing Works

John knows that the growth and long term viability of this project will require a diverse group of businesses to accept the local scrip. This is the recipe for success enjoyed by all other successful community currencies. The wider variety of local businesses which are included in the operation, the better the circulation of the currency. In other words, the money will be spent, re-spent and spent again within your area thus increasing business. Community currencies such as local Detroit Cheers do not earn interest and hold no value to someone who wants to hoard the colorful notes. Keeping the local money circulating in the community over and over again is the goal of Detroit Cheers.

If you shop at Walmart, McDonands or Starbucks a large portion the dollar you spend (\$.80-\$.90) immediately leaves your local area never to return. Great for China, bad for Detroit!



The idea is a simple one and in the Detroit area residents definitely understand this concept. I'll wager that there are a lot more Chevrolets on the streets than there are Hyundai's in this Michigan metropolis. The local's 'get it'...buy goods and services that are produced locally and boost the local economy. The local sustainability idea is highly effective with everything from cars to carrots and a community currency helps to expand local sales.

Tim Tharp of (Foran's) Grand Trunk Pub

Tim Tharp sums up the attitude of many people in this failing global economy when he says, "Detroit has always been an enduring town ... 'fuck you all, we're going to survive anyways' kind of attitude." Sustainable local economies do not falter as the value of foreign currencies change. An earthquake in Central China, should not change the price of seafood in your local area.

I hear this all day long from readers, "you can keep your globalization, we find strength in our families and neighbors. Our community shall remain strong and we will prosper."

BY MARK HERPEL

TORONTO DOLLAR FOUNDER KEEPS THE FAITH



PHOTO CREDIT OF
HIMY SYED PHOTOPIA

By Joy Kogawa

April 22, 2009

The Bulletin, Toronto's Downtown Newspaper

<http://www.thebulletin.ca>

At a recent conference on climate change, experts and scientists declared unequivocally that catastrophic times are upon us. One physicist at the University of Toronto said it was already too late. The Titanic has hit the iceberg. Huge disasters of climate change have already arrived and more are inevitable.

Given this news, many of us on the deck of the Titanic, continue to dance and feast our lives away as usual while the waves quietly rise. For the moment we hold back the looming spectre. Others are attempting to create life rafts, breaking the deck chairs apart with bare hands, looking for ropes to tie them together. Still others are looking about bewildered and in despair, neither waltzing nor working. It is the latter category, people not in denial that I wish to address. I believe that the difference we are each able to make begins with the tiniest decision. It can be as life changing as an effort to befriend an enemy or as small as choosing to waste less water in the bath, turning off the light, recycling more carefully, using no pesticides or bleach, traveling by public transit, using community currency, living simply etc. One small deliberate act empowers us and propels us to further steps.

The forecast is that some people, perhaps some of our children and grandchildren, will survive. Those who do will need tools.

For the last 10 years I have been part of a world wide citizens' action known as the community currency movement. Throughout the world, visionaries and pioneers are day by day, quietly, faithfully trying to build social and economic systems for improved community health. This may at some point, translate into a tool for community survival. The idea is simple: we can in our communities, create a form of money, based on co-operation and caring, rather than on scarcity and competition, based on community interest and not just self-interest.

If we can build such structures now, they may evolve into more effective tools for the children of the future. People in systems based on values of caring will have at the very least, a measure of community health and be more likely to develop the moral strength and inner resources with which to face the fearsome days ahead.

Around the world and in Canada, there are many different types of community currencies, like the LETS system started by Michael Linton on the west coast. In Toronto, we have the Toronto Dollar. At the moment, it is weak. But it is still alive. And in the powerful hands of the love that resides in the human condition, the system may yet become more visible.



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David Morgan

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My involvement with community currencies began in 1995 after the publication of my novel, "The Rain Ascends." The last sentence of the novel (in its first edition) was, "The journey will lead into the abundant way." I was wondering what that sentence meant, when a friend told me about community currencies. I began to explore the idea. I knew there was something deeply disturbing about our society's obsession with money, with not having enough, with scrambling and competing for it. This way of life was far from the path

John had, in the meantime, initiated the forming of an umbrella organization called St. Lawrence Works, comprised of businesses, churches, community organizations, theatres and schools in the neighbourhood. The Toronto Dollar was adopted as one of the projects under this umbrella.

In 1998, we hired a designer, Steve Yeates, and printed \$300,000 worth of Toronto Dollars in denominations of \$1, \$2, \$5, \$10 and \$20 in green, pink, blue and yellow.

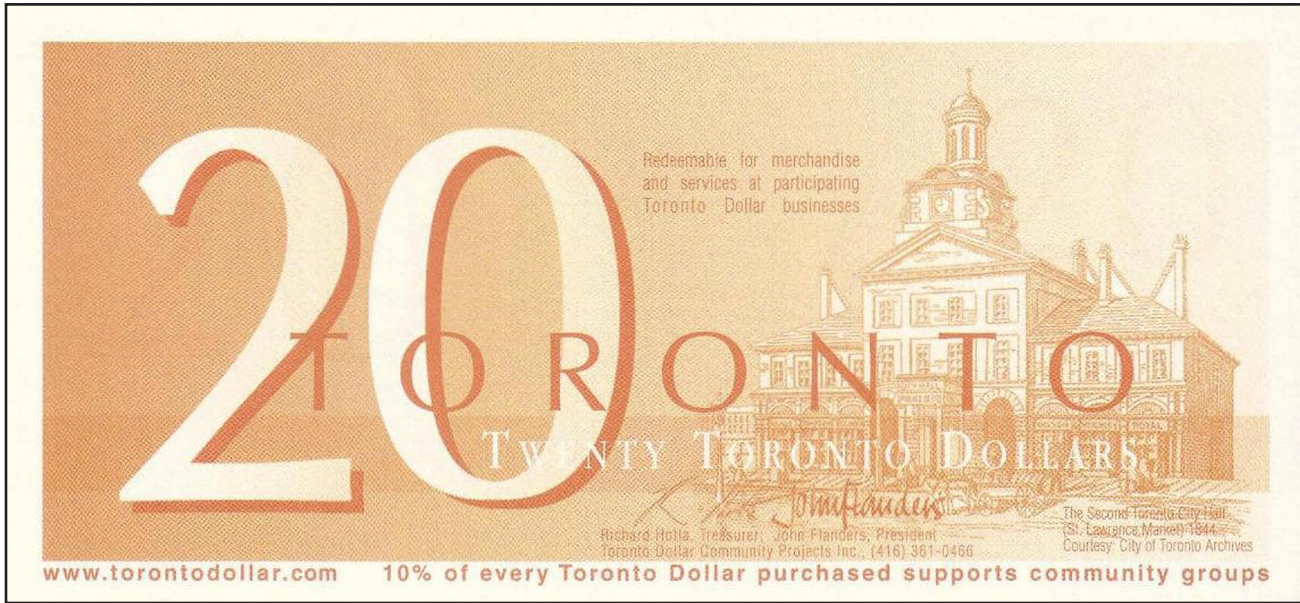


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of abundance. It was, in fact, a path of scarcity and of constricted hearts. I wondered if engagement with community currencies could lead to a healthier, happier mindset.

My former partner, John Flanders and I were for awhile vigorously engaged in trying to set up a LETS system in Vancouver, in which people exchange goods and services and the transactions are recorded on an accounting system. This enables people with little money to be engaged in economic activity. We held a number of meetings in homes, in community centres and churches and built up a list of participants. But we were unable to engage any businesses. And slowly, the system of accounting became unsustainable on volunteer labour and energy dissipated. After moving to Toronto, we met with some community-minded people in the St. Lawrence area in the historic commercial neighborhood now called Old Town Toronto. For over a year with people coming and going, we studied various community currency systems, particularly Ithaca Hours which uses a paper currency. We discussed pros and cons and at one point, made a decision to leap in and learn by experiment and experience what we could not learn through discussion and study.

This cost us about \$5,000 that was provided as a grant by a friend. We based our design on a photograph of old Toronto and decided to use historic buildings on one side. Our bills contained serial numbers and our initial two printings both contained expiry dates. The most recent printing does not bear an expiry date.

Our plan was to exchange Toronto Dollars, for Canadian dollars at par with citizens: 10% of the Canadian dollars received would be placed in a community fund for the use of community organizations, 90% would be put aside for merchants and businesses who wished to redeem the Toronto Dollars they received from customers. Merchants also had the option of responding them with other businesses or using them as bonuses or in exchange for labour.

David Walsh, a philanthropist and well-known businessman, was well connected with both the business world and with community organizations. He became the first treasurer and did much of the arduous work of signing up businesses. The first business he approached was the Hot House Café, a highly successful restaurant which is owned by a very community-minded man, Andrew Laffey. David Walsh and I then approached Jorge Carvalho, who

was managing the St. Lawrence Market: Jorge is an exceptionally visionary leader and he enthusiastically agreed to participate. He signed up most of his merchants in the market. And through the additional energy of Frank Touby, who with his wife Paulette own the local newspaper (formerly The Community Bulletin, and now The Bulletin). many more businesses signed up. Both the Hot House Café and the St. Lawrence Market have continued to this day to be the most active partners.

In November of 1998, we held our first fund-raising event at the Church of the Holy Trinity, featuring a

wonderful couple, Kristine Bogyo, a marvelous cellist and her husband, Anton Kuerti, Canada's foremost concert pianist. That night, Anton Kuerti became the first person to engage in Toronto Dollar transactions by exchanging his CDs for Toronto Dollars.

In December, 1998, Toronto's then mayor, Mel Lastman, launched the Toronto Dollar to much media attention in the St. Lawrence Market. In the years that followed, we continued to experience the Toronto Dollar as a "work in progress." We held a press conference to publicize our first grant of a thousand Toronto Dollars to the Metropolitan United Church's Out of the Cold



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BBC

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how donors

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

CNNMoney

"If you've got
25 bucks, a PC

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

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

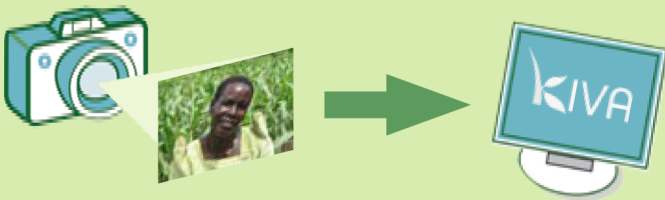
farmer in Kenya, a man who wants to open a shoe shop in Honduras, or a tailor in Bulgaria. Lenders can then loan as little as \$25 to the entrepreneur of their choice via PayPal, a globally recognized online payment service.

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

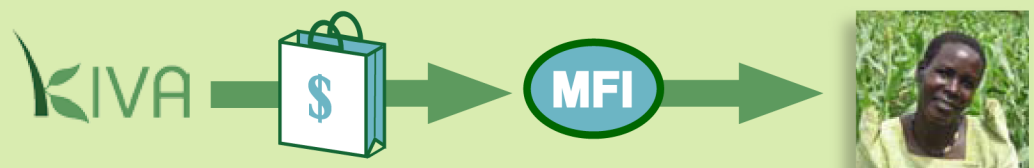
MFI posts an entrepreneur's photo and loan information on www.kiva.org



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.

program. We assisted in the staging of a number of highly publicized events, such as the Global Roots Festival, primarily in and around the St. Lawrence Market. With our volunteer participation, we assisted in the planning and execution of the first highly successful Customer Appreciation Night and Toronto Dollar party at the St. Lawrence Market, attended by 5,000 people, including media personalities and politicians. At this event we handed out small grants to about 20 community organizations. Governor General Adrienne Clarkson, as her first official public act, visited the Toronto Dollar booth and used Toronto Dollars. We held more fundraising concerts. We ran a Toronto Dollar Reading Series in a local restaurant. We held a press conference at the CIBC to announce their participation and their small grant. We initiated a "Count-me-in" campaign focusing on assisting the children attending the St. Lawrence Community Recreation Centre and managed to raise enough funds to enable children to attend camp in the summer.

Over the years we have evolved through many waves of energy. The Spirit at Work project engaged a number of community organizations using Toronto Dollars as thank-you gifts for people offering any form of caring services, such as helping to carry groceries home for an elderly person. We held monthly Toronto Dollar Supper Clubs with an average attendance of 40 people. We began an annual awards ceremony that featured the Frankly Bob Awards for excellence in literary and visual arts for survivors of long-term poverty. This has now been expanded to include music. There are also the Elaine Hall awards for the Caring Services, Social Justice awards, Jennifer literary awards, awards to merchants for their participation.

Barbara Hall, our former mayor, has been handing out the awards every year. We currently have the use of a very large Outdoor Broadcast Network sign at the busy corner of Yonge and Richmond streets, through which we advertise our existence for 10 seconds every three minutes, 400 times a day.

Through personal donations and a Trillium grant we have from time to time hired staff to deepen and expand the concept. One of our staff, Elizabeth Verwey, was able to enlist the management of Gerrard Square Shopping Centre, east of the St. Lawrence Market. Several events were staged there to publicize the Toronto Dollar and for a while we had the participation of most of the businesses at Gerrard Square. But with the change of management, we no longer have their full participation. We were also briefly in another shopping centre in the west side of Toronto where two of our board members lived. They have since moved out of the city. Individual board members have also made sporadic attempts to spread in other areas but these initiatives lacked the dense community networking and the concerted effort that has been expended in our birthplace. We have had meetings with city councilors and staff, with officials of several banks, with neighborhood organizations and in condominiums, cooperatives and other high-rise dwellings. Our core efforts have remained in the St. Lawrence area. In my estimation, the relative success of our endeavors in the St. Lawrence Neighborhood has been dependent on long-term friendships and relationships that are established and have grown there.

Through these networks, the Toronto Dollar continues to be useful in a small way. For example, St. John's Bakery regularly exchanges a thousand dollars every month and



TORONTO DOLLAR

The Currency of our Community

the Toronto Dollars are used to supplement the income of one of their employees, a single mother, who is a recipient of social benefits. Since Toronto Dollars is legally a gift certificate, people of low income who are recipients of social benefits are able to receive Toronto Dollars without being penalized. The potential for the St. John's Bakery model to be duplicated by other businesses has been the driving vision behind the current "Single Mother's Project" in St. Jamestown, where Barbara Bouck is working to establish a network of support with the hope of benefiting single mothers in the area.

In almost a decade of existence, we have had a number of executive and board members who have served with varying degrees of commitment as volunteers. We have also had the help of pro-bono lawyers at Baker McKenzie who assisted us with our legal needs, our incorporation and recently with the establishment of the Community Counts Foundation, a charitable arm of the Toronto Dollar.

At our most recent annual general meeting, the following executive was elected. Hugh Reilly, president, Himy Syed, vice-president, Jim Boyles, secretary and Richard Hotta, treasurer. We are hopeful that Toronto Dollar will benefit from the energy of the two new executive members, Hugh Reilly and Himy Syed and remain anchored by the proven commitment of Jim Boyles and Richard Hotta who renewed their terms. The addition of new board members: David Burman, the founder of Toronto's LETS system and one who has been for many years connected to the world wide community currency movement; Judith Lowther, a retired school principal; and Scott Finan, a printer, are also reasons for hope.

At present, Toronto Dollars can be obtained during the week from one branch of the CIBC, from the restaurant, C'est What, and the Smoke and Gift Shop in the St. Lawrence Market. On Saturdays, between 8 a.m. and 4 p.m., volunteers exchanging Toronto Dollars are located at the Toronto Dollar booth in the lobby of the market. One of the volunteers, Dr. Maryan Koval's'kyj, requested a number of years ago, that a special commemorative \$5 bill be printed in memory of his granddaughter, Jennifer, who was murdered at the age of six. He has since printed new "Jennifer bills" in denominations of 10 and 15 Toronto Dollars and exchanges them every Saturday in the lobby of the St. Lawrence Market. His efforts account for almost half of our annual exchanges of approximately \$100,000. We are at the moment,

below this amount.

The work of the treasurer is indispensable to the existence of the Toronto Dollar and thanks to the dedication and loyalty of Richard Hotta, a chartered accountant and successful businessman, we continue to survive. Every second Tuesday, he redeems Toronto Dollars for the merchants, at the Market.

Our dream of enlivening the citizenry and local neighbourhoods, of building new economic and social bridges among different categories of people, and engaging community organizations with local businesses, has had only a very small measure of success and remains for the most part, a dream. It has, in many ways, been easier to gain the participation of businesses than of citizens. Only those with a pioneer spirit are willing to expend the extra time and energy it takes to obtain and use Toronto Dollars. We have lacked the ongoing publicity to create awareness of the ways Toronto Dollar benefits individuals and local communities. People are for the most part, trapped within the scarcity mindset and have little energy for volunteering to help. It is easier to wait for government to act and to walk by the homeless person than to help to build a system where such issues might begin to be addressed. But as we continue to survive, the idea that we are not helpless and hopeless may enter a few minds, making the action of the Toronto Dollar part of the antidote to what has been termed, "the cult of impotence."

In a world where religious fundamentalists demonize and wage war upon "others," I believe we need secular tools to underscore our commonalities, our interdependence and our most basic and shared economic needs. Our local geographic communities house a great mix of many categories of people and in addition to schools, community centres and places of worship, Toronto Dollar is also a vehicle for developing familiarity and perhaps even understanding. Through the disciplined commitment of a small group of people, the vision remains a small light in one corner of one city. What I seem to be learning after all these years of labour, is that the Abundant Way is both an inner and outer journey and its rewards for me are friendship and hope.

Our phone number is 416 361 0466. Our address is Toronto Dollar Inc., Box 6523, Station A., Toronto, Ontario, M5W 1X4. Our website is <http://www.torontodollar.com>

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COMPLEMENTARY CURRENCY & SUSTAINABILITY

By Alex Zorach
April 13th, 2009

The blind acceptance of the global financial system as merely a “neutral accounting system” has been pointed to as a misconception and a hurdle which needs to be overcome if humanity is to achieve the goal of sustainability.¹ One aspect of the global financial system that is often accepted without questioning is the idea that economic growth is both necessary for, and synonymous with prosperity. The Rocky Mountain Institute, a non-profit organization committed to integrating entrepreneurship, prosperity, and sustainability, has put forth a different viewpoint, arguing not only that economic growth is not necessary for prosperity, but that it is often at odds with it. The institute argues that achieving sustainable development requires abandoning the idea that growth is required for prosperity.^{2, 3}

Thomas H. Greco, an authority on the subject of complementary currency, makes a similar argument in his book “Money: Understanding and Creating Alternatives to Legal Tender”, arguing that national currencies require continual growth by their very design, and that complementary currencies can be designed differently so as not to require growth.⁴ Complementary currencies have been proposed as a means of promoting sustainability and stimulating local economies, with positive impacts for both human welfare and the environment.^{5, 6} LETS (Local Exchange and Trading System), a local currency based on the idea of mutual credit, has been hailed as a possible way for communities to counteract the negative consequences of the globalization of capitalism.^{7, 8} The success of complementary and community currencies in times of economic crisis (such as Argentina’s hyperinflation) have demonstrated that people do not need access to conventional money (through wealthy lenders or donors) in order to work to better their economic situation.⁹

Merit Exchange is a new idea within this same framework. Its mission, in encouraging long-term thinking and bringing prosperity to all people, is one

of sustainability. Merits lose value over time through a demurrage fee, a fee on the holding of currency. Greco and others, through citing the historical success of currencies that have used such fees, and through an appeal to Gresham’s Law that “Bad money drives out good”, has argued that such a fee not only stimulates use and circulation of the currency, but also leads to a more equitable distribution of wealth by allowing the currency to function as a medium of exchange without being a long-term store of value.^{4, 8} Demurrage fees have also been pointed to as promoting long-term thinking and sustainability.¹⁰

The current financial system, with its constant drive towards growth, creates a disincentive for sustainable activities. For example, insulating buildings, upgrading to more energy-efficient appliances, or generating electricity through wind or sunlight all yield a certain return on investment. However, in a growth economy, people can typically earn a higher return by investing in the stock market. The average compounded annual return from the U.S. stock market from 1926-2000 was 10.70%¹¹, and many sustainability-boosting investments cannot compete with this rate of return. But activities which might not offer a competitive return on investments in dollars could be very attractive when the investment is made in a currency such as merits that loses value over time and cannot be invested to earn a steady return.

Another way in which Merit exchange promotes sustainability is to encourage the use of local goods and services; the movement to buy local is a key aspect of the sustainability movement in the U.S.¹² The fine-tuned local classifieds and the networking tools are designed to encourage people to work and trade with people and businesses in their immediate vicinity.

Together with merits, these features facilitate people working towards sustainability through activities such as improving the energy efficiency of buildings, reducing fuel usage through ridesharing, buying locally-produced goods, and possibly through activities we haven’t even imagined yet. It is our hope to not only help people achieve sustainability in their

own lives, but also to make people more aware of how the global economic system shapes their decisions, so that together, we become empowered to influence the economic system and ensure that it serves the common good of all people.

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BROMSGROVE PRINCIPLES

STATEMENT OF BELIEF TO
REPRESENT THE BASIS WE
ASSOCIATE UPON AND WHICH
RESPECTS OUR DIVERSITY.



We recognize :

1. The supply of money into the economy is the big issue which governs all the issues. The present economic system is debt-based. This means that virtually all money is supplied to the economy as a debt to be repaid, with interest, to the banking system. Governments rely upon the majority of people going into debt to the banking system simply to create enough money to supply the economy. Governments, too, must borrow from the banking system to fund public expenditure. Taxpayers must then pay back the debt and interest repayments.
2. As a consequence of this debt-based economic system, we see the indebtedness of people, families, and countries growing daily. The present debt-based economic system perpetuates debt slavery, and this is ultimately destructive of society, the environment, and the planet.
3. The banking system creates money out of nothing. We are concerned at the claim that there is no money to fund vital public services, industries, and social and environmental projects, when this money at source is created out of nothing. Governments should be able to supply money, debt-free, without having to borrow from the banking system. "Debt-free" means that it does not have to be repaid.
4. The debt-based economic system must be challenged and alternatives constructed. The economy needs a supply of money debt-free.

Therefore, we affirm :

1. Money must be based on the real wealth of society people, skills and materials not on debt. The supply of money must relate to these physical facts not to the requirements of the banking system.
2. Money is the means of exchange for the goods and services produced by this real wealth. It is not a commodity itself.
3. The purpose of an economic system is to provide goods and services as, when and where required in order to satisfy human needs.
4. Money must be our servant not our master.
5. Money, at source, is created out of nothing, so there is no need for it to be scarce.
6. Whatever is physically possible and socially desirable can be made financially possible.
7. The present economic system can, and will, be changed for the better.

Consequently, we propose :

1. That the government via a democratically accountable authority undertakes the creation of a supply of money, debt-free, into the economy.
2. This authority should spend, not lend, a supply of money into circulation on the basis of proven need. This will reduce the overall burden of debt in society, break reliance upon the banking system for the supply of money, and open potential for limitless change.

Association in the Bromsgrove Group is open to individuals and organizations which support this statement of belief. Respect is paid to the different options for change represented by different members within this statement of belief. The group meets once a year and regularly exchanges information, inspiration and support.

<http://www.prosperityuk.com/prosperity/bromsgrove/principles.html>

Community Currency Comes to Nevada County

What! Make our own money?

The idea of community currency stretches the mind, tugging hard on our pre-conceived notions of money.

Money has two components, the instrument and the concept. We use money instruments—currency, check and coin—every day. We understand the instrument and, in this age of specialization, require it in constant supply. Generally, we've left the money concept to the 'experts'. However, the recent introduction of community currency to Nevada County is an invitation to reconsider the concept.

That money instruments are valueless in themselves is evident by studying a blank check or the difference between a \$100 dollar bill and a \$1 dollar bill. The instruments function as a circulating accounting system to track value and facilitate exchange. Value has always been and always will be contained in the products and services we each produce. In this age of specialization and automated production, we exchange most of the products and services we produce for the things we require to live. Fundamentally, we sell our productive energy in one form and buy it back in another.

To facilitate trade, the value we produce is converted into some combination of bank credit and cash. This exchangeable value is measured in terms of the dollar, the current monetary system's yardstick or 'unit of account'. Value measured in dollars is not any different than liquid being measured in ounces.

Here's where the money concept starts getting interesting.

Although the instrument in our hand is simply a record of credit we have produced, the same as an entry in the credit column of our own accounting book, we cannot create a dollar or even simply acquire it, though we need a constant supply in order to make the exchanges whereby we live.

In the design of our current monetary system, there's only one source for the instrument and that's government printing presses. This is what the experts came up with when we decided to let them figure it out for us. The prevailing monetary philosophy, though rarely stated outright, is this: the government's function is to manage the people through money.

To have control of the instrument of trade is to control our productive outputs for, if we can't trade what we produce, we simply can't afford further production. We are forced to redirect our energy away from those products and services we are attracted to producing with our natural skills. We are forced toward whatever can attract dollars, which is a sphere increasingly subject to mechanical international political forces.

Having refused control of the monetary system and forced its management into government hands, we've placed ourselves in the position of supplicants to the commercial banks which are the government's dollar distributors. What's more, only those who 'qualify' and are able to pay the banks' application and interest fees may acquire dollars – these same dollars which are nothing more than a paper representation of our own production.

Thus, the dollar is not what it should be, a facilitator of free-trade. The only free trade available to us is by directly exchanging the products and services we create for someone else's products and services—whole barter—which is practically impossible. Over the last decades economic forces have molded us into specialists; the more specialized we are the more exchanges we must engage in to live. Yet, we have given away control of the media whereby these exchanges are made possible.

Back when I could do a little carpentry, plumbing and farming, I didn't need much else. My exchanges were infrequent. Now that I'm an economist, I only have lectures to trade but I need carpentry, plumbing, food and many things beside. Who will trade me what I require for a lecture on economics?

Enter community currency.

Community currency provides an organic, home-grown medium of exchange that is much more accessible than the dollar. If our community embraces and supports it, we can, over time, provide an alternative to this pressure to chain ourselves to the international dollar economy. Community currency offers us a chance to refocus some of our productive energies back toward each other, back toward our own innate skills.

There's no fee to issue community currency and no artificial stricture on the supply so a producer can produce as much as is saleable; the producer is in control. A listing of the products and services members offer for sale is published with contact information so traders know what's available and who is selling it.

Price is entirely negotiable between buyer and seller. Community currency can be used alone or in combination with dollars. Control is entirely in traders' hands.

Because it's unrecognized outside of the community it is printed in, community currency re-circulates locally. This stimulates local producers to focus more of their productive energy on actual community needs—local sustainability at its finest.

Community currency places monetary control completely in our hands because there's no pressure to accept it. You use it if it is advantageous and you decline if it is not. The buyer is in control—free market at its finest.

Community currency increases a community's wealth while offering the benefits of free market and free trade. It encourages a greater degree of inter-community relationships. It offers the community an excellent education in the neglected yet exceedingly important concept of monetary science. It offers some security against the economic storms which inevitably will accompany the dollar.

Consider the idea.... Stretch your mind.

ITHACA HOURS DROPS PRINT DIRECTORY IN FAVOR OF ONLINE LISTINGS

Ithaca Hours Shelves Print for Online Directory, and New Projects

The Board of Directors of Ithaca Hours, acting on a course set years ago, has decided that last year's print Directory will be the final one. The resources put into the print Directory will instead go to enhance the online Directory, and to pursue new efforts, including the hiring of a staffer, and the opening of a public office, perhaps with space for displays and promotions by Hours members.

From 1991 - 2000, Hours printed a quarterly newsletter/directory to update member rolls. The cost and waste of such frequent publication led to the decision to print one annual directory, saving much time, effort, money, and paper.

The downside was that members could only be added (or removed) once per year. The Board's thinking was that this limitation was the same faced by the phone book yellow pages, so Hours could probably abide with it. Besides, the work involved in the quarterly publication led the Board to the conclusion that it could either run a currency system, or publish a quarterly newsletter, but not both.

The annual print Directory was less work, but still expensive, inefficient, and wasteful. Like the quarterly newsletter/directory, it must be entirely replicated even when there are few changes. And whatever changes there are cannot be made in a timely way. The Board always had the idea that eventually an online Directory would be the sole Directory. Our concern, back in 2000, was that many people were not connected with online capacity. We foresaw a day when that would change. Now, it has. The price of personal computers has dropped significantly in that time. Online access is free and readily available at the library.

The Board is planning to have some type of printed material for promotion of Hours. It will most likely be in the form of a brochure. It will be designed with maximal lifespan in mind.

Stephen Burke
for the Ithaca Hours Board
<http://www.ithacahours.org/2009/05/hours-shelves-print-directory-for.html>

MERIT EXCHANGE TO MOVE FROM ALPHA TO BETA TESTING

By Alex Zorach, April 13th, 2009
<http://meritexchange.com/>

After two-and-a-half months of alpha testing, Merit Exchange is ready to launch for beta testing, and will launch on Saturday, April 18th. Current testers will be allowed to invite their friends to join, and these users will be gradually allowed to begin inviting new users.

I would like to thank not only every person who has helped test the internals of the site, but also the numerous people who helped through conversations and sharing of ideas and advice.

During the alpha testing phase, we have implemented a number of new features and improvements, and we have a few small celebrations:

- The classified search has been made more useful and its speed greatly improved.
- The site has been made much faster and more scalable.
- The first merits were sent on Mar. 15th. A very modest total of m150 have been traded by 5 of the testers, all in non-binding thank-you transactions. This amount corresponds very roughly to a dollar value of about \$55 worth of favors that users have provided for each other.
- The mechanism for automatic regulation of the supply of the merits currency was put into place starting Monday, Apr. 6th.
- A number of bugs have been fixed and small cosmetic changes made to both the private and public parts of the site.

The end of alpha testing is only the beginning. While the core features of Merit Exchange for individuals have fallen into place, we anticipate continually growing and changing to accommodate the needs of our community and carry out our challenging mission of bringing prosperity to all people.

We have also only begun to create the framework for businesses to use Merit Exchange, and the features to allow users to publish public content for the whole web to see.

Stay tuned...we are evolving quickly and hopefully these features will arrive very soon!
<http://meritexchange.com/>

THE PENNSYLVANIA POUND?

FROM WIKIPEDIA

The pound was the currency of Pennsylvania until 1793. Initially, the British pound and certain foreign coins circulated, supplemented from 1723 by local paper money, called Colonial Scrip. Although these notes were denominated in pounds, shillings and pence, they were worth less than sterling, with 1 Pennsylvanian shilling = 9 pence sterling.

The Pennsylvania version of this currency was said to be the most effective, because they controlled the money supply and issued only enough notes so as to satisfy the demands of trade, preventing inflation. In 1938, Dr. Richard A. Lester, an economist at Princeton University, wrote that "The price level during the 52 years prior to the American Revolution and while Pennsylvania was on a paper standard was more stable than the American price level has been during any succeeding fifty-year period." Pennsylvania established a "land bank" that allowed landowners to borrow scrip with their land as collateral. They could borrow twice the value of their land, half of it representing actual land value, and the other half representing production potential of the land. The loan was to be retired over a set period of years, with the land ownership being restored to the citizen upon payment. When the loan was fully retired, another loan could be taken out.

In March 1723, it issued Colonial Scrip, paper bills of credit to the amount of \$60,000, made them a legal tender in all payments on pain of confiscating the debt or forfeiting the commodity, imposed sufficient penalties on all persons who presumed to make any bargain or sale on cheaper terms in case of being paid in gold or silver, and provided for the gradual reduction of the bills by enacting that one-eighth of the principal, as well as the whole interest, should be paid annually. Pennsylvania made no loans but on land security or plate deposited in the loan office, and obliged borrowers to pay 5 % for the sums they took up. The scheme worked so well that, in the latter end of the year, the government emitted bills to the amount of \$150,000 on the same terms. In 1729 there was a new emission of \$150,000 to be reduced one-sixteenth a year. Pennsylvania was one of the last – if not the very last – colonies that emitted a paper currency. In 1775, the Colonial "Scrip" currency was replaced by Continental currency. The Commonwealth of Pennsylvania issued Continental currency denominated in £sd and Spanish dollars, with

1 dollar = 7 shillings 6 pence. The continental currency was replaced by the U.S. dollar at a rate of 1000 continental dollars = 1 U.S. dollar in 1793.

BENJAMIN FRANKLIN

Benjamin Franklin helped create the Pennsylvania Scrip, and in his autobiography he wrote of this currency:

The utility of this currency became by time and experience so evident as never afterwards to be much disputed

Franklin believed the shutting down of this paper money by Parliament in 1764 was the principal cause of the American Revolution, as did many other prominent Americans. Peter Cooper, founder of Cooper Union College, Vice-President of the New York Board of Currency, US Presidential Candidate in 1876, and one-time colleague of Secretary of the Treasury Albert Gallatin said in his 1883 book Ideas for a Science of Good Government:

After Franklin had explained...to the British Government as the real cause of prosperity, they immediately passed laws, forbidding the payment of taxes in that money. This produced such great inconvenience and misery to the people, that it was the principal cause of the Revolution. A far greater reason for a general uprising, than the Tea and Stamp Act, was the taking away of the paper money.

ADAM SMITH

Adam Smith wrote of the Pennsylvania currency in his famed 1776 work The Wealth of Nations:

The government of Pennsylvania, without amassing any [gold or silver], invented a method of lending, not money indeed, but what is equivalent to money to its subjects. [It advanced] to private people at interest, upon [land as collateral], paper bills of credit...made transferable from hand to hand like bank notes, and declared by act of assembly to be legal tender in all payments...[the system] went a considerable way toward defraying the annual expense...of that...government [low taxes]. [Pennsylvania's] paper currency...is said never to have sunk below the value of gold and silver which was current in the colony before the... issue of paper money.

http://en.wikipedia.org/wiki/Pennsylvania_pound
http://en.wikipedia.org/wiki/Colonial_scrip

STAMP SCRIP: MONEY PEOPLE PAID TO USE

**Federal Reserve Bank of Cleveland.
Economic Commentary,
Apr 2008 by Champ, Bruce**

Substitutes for government-issued money are produced and used from time to time even in countries like the United States. Understanding why people turn to these substitutes and to what degree they are successful-or not-can teach us a lot about the elements essential to a well-functioning currency.

Imagine you just want a cup of coffee. It's only \$1.25, but you have no cash in your wallet. They don't take checks. They don't take credit cards. Cash only! Or... the last bus out of town leaves in 5 minutes. You have no change for the \$1.75 fare, and it's 16 miles home.

Ever been there? While such cash-poor moments happen less frequently in our modern age of credit cards, gift cards, prepaid store cards, and debit cards, each of us has probably lived through a few times where the absence of cash on hand was a big inconvenience. Throughout the history of our country, there have been many times where shortages of cash were so severe they made life difficult for a lot of people-and hindered the smooth operation of the economy.

It's interesting to explore the ways people have responded to such shortages of cash in the past. Their resourcefulness is always impressive, and the strategies they used tell us a lot about the importance of money to an economy and the value people place on having an effective medium of exchange.

One frequent response to cash shortages has been to create a local substitute currency, which we call scrip. Scrip has been issued off and on in the United States by different kinds of entities-private companies like coal mines and railroads, city governments, and civic organizations, among others-and for a number of reasons, not just to overcome liquidity shortages. Every scheme to introduce scrip has involved the same considerations faced by the U.S. government when it planned how to provide a useful currency for citizens and came up with the Federal Reserve System and Federal Reserve notes-our U.S. dollars. What denominations will be handy? What forms of paper and metal will be most convenient? How to prevent counterfeiting? How to encourage workers to be paid with it, consumers to

spend it, and businesses to accept it? How to keep its value stable? The approaches that different scrip issuers have taken to address these considerations have been varied and instructive.

More scrip was issued during the Great Depression in the 1930s than ever before (or since). One particular variety tried during the time, stamp scrip, was unusual in that people actually had to pay a fee to use it. In other countries, people had tried stamp scrip schemes with success, but in the United States, stamp scrip proved less useful. The one aspect of stamp scrip that might make it seem so unworkable to many people-the fee to use it-is not the naïve idea of a quaint era but one that surfaced again very recently, when ways of conducting monetary policy in times of extremely low nominal interest rates were a pressing concern. In this Commentary, we examine why stamp scrip arose, its successes and failures, and lessons we can learn from its issuance.

AN ERA OF SCARCE CASH

Throughout the Great Depression, bank failures, bank runs, and bank suspensions were common and caused or exacerbated cash shortages. Bank runs occurred when a bank's customers became concerned about the soundness of the bank (bank deposits were not yet covered by deposit insurance), and arrived at the bank in large numbers to withdraw their deposits. Since banks kept only a fraction of deposits in liquid assets, their reserves could easily be wiped out during a run. To prevent the depletion of reserves, banks often partially or completely suspended the payment of deposits. Doing so allowed them to buy time in order to liquidate assets but of course, customers could not get cash if they needed it. People also hoarded cash, making the shortages worse.

In March 1933, unemployment rates in the United States reached 25 percent. Household incomes had fallen in nominal and real terms for three consecutive years. Bank suspensions had spread across the country, and President Roosevelt made the suspension of payments official by declaring a national bank holiday, which lasted ten days.

In response to cash shortages, issues of scrip began to appear. These took many forms. Some scrip was payable in goods or services. Other scrip represented claims to bank deposits, which could be redeemed once a bank ended a suspension.

Stamp scrip, sometimes called coupon scrip, arose in several communities. It was denominated in

dollars, in denominations from 25 cents to \$5, with \$1 denominations most common. Stamp scrip often became redeemable by the issuer in official U.S. dollars after one year.

What made stamp scrip unique among scrip schemes was a series of boxes on the reverse side of the note. Stamp scrip took two basic forms-dated and undated (often called "transaction stamp scrip"). Typically, 52 boxes appeared on the back of dated stamp scrip, one for each week of the year. In order to spend the dated scrip, the stamps on the back had to be current. Each week, a two-cent stamp needed to be purchased from the issuer and affixed over the corresponding week's box on the back of the scrip. Over the coming week, the scrip could be spent freely within the community. Whoever was caught holding the scrip at week's end was required to attach a new stamp before spending the scrip. In this scheme, money became a hot potato, with individuals passing it quickly to avoid having to pay for the next stamp.

Undated scrip also had boxes on the back, but there were no dates associated with the boxes. Each time the scrip was to be spent, a new stamp had to be placed in a box on the back. This was normally done in front of the seller, and both parties signed the newly affixed stamp.

In either of its forms, the scrip could be redeemed at the issuer once the boxes were completely filled with stamps-the issuer took the scrip and gave back dollars equivalent to the scrip's denomination. If the issuer had kept the proceeds of the stamp sales throughout the year (which didn't always happen), there would be enough funds set aside to fully redeem the scrip, with a little extra to cover the costs of operating the scheme. Often, 4 cents extra on the dollar was built into the pricing for this purpose.

Stamp scrip was issued by municipalities, civic organizations, business organizations, and individuals. Municipalities issued stamp scrip as a source of revenue. The Great Depression caused an erosion in taxpayer income, an increase in taxpayer delinquency rates, and even tax strikes in some communities. All of these took their toll on municipal revenues. Municipalities could make up the shortfall by making purchases and paying workers with stamp scrip. Civic organizations issued scrip to promote employment and various civic projects.

Issuing scrip was also viewed during the 1930s as a way to encourage local spending. (In fact, there is a scrip in

use today in Ithaca, New York, that exists for the same purpose.) Aside from the general slowdown in business caused by the Depression, local merchants were also concerned about the growth of big chain stores. They saw locally issued scrip as a way of thwarting "the growing menace of chain-store competition," as the scrip historian Joel W. Harper put it, and for that reason merchants could be persuaded to accept it. The idea of using scrip to stimulate spending is one of the reasons people chose to issue stamp scrip rather than other kinds of scrip. Other scrip, which did not require the use of stamps to spend (and involved no hot-potato scenario), would not have given consumers the same incentive to spend. The other advantage of stamp scrip was the automatic means it provided for redeeming it. For this reason, people often referred to it as "self-liquidating money." Note that since the ultimate redemption of stamp scrip and the costs associated with its issue were financed by the users of the scrip, the issuer earned 100 percent of the seigniorage. For example, a municipality that paid for labor services with stamp scrip received those services at basically zero cost.

THE ORIGINS OF STAMP SCRIP

The idea of using scrip to stimulate spending dates back to the 1890s, when Silvio Gesell wrote a series of books related to monetary system reform. He claimed that since money held its nominal value over time, there was little reason to be in a hurry to spend it. This encouraged people to hoard money during periods of financial stress. Gesell, following a suggestion made by Swiss merchant George Nordman, argued that a "carrying tax" on money could prevent hoarding.

Gesell suggested that a periodic tax placed on money could do the trick. By making it costly to hold money, he believed people would be encouraged to spend it. In a severe depression, the idea that spending could be stimulated by making money costly to hold seemed appealing. In fact, Gesell's views received the stamp of approval of the renowned economist John Maynard Keynes in his *General Theory*.

Keynes viewed stamp scrip as a possible solution to what has been referred to as a "liquidity trap"-a situation where interest rates are so low in an economy, that no one cares to hold interest-bearing assets. By establishing a carrying tax on money, the nominal rate of return on money could be lowered, creating an incentive for people to hold interest-bearing assets, which might stimulate greater production across the economy.

SUCSESSES AND FAILURES

Some early, apparently successful, stamp scrip implementations inspired by Gesell's ideas occurred in Germany and Austria in the 1930s. Both countries were experiencing deflation, commercial bank failures, and high unemployment, much like the United States at the time.

The German experiment occurred in the town of Schwanenkirchen, where a stamp scrip called Wära was issued. It received attention in the United States through numerous newspaper and magazine articles, including one by Hans R. L. Cohrssen that appeared in *The New Republic* in August 1932. He reported that in 1931 the owner of a coal mine that had been closed for a couple years borrowed 40,000 Reichsmarks and approached miners about being paid in Wära and local merchants about accepting it. Merchants were at first hesitant, but soon supported the scrip. By Cohrssen's account, the plan was successful. The 1 percent per month tax on the scrip appeared to encourage its rapid circulation. Cohrssen called it the "miracle of Schwanenkirchen."

Ultimately, Wära was accepted in thousands of stores in Germany, and a few banks actually created accounts denominated in it. But eventually the scrip was declared illegal by the German Ministry of Finance.

In Austria, stamp scrip was issued in the town of Wörgl in August 1932 to finance a number of public works projects. Accounts of the episode indicate it had some success. However, as in Germany, the Wörgl experiment was short-lived. An Austrian court forbade its issuance in November 1933.

The U.S. experience with stamp scrip began in the small town of Hawarden, Iowa, in 1932. Hawarden's scrip strayed from Gesell's original suggestions in that it was undated. To spend this kind of scrip, customers had to buy a stamp at the time they were making their purchase and affix it to the scrip. Dating was intended to encourage rapid turnover of the scrip, but undated scrip served in effect as a tax on consumption.

Many towns in the United States issued stamp scrip. Most scrip was issued in early 1933, when bank suspensions were frequent and widespread. The state legislatures of North Carolina, Indiana, Michigan, Tennessee, New Jersey, Ohio, and North Dakota passed laws allowing localities in their respective states to issue stamp scrip. Statewide stamp scrip issue was proposed in Iowa but never enacted.

However, stamp scrip issues were not widespread, nor was any U.S. issue large. (There were far more issues of scrip that did not have the stamp feature. Many of these were successful.) Harper, in his unpublished 1948 Ph.D. thesis about the scrip of the 1930s, found 95 specific issues of stamp scrip by 37 cities, 8 counties, and numerous business groups. Most of the stamp scrip issues were of the undated variety; Harper found only two instances of dated stamp scrip schemes. Furthermore, most of the issues were small, the majority being between \$300 and \$500, and no issue above \$2,000 was successful. The largest municipal issue (\$120,688) was in Polk County, Iowa, but it ultimately failed.

In 1933, the famous economist Irving Fisher wrote a small monograph entitled *Stamp Scrip*, in which he extolled the virtues of this medium of exchange. Fisher believed that stamp scrip could be used to encourage spending. In fact, he claimed it could "break the back of the Depression." As early as October 1932, Fisher began to push for a nationwide issue of dated stamp scrip. A bill he crafted was introduced in Congress by Senator J.H. Bankhead of Alabama on February 17, 1933, as an amendment to another act. It proposed a nationwide issue of up to \$1 billion in \$1 dated stamp scrip. The scrip would be declared legal tender, a feature the local scrip issues could not achieve. The bill never came to a vote. Senator Bankhead and other members of Congress subsequently introduced other similar bills (including one where the Fed would issue stamp scrip). None of these attempts met with success.

PROBLEMS WITH STAMP SCRIP

Launching and keeping a scrip issue viable requires coordination, cooperation, sound design, and good planning, and those who have attempted it in the U.S. have met with many difficulties. Harper, who had canvassed hundreds of communities that had experimented with scrip during the 1930s, observed that "the effort required to maintain the use of local scrip seems to have been greater than the results, with the exception of a considerable number of municipal issues." The successful schemes he alluded to used standard scrip, while most of those that used the stamp feature failed.

One of the common problems associated with any scrip issue was simply getting the schemes off the ground. People accept a form of money in payment because they believe it will be accepted in future exchange. But often, businesses were reluctant to agree to accept scrip. Without such agreement, workers often refused to be paid in it. If a community could coordinate on the

acceptance of scrip, the scheme typically met with at least limited success. Even then, scrip was local in scope. At best, it circulated only in the community of issue.

Most U.S. stamp scrip was of the undated variety, which meant it had no mechanism to keep it circulating, as dated scrip was expected to do. Workers recognized undated stamp scrip as the tax on consumption that it was and refused to use it. It is puzzling why the dated stamp scrip schemes successful in Austria and Germany were not mimicked more often in the United States. In fact, Fisher criticized the widespread use of undated scrip in this country.

Only dated stamp scrip was expected to keep money circulating. With weekly stamps, it should have turned over at least once per week. Dated stamp scrip was used to such a limited extent in the United States that its impact on the speed of money's circulation (referred to as velocity) is sketchy. Stamp scrip issued in Mason City, Iowa, which combined the dated and undated features, was "scarcely moving more than once a week on the average," according to civic leaders contacted by Harper. Evanston, Illinois, reported an average velocity of four times per week over a short period. Stamp scrip issued by Russell, Kansas, and Rock Rapids, Iowa, changed hands roughly twice a week. While it's difficult to find comparable statistics, most economists believe that the velocity of official U.S. money was much lower around this time.

LESSONS FROM STAMP SCRIP

The U.S. experience with stamp scrip illustrates the importance of a well-functioning medium of exchange. People are willing to tolerate quite a bit merely to have something they can use to make transactions with. But the difficulty of using stamp scrip probably led to its downfall-such troublesome money was not likely to last when other kinds of money became readily available again. As money has evolved over time, it has changed form in ways that lowered the transactions costs associated with using it, and stamp scrip ran counter to that trend.

History gives us some appreciation for what an accomplishment our current system of money is. But the lessons of stamp scrip extend to more modern concerns as well. Earlier this decade, the Federal Reserve was confronted with a situation that had not occurred since the late 1950s. Interest rates had fallen to extremely low levels. Policymakers became concerned that some aspects of monetary policy might become ineffective at low interest rates. This is because of the zero bound on

nominal interest rates-interest rates cannot be pushed lower than zero. The zero-bound problem exists because money pays zero nominal interest. The power of interest rate policy as used by central banks to affect the economy is exhausted at the zero bound.

Marvin Goodfriend suggested several options for overcoming the zero bound. One involved a carry tax on money. By taxing money, its nominal return would become negative, allowing the Fed more leeway to push interest rates to negative values. Stamp scrip is an interesting historical example of money bearing a carry tax.

Milton Friedman and Anna Schwartz, in their monumental *A Monetary History of the United States, 1867-1960*, criticized the Federal Reserve for its actions during the Great Depression. Had the Fed created sufficient liquidity during the banking crises of the 1930s, it is difficult to believe that extraordinary measures, such as the issuance of stamp scrip by municipalities and others, would have been necessary.

Recommended Reading

- "Overcoming the Zero Bound on Interest Rate Policy," by Marvin Goodfriend. 2000. *Journal of Money, Credit, and Banking*, vol. 32.
- "Scrip and Other Forms of Local Money," by Joel William Canaday Harper. 1948. Ph.D. dissertation, University of Chicago.
- *Stamp Scrip*, by Irving Fisher. 1933. New York: Adelphi.

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