

LOCAL

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

RETHINKING MONEY



Kilowatt Cards
Scrip Backed By Electricity

MONEYART



Fine moneyart by
Stephen Barnwell

WWW.MONEYART.BIZ

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in-fla-tion-ism – *n.* An economic system in which property owners trade the same asset repeatedly for increasing prices to realize capital gains created in the process of bank lending.

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SCRIP BACKED BY ELECTRICITY
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NEW LOCAL CURRENCY PROJECTS & OTHER EFFORTS

FOURTH CORNER EXCHANGE, BELLINGHAM, WASHINGTON EXPANDING WORLDWIDE

The Fourth Corner Exchange is a very successful operation headquartered in Oregon (around Bellingham & Port Townsend). They currently have over six-hundred participating members and branches in Washington, Oregon, Colorado, New Mexico, Ohio, California, Nova Scotia and British Columbia. Founded by Francis Ayley and a small group of friends in 2002, Fourth Corner Exchange formally started trading in January 2004.

President Francis Ayley:

"We are putting together a 'Community Coordinator' package that will have all the necessary info on how to start a local chapter of the 'Life Dollar Community', which is what we are calling ourselves now. I am selling this as 'Democratic Money', as opposed to Bank Issued Money, which is economic slavery. If an individual, group or local community want to take back their economic power from the banks, this is how to do it! Until we have a democratic monetary system we will continue to be slaves to the banking system. We are also connecting with the Transition Movement people. We are the economic part of their equation for transitioning to a new world. So we fit right into their economic agenda, although they do not know it yet."

If you are interested in joining or starting an alternative currency system please contact francis (at) openaccess.org Source: http://www.correntewire.com/democratic_money

A LOCAL CURRENCY IN GREENSBORO, NC

The Greensboro Currency Project is a gathering of individuals, businesses and organizations in the community who would like to explore establishing a complementary currency local to Greensboro. Creating an alternative currency, that can be used alongside official US currency, has the potential to greatly enhance community building efforts in the city, bolster the local economy and economically empower poor and middle class people.

Based on population, Greensboro is the third largest city in North Carolina. It is located in the Piedmont region, the same part of North Carolina where the Pittsboro Plenty operates. Their first meeting is Monday, June 15, 2009 Time: 7:00 pm. at The Hive 1214 Grove St. in Greensboro, Contact: Signe Waller Foxworth, 336-379-7342 or Alyzza Callahan, 508-441-0236.

DEVIZES POUND. UNITED KINGDOM

On The Way By October! The Devizes Pound, a local currency like that set up in Lewes in Sussex and Totnes in Devon, may be launched by late summer or early autumn. Devizes Town Council has expressed support for a plan to give the town its own currency.

A Devizes Pound would be bought for £1 sterling and participating traders accepting it for goods bought would claim the value of the amount of Devizes Pounds spent from an exchange point.

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

DE NEDERLANDSE DOLLAR

The Dutch dollar is spent in notes of 1, 5, 10, and 20 Dutch dollars. And a complete special bank note of 1 million Dutch dollar. 1 Euro = 1 Dutch Dollar

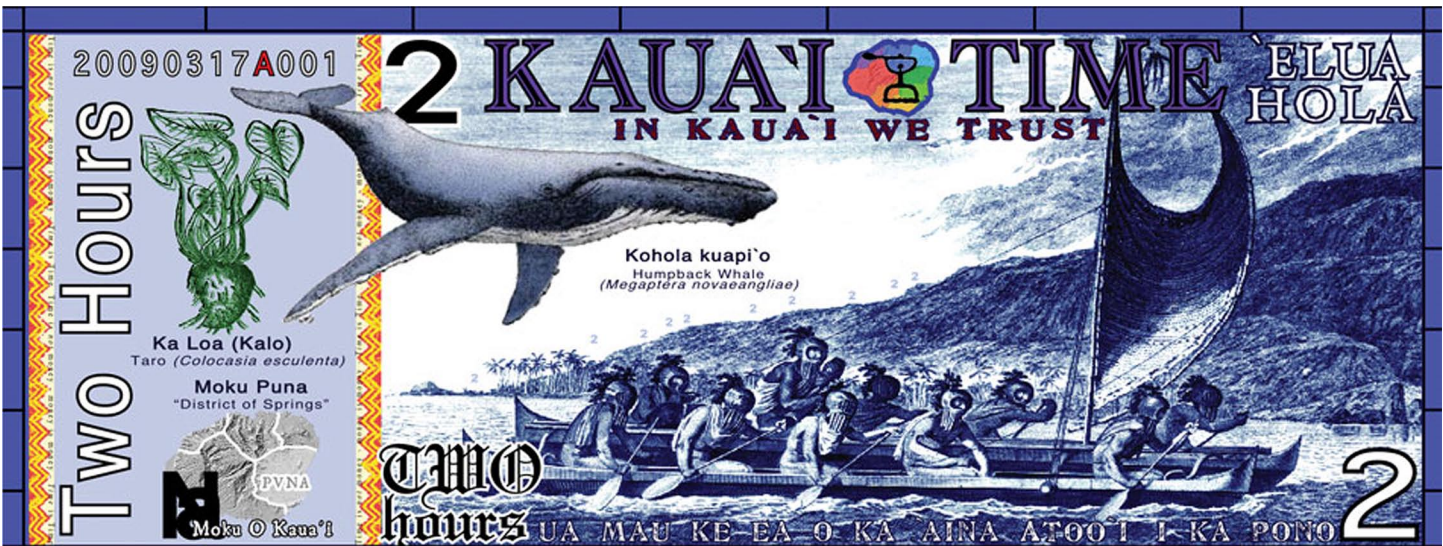
<http://www.northpoleguy.com/bankbiljettennederlandsedollars.htm>



KAUA'I CURRENCY, HAWAII

A group will be meeting on June 20 to discuss the possibilities for local currency and investment systems on Kaua'i. There is a web up and a graphic sample already. Moikeha Room, Lihue Civic Center, Saturday Jun 20th, 4-6pm, Contact: Jonathan Jay, (808) 634.3390, jonathan@dakauai.com

Support for this project is very good. <http://www.kauaitime.org/>



RICHOURS (RICH), RICHMOND, VIRGINIA

Richmond Independent Community Hours or RICH's are an interest free local currency issued by mutual credit electronic system, meaning that anyone in the system with a need or want can issue it to anyone who has supplied that need or want. This decentralized approach means that RICH's are always in sufficient supply to go around, and can exist without the issuance of a central authority.

<http://richours.org/>

BAY OF ISLANDS DOLLAR - BOIDOL, BAY OF ISLANDS, NORTHLAND, NEW ZEALAND

Opua businessman Geoff Waterhouse is moving to establish a Bay of Islands dollar - BOIDOL - and is seeking expressions of interest from the community. The Bay of Islands has one of the best maritime parks in New Zealand. There are more than 140 islands and bays plus a bounty of marine life, including whales, penguins, dolphins and much more.

Source: <http://www.stuff.co.nz/auckland/northland/local-news/northern-news/2443641/Bay-dollar-deal-floated>

FORT BUCKS, FORT WAYNE, INDIANA

Mr. Heath Shive, For The News-Sentinel is suggesting a possible new local currency for the Fort Wayne, Indiana area. 'Fort Bucks' they might be called. His suggestion is, "In fact, Fort Wayne can make money by — making its own money. It's called local currency. Communities can print their own money as long as the bills don't look like U.S. dollars, are worth at least \$1

each and are treated as taxable income."

<http://www.news-sentinel.com/apps/pbcs.dll/article?AID=/20080912/EDITORIAL/809120320>

MARTHA'S VINEYARD GREENBACKS

Well it's more of a plastic card type of Greenback but it seems very successful so far.

A Martha's Vineyard local merchant named Elio Silva, has developed what he calls the Martha's Vineyard Greenback. This is a local community currency and can only be used only on the Island. However unlike many other paper currencies he issues the credits on a plastic card. He says not spending the extra money on printing and issuing a paper money was a big saving. In their first issuance of credits he has circulated around \$28,000 in Greenbacks and even paid part of his employees in the local currency. Here is how it works:

The basic idea is simple. As an Island consumer — individual or business — you go to the bank, and exchange American dollars, at a fixed exchange rate of \$1.10 for Greenbacks. You pay a transaction cost of one per cent — with that money being set aside to provide funds to local charities and to finance micro-loans to start up small businesses on the Island, as well as to cover the administration costs of the scheme. And you walk out with 109 Greenbacks, which you can then use to buy goods and services on the Island, as if they were American dollars.

<http://www.mvgazette.com/article.php?21223>

SUCCESSFUL LEWES POUND ADDING LARGER DENOMINATIONS

The success of the Lewes Pound is growing. In July, Transition Town Lewes will add an additional series of higher denomination notes including the Lewes £1, £5, £10 and £21 notes. Why £21? With the circulation of each Lewes Pound note, the organization will donate 5% of the face value to the Live Lewes Fund which is set up to aid and help pay for a range of community group projects. This fund will be administered by the Lewes based Sussex Community Foundation.

Since September of last year, more than 31,000 Lewes pounds have been issued and are now accepted by more than 130 traders. While the Lewes £1 notes were only launched last year, the environmental group behind the Lewes Pound, has determined that

the £1 notes have already had a very positive impact on the local economy. The goal of the group is to help inspire the imagination of local people in support of the Lewes economy and to work against the effects of climate change.

The new larger notes will be backed by Sterling, and the exchange rate for customers is still one Lewes Pound for one pound Sterling. A recent survey, carried out by TTL's Lewes Pound Group, found that half the people who used the currency have increased their spending in local stores

The new larger notes have all been designed by local artists and students from local schools. Their designs will be revealed July 3 at a local celebration.

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



POTOMAC CURRENCY, WASHINGTON, DC AREA

Potomac Currency is part of the Community Exchange group from Ecolocity DC & TransitionDC. Learn more from their Ning. <http://ecolocity.ning.com/>

NEW LOCAL MONEY SYSTEM COMING TO CALIFORNIA'S OJAI VALLEY

...development of local currency which supports local business, non-profits and tourism.

The Ojai Valley is situated in Ventura County, California surrounded by picturesque hills and mountains. Citizens in the Ojai area are hoping to launch a new form of local money later this year. Whether the new money will be paper notes, plastic cards or digital units such as LETS is up for discussion...they are reviewing all options.

Dave Farber, an activist, philanthropist and founding member of the Ojai Economy Group, which has about a dozen members and has been meeting since March. "The goal is not to replace the existing economy but to add a new form of exchange to help develop the community."

****<http://www.venturacountystar.com/>***

Members of the Ojai Economy Group also think a local currency could help shield the local economy from slowdowns in the national markets. The Ojai Economy Group is a group of private citizens facilitating the creation of a new economy for the Ojai Valley that:

- rests on principles of good will, trust, and cooperation
- creates an economy of nourishment
- addresses the essential needs of all residents
- encourages local commerce and local businesses including social services, education, the arts, environmental efforts, and spiritual centers.

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

PAUL STREBEL BECOMES THE NEWEST MEMBER OF THE ITHACA HOURS BOARD

Hours Board Member Cited For Financial Expertise:

Paul Strebel, the newest member of the Ithaca Hours Board, was featured in the April 2009 edition of "Senior Market Advisor" magazine, a trade publication for the finance professions. "Paul Strebel Puts the Recession in Perspective," says the cover article. Paul runs the Strebel Planning Group in Ithaca, established in 1984 to provide financial services for businesses and individuals. He is a certified public accountant, certified financial planner, and a lecturer at Cornell.

Paul's message in the magazine article includes the idea that, in these difficult economic times, people "want to know how they're protected and what control they have." He notes the importance of "nurturing the client," and promoting confidence through competence and clarity. The magazine notes that "Strebel Planning Group regularly advocates giving back to the community it serves, and regularly encourages others to do the same." We at Hours feel lucky having Paul doing that with us. Thanks, Paul, and congratulations on the well-deserved recognition.

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

TLC (TUCSON LIFE CACHE)

Logo Unveiling Event and Monthly Public Meeting.

After much deliberation, an official logo for Tucson Life Cache has been chosen. The winner will be announced and the logo on display Monday, June 15th, 7pm at Ike's Coffee and Tea. If you have never been to Ike's you are missing out. Word around town is that the Iced Chai Tea Latte is 'over the top'. (Location: 3400 E. Speedway Blvd. #121, *(In the same Plaza as Whole Foods just East of Country Club.)*)

The group's monthly public meeting will be held Tuesday, June 23rd in the West Conference Room of the Ward 6 Office from 7pm-9pm. If you are local to Tucson, they need all active, passionate, and organized individuals to help build a more sustainable and engaging future for Tucson, Arizona.

Tucson Life Cache

<http://www.TucsonLocalCurrency.org>

FourElementsTucson@gmail.com

(520) 388-0638

LOCAL CURRENCY FOR DTES

VANCOUVER -- BC, CANADA

On Vancouver's 'Greening the Inner-City' blog they are talking up the possibility of a new local currency for the downtown area.

"DTES (Downtown East Side) holds a lot of potential for local economic development, tourism, sustainability, marketing and creating employment. The BOB board is currently exploring the idea as a tool for revitalizing the local economy and greening the inner city, and has also received some early support..."

<http://greeningtheinnercity.ca/2009/06/08/is-there-a-community-currency-in-the-future-of-the-downtown-eastside/>

KIVA loans that change lives

www.kiva.org



\$25
\$375

loaned so far
still needed

\$25

LEND NOW

BusinessWeek

"Innovation
of the Week:

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

BBC

"Revolutionizing
how donors

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

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.

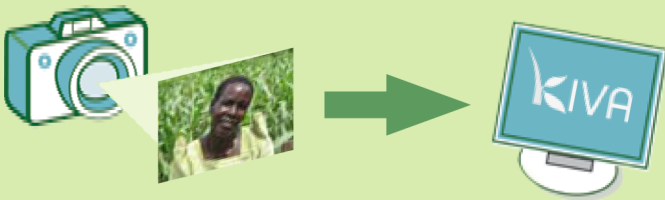
— Journal updates keep the lenders informed about the progress of the entrepreneur they sponsored. Loan repayments made by the entrepreneur over the course of about 6-18 months are sent back to Kiva by the MFI partner.



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

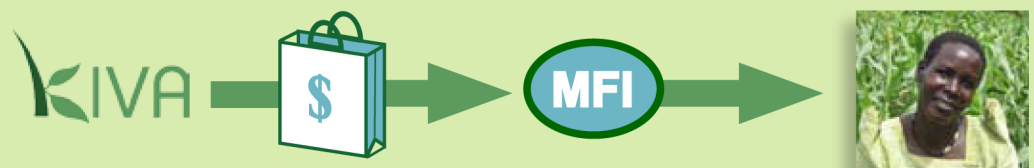


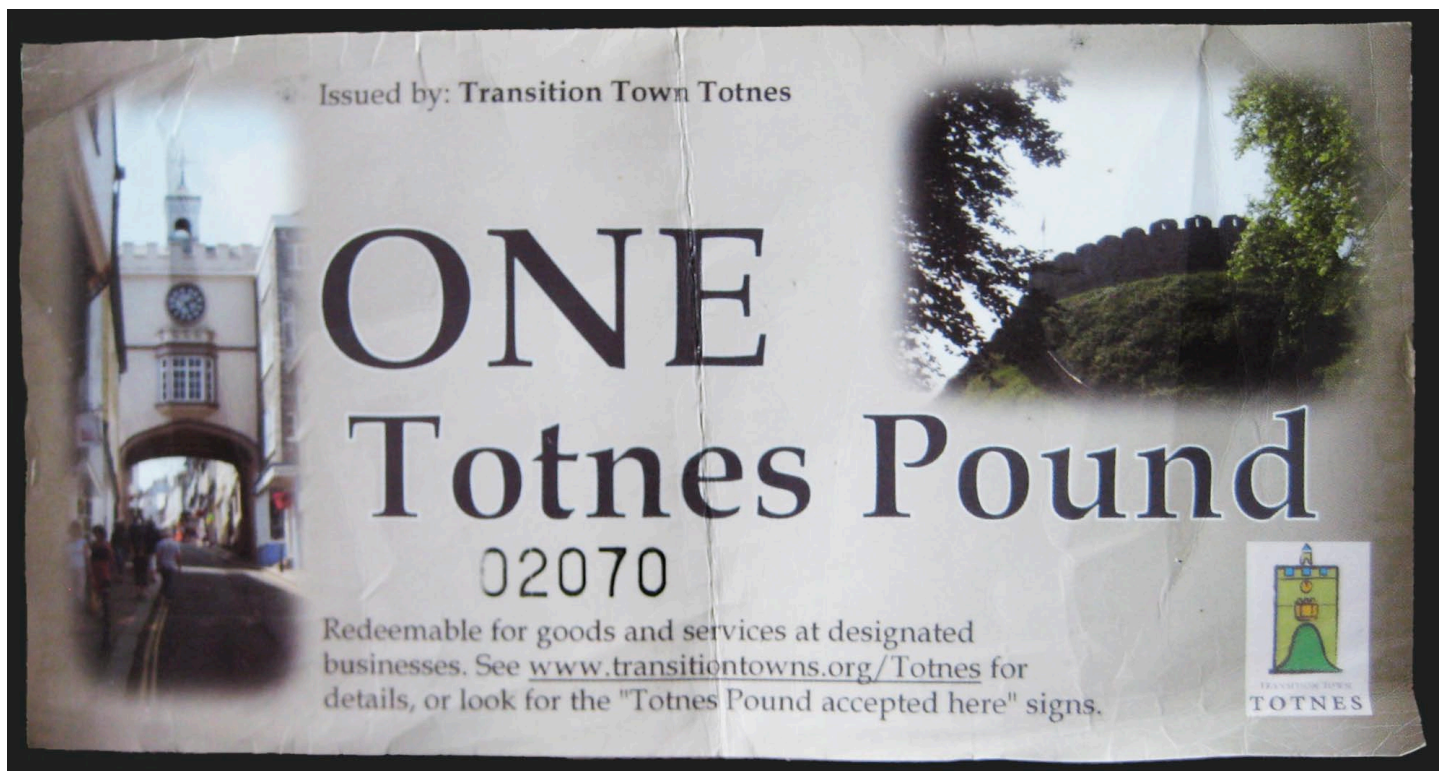
Kiva users browse profiles, select an entrepreneur, and then loan money using a PayPal account



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

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





THE TOTNES POUND

by Eli Gothill
February, 2009

<http://www.webisteme.com/>
<http://twitter.com/webisteme>

The town of Totnes, in Devon, UK, began issuing its own currency in March 07, called the Totnes Pound. Equivalent to one Pound sterling, the currency is accepted by 70 local businesses. The Totnes Pound is a complementary currency, as it does not seek to replace the Pound sterling, but to provide an additional means of exchange within the local community.

The currency has gained popularity in Totnes. The original pilot scheme issued T300 into the local economy, followed by a further T5000 in June 2008. Each Totnes Pound is currently backed by Pound sterling, which are held in a bank account. The Totnes Pound can be redeemed for official currency by businesses on request. However, the intention of the project is to keep the currency circulating among local businesses, as a means of increasing the local multiplier effect - the amount of goods and services circulating locally. Businesses offer a discount on purchases in Totnes Pounds to add an additional incentive for its use.

The Totnes Pound also aims for broader social and economic localization. Since the currency can only be used locally, it encourages local businesses to transact with each other, rather than rely on goods and services 'imported' into the town on a national or international level. Not only is this good for the local economy, it also reduces Totnes's dependence on national and international trade, and all of its potential negative social and environmental effects. One example of this is food miles - the distance food is transported from the time of production until it reaches the consumer. The currency keeps trade local, so food will not travel as far to reach the average consumer in Totnes. This lessens the town's impact on the environment, and also its dependence in national and international production and trade.

The Totnes Pound also has a social dimension. Its use reflects a commitment to the local community, by keeping wealth circulating primarily amongst local inhabitants. This makes sense because there is cost, borne by the whole community, when wealth leaks the local economy unnecessarily. The social benefits of a vibrant local economy benefit everybody, and the Totnes Pound is an important achievement in that respect also.

The currency is a long term project, according to the Transition Town Economics and Livelihood group, which administrates it. Future plans include the issue of more currency via the local printer, who was partly paid in it. On their web site, the group also float the idea of backing the currency by other forms of wealth than the Pound sterling. These could include land, energy or labour.

The legality of the Totnes Pound is an open question. It is not official tender, though for the time being, the currency is pegged to the Pound, and is therefore taxable in sterling. There may be problems in this area if they diversify away from the Pound as a backing medium. On the other hand, there may be increasing incentives to do so, as the future of the Pound becomes less certain in light of the global financial crisis. This would fit well with the currency's theme of reducing dependence on national and international systems, including monetary.

The project is currently backed by the Schumacher College, an institution specialising in sustainable economics and ecology, where the idea was originally hatched. The local MP, Anthony Steen, has also endorsed it. Meanwhile, the currency has attracted national attention through the media. A similar project is underway in Lewes, East Sussex.

<http://www.webisteme.com/blog/2009/02/the-totnes-pound/>
<http://totnes.transitionnetwork.org/totnespound/home>



Create a community currency online and earn commissions by brokering trades, or not.

Let the site run itself if you wish, though actively setting up trades will bring the most for everyone.

- Hire brokers to help build the action
- Fully customize the sites content and style
- Run direct barter and mixed offers
- Name your currency
- Issue lines of credit
- Send Invoices

Barter Exchange Management Software



Setup your barter/trade website

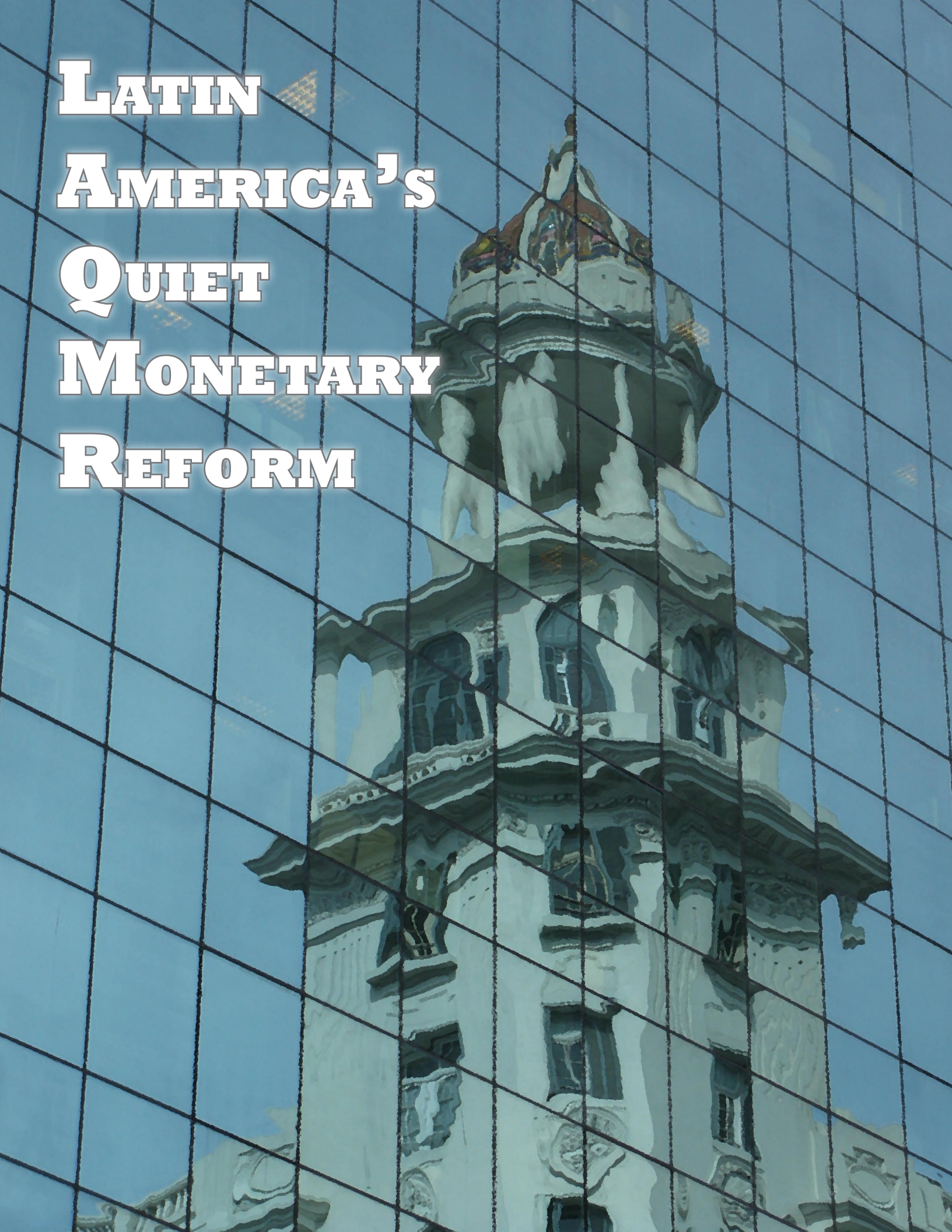
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<http://www.curomuto.com>

**LATIN
AMERICA'S
QUIET
MONETARY
REFORM**



INFORMATION EXTRACTED FROM ARTICLES
PUBLISHED IN URUGUAY, APRIL 2009

The Executive Power prepares details for a new system of payment which will be adopted to stimulate micro and small businesses.

In two months, the government will release a new way of payment, a transaction network, which will allow micro and small business to interact among themselves, through a new alternative currency, and at the same time to face their obligations with the State.

This was announced recently by the Minister of Work, Eduardo Bonomi, during his participation in the talk "International Crisis and Uruguay 2009", organized by Montevideo City Council.

Minister Bonomi said that the development of this new system is the result of working together with the Ministries of Work, Economy, Industry and Energy, and with other governmental organisms, as well as state banks and state insurances and city councils of Montevideo and Canelones. Moreover, state companies will take part in this new system as well.

"This new network of transactions will allow small and medium businesses access to credit through an alternative currency, but it will be exchangeable throughout the whole country, where they will be able to pay for petrol, taxes and it will be redeemable into money", he confirmed. Nevertheless, he made it clear, that this project is about giving support to the production and it's not a credit for consuming. "Next week I'll have a talk with the Mayor of San Jose (neighbour city), so that he enters the whole metropolitan area to the system. The idea is that city council providers can also trade through this currency", said Bonomi. In a first stage, this system would include just micro, small and medium businesses, but in the future it could also absorb privates to the network.

This initiative counts with the support of the ILO, IADB (Inter-American Development Bank) and the General Inter-American Secretary. This project aroused a lot of interest among the region countries such as Argentina, Bolivia, Ecuador and Venezuela, which means that in the future inter-regional transactions may be possible.

MECHANISM

All over the world similar systems already exist. In this case, the different element is that the administrator will be the State. It works as a network of payments through electronic debits and credits. To join the system the companies must request approval of the State Bank. From there on, the company will be assigned an account in the system. This company will be able to order the payment from its account to be credited in favour of a state organism or a private member of the network. Accounts will be balanced periodically and participants advised of their trading position.

This amount will be redeemable into national currency or used to pay for petrol or taxes. Bonomi said that this idea was presented to the National Association of Micro and Small business and to the Uruguayan Confederation of Cooperative Entities and other cooperatives, arousing great interest among them.

IMPLEMENTATION

The development of the network doesn't create any costs for the country, since it was originated in cooperation with the STRO Foundation from Holland, which supplies the network model, known as C3 (Consume and commerce circuit). The name for the virtual money circulating through this payment scheme is called "internal liquidity", although the technicians working on its development adopted a more native denomination: "charrua" (name of the Indians, that inhabited Uruguay before the colonisation, and who were completely exterminated, therefore it is ironic that the Uruguayans are called like that even nowadays, and more that this name it's used as a icon of local identity)*.

However, in Uruguay STRO chose a new approach, which might also work out well for other C3s. Small businesses cannot obtain the same payment guarantees that large businesses receive. C3 Uruguay is going to work with a guarantee fund that will assure small businesses of payment on delivery in internal C3 money. In such case these small businesses do not have to wait for months until they receive payment and are therefore able to maintain their stock level. In the capital Montevideo, where over a half of the Uruguayan population lives, the same method of payment on delivery in internal C3 units to small businesses will be followed.

For STRO this new C3 approach is a fascinating experiment, because large partners have joined in.

We therefore hope to gain more insight in what a C3 business network can do with a complementary currency in a poor country.

ACCESS TO THE CREDIT

Operations would be 100% guaranteed and the system will allow access to low cost credit -around 10 to 12% to small business that aren't currently covered by the traditional banking system. This will also improve competitiveness of this economic unit and its formalization will be stimulated, reducing administrative and transactions costs at the same time. This network won't create inflation dilemmas, since the financing will be channelled towards production, which will broaden the supply of goods and services.

NATIONAL SYSTEM OF GUARANTIES

A guaranty fund of 5 Million US\$ is planned to be established as the initial capital to stimulate the credit for small businesses. (What backs this fund?)

Interesting information about Uruguay's current financial situation

Mario Bergara, President of the Central Bank pointed out that: "the main message from the finance system is one of tranquillity, since it is dealing with levels of solvency and liquidity unknown for the last six years. The liquidity level of the system is currently

60% of deposits, while in the worst financial crisis in our history the withdrawal of money reached 47% of total deposits.

Moreover, in contrast to the 2002 crisis, where the foreign deposits were 42% of total deposits, nowadays this amounts to 18%. The Argentinean deposits among these went from 40% to 16% in the same period.

Source:

<http://taoofmoney.wordpress.com/2009/05/27/latin-americas-quiet-monetary-reform/>



How Can Local Businesses Benefit From a Regional Currency?

Written by Paul Glover and published December 1991 in Ithaca Money.

During economic recessions and times of high energy costs, workers are less able to support local business with purchases. Even business owners and professionals spend less. Community currencies help local residents who cannot earn enough dollars to earn local money instead. While dollars may be scarce, the amount of local currency is designed to meet locally determined laws of supply and demand, thereby expanding local economic activity. Your potential customers may have few dollars to spend, but we're creating opportunities for them to earn "community dollars" by providing services such as tutoring, dog walking, home repairs, catering, plant care, and other tasks for which there is strong local demand.

Businesses may begin accepting community currency experimentally. First, they may start by setting a maximum of community dollars they're willing to hold at any one time. For instance, some businesses may accept a maximum of a \$2.00 equivalent on any purchase in local currency. As local money becomes accepted in more places, businesses might opt to expand the amounts they'll accept for each purchase.

Merchants expand their income by accepting community currency during slow days/times. Bowling allies and other facilities that are empty on weekdays or mornings can accept community dollars during specified hours. Plays and concerts can fill more seats by allowing half price or full price to be paid with local currency. Health clubs, dance studios, and movie theaters also may fill unused space/time with customers who might not otherwise spend dollars there. Slow goods can be moved faster when sold as community currency special.

Higher priced professionals can build a client base. Lawyers, doctors, chiropractors, carpenters, plumbers, massage therapists, and others can keep regular clients and find new ones among those who can afford to pay in community currency but not U.S. dollars.

Some employees will accept local currency as pay. While workers must be paid at least a minimum wage in U.S. dollars, additional compensation in local currency as fringe benefits can be made by agreement posted at the workplace. Such wages are not subject to withholding and in some cases are tax-exempt (IRS Reg. [1322.01 § 1.132-1]).

Businesses can apply for community currency loans, according to policy being created by network participants. Community currency can be used to pay business expenses such as wages, inventory, repairs/ contractors, or rent. They can be paid back in community currency.

The bottom line is that when you accept community currency, you encourage the "Buy local" movement, which keeps more money here, both dollars and community money, where it can buy what you sell. You're helping to expand trade in our region, fueling a strong economy and a rich community.

<http://michianacurrency.wordpress.com/local-businesses/>

<http://www.paulglover.org>

Residents of the Michiana area are working to revitalize the downtown areas in South Bend and nearby towns and to enrich community life in our region by developing a "community currency" to serve this region. By placing value on local goods and services, community currencies can give our cities more control over our choices of jobs and the quality of life in our community. Contact us to find out how you can help make this initiative work in our region.

Community Division Organizer - Common Good Banks™

Common Good Finance is looking for experienced community organizers to start common good bank Community Divisions anywhere in the world. Each organizer takes on a list of well-defined tasks, to set up a community division in his or her own town or region, full or part time over the course of a month or two, with materials and support provided. Successful organizers will likely be invited to continue this work in nearby communities. \$10 an hour and up.



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For More Information or To Apply:

[commongoodbank.com / job](http://commongoodbank.com/job)



THE BENEFITS OF EATING LOCALLY

by Heather Duchscher

Simple-Green-Frugal

<http://simple-green-frugal.blogspot.com/>

At one time or another, you've probably heard someone use the term "locavore." In fact, it was Oxford Dictionary's 2007 Word of the Year. If you haven't, here's the scoop: A locavore is simply someone who eats locally produced foods. Why would anyone want to do that, when the big-box grocery just down the street has a little of anything we've ever desired, available year-round?

The Benefits of Eating Locally

The advantages of eating locally are many. I'll touch on a few here:



- **Food Miles** - Did you know that most food travels an average of 1500 miles from where it is grown to our plates? I recently visited my mother-in-law in central California where avocados, one of my favorite foods, is available locally-produced, year-round. Yet, if you shop in the big-box grocery store right there in near her house, the avocados are labeled "product of Mexico." That just seems ridiculous to me. And with food prices soaring because of the unstable price of gas, wouldn't it be nice to introduce a little sanity to our diets. Want to help decrease our dependence on oil? Eat local!
- **Knowledge is Power** - The current infrastructure of the food system is so vast and complicated there's no way to know where your food originates. Think about the Summer 2008 tomato scare. How many months did it take the government to narrow down the source of those tomatoes? Too long, and even then, is anyone really sure? Knowledge is power. When we buy local produce, we have the opportunity to speak face-to-face with the farmers growing our food, we can encourage organic farming practices, and in many cases even visit the very farms that nourish us. Want to know where your food originates? Eat local!
- **Tastes Better and It's Better for You** - Food grown on small, local farms reaches your table faster, which means it was picked at its peak (often the day you purchase it). This means that not only does it taste better, but it's still packed full of nutrients, so it's better for you too! Want high quality, nutritionally dense food that tastes great too? Eat local!
- **Better for the Environment** - Small local farms generally practice crop rotation (nutritionally diverse plants occupy the same growing space in different seasons - tomatoes in summer, perhaps peas in winter) which creates a more rich, nutrient-dense soil. And those same small, local farms, generally follow more organic farming practices than larger corporate farms. That means less chemical pesticides and fertilizers in our soil, in our water, and in our bodies. Looking for a cleaner, healthier environment? Eat local!
- **Better for the Community** - A number of research studies have shown that of every \$100 spent at a locally owned business, \$45 comes back into the community. That's compared to only a \$14 return when we shop at a big-box store. With the economy in a slump, we're all holding on to our pocketbooks just a little bit tighter. It couldn't be a better time to support our local farmers and businesses, our friends and family, and our community by buying local (and don't forget, it's better for our bodies too)! Want a healthy and vibrant community? Eat local!

So what are we waiting for? Local is the certainly the way to go. It's better for our bodies; it's better for our environment; and it's better for our communities.

Interested in eating local? Find out where to start in "A How To Guide to Eating Locally." In the meantime, happy (and mindful) Eating! <http://simple-green-frugal.blogspot.com/2009/01/how-to-guide-to-eating-locally.html>



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WIR/COOPERATIVE CREDIT AND EXCHANGE

From Susan Witt, Sarah Hearn & Stefan Apse
E. F. Schumacher Society
<http://www.smallisbeautiful.org>

Erick B. Hansch was a colleague of Robert Swann and Ralph Borsodi at the International Independence Institute. One of the projects of the Institute was the launch of a currency called "The Constant" in Exeter, New Hampshire in 1972. Borsodi, an economist, was in his 90's at the time and decided to issue the currency as a one year experiment to prove it could be done, rather than just writing another book on the subject.

The Constants were issued by a bank in Exeter and were valued according to a weighted basket of commodities. The intent was to demonstrate how to issue a currency that would not deflate but which instead held "constant" buying potential.

The Institute was also the vehicle for launching the community land trust movement in this country. Erick Hansch was one of the authors with Bob Swann and Ted Webster of "The Community Land Trust: a Guide to a New System of Land Tenure in America" published in 1972, the complete text of which is available online: http://www.smallisbeautiful.org/clts/clt_book.html

In 1974 the Institute hosted E. F. Schumacher's historic trip to this country. Swann and Schumacher formed a close alliance as a result.

Erick Hansch, Ralph Borsodi, and Fritz Schumacher all died within a month of each other in 1977. Bob Swann continued working with the ideas of his friends and mentors and in 1980 founded the E. F. Schumacher Society in Great Barrington, Massachusetts which has been a leader in the study and application of local currencies and community land trusts. The Schumacher Society's current work with BerkShares local currency (<http://www.berkshares.org>) has grown from this long tradition of economic scholarship and innovative practice.

Erick Hansch had a gift for languages. In addition to English he spoke Chinese, German, and Spanish. In anticipation of the launch of the Constant, he traveled to Basel, Switzerland to study the WIR currency program (<http://www.wir.ch>) that has been in circulation in parallel to the Swiss Franc since the

1930s. His unfinished typed report is in the archives of the E. F. Schumacher Library. Thanks to the good work of volunteers, it has been entered into electronic format and is available in full at the Society's website: http://www.smallisbeautiful.org/local_currencies/wir_hansch.html

This post originally appeared on the E. F. Schumacher Society. For more excellent information on community currency please see their blog and grab the feed.
<http://efssociety.blogspot.com/2009/05/wircooperative-credit-and-exchange.html>

###

TANNERY BUCKS: NEWBURYPORT, MASSACHUSETTS JUMPS ON THE LOCAL CURRENCY BANDWAGON

The Tannery Mall, Farmers Market and even some local Newburyport stores are all in agreement that local currency works! The organizers of the Newburyport Farmer's Market have come up with a local currency incentive for shoppers which they believe will keep dollars circulating in their area. As a part of their buy local program the Tannery owner and farmer's market organizer are now issuing Tannery Bucks.

- **Made by Newburyport Farmers Market**
- **Worth \$1 toward purchase at Tannery Mall or Farmers Market**
- **Free with purchase at Farmers Market; Pedicab ride**

Newburyport already has a transition network (<http://transitionmassachusetts.ning.com/group/newburyport>) so the idea of local bucks is much more than just a novelty for this community. The only denomination currently being printed is the \$1 Tannery Buck and that works just like a one dollar US bill. This local money can now be used towards purchases in Tannery stores or at the market. Organizers say that each season the bucks will feature a new picture of local interest.

6,000 bills have been printed to get things started and these will be given out with each purchase made at the Farmer's Market, opening on June 14 at the Tannery, on Water Street. Organizers hope that a much larger citywide program will emerge.

ADVANTAGES OF BARTER CURRENCY



<http://sites.google.com/site/bartercoins/>

Silver-Based Currency

- Has intrinsic value – can be used as a store of value
- Cannot be destroyed like paper money
- Monetizes silver
- Silver content has many other uses (disinfection, etc.)

Currency Has No Face Value

- True value of coin determined by people themselves in bartering exchanges
- Only quantity (½-oz), quality (.999 fine) and content (silver) is stated
- Not pegged to the dollar – if dollar self-destructs, bartering currency will still live
- Contains no “\$” sign or “dollar” word – cannot be mistaken for gov money (no counterfeiting issues)
- Encourages the pricing of business inventory in ounces of silver, not in dollars – this monetizes silver
- Reduces production costs - no need to re-mint new coins when silver values changes

Non-Government Barter Currency

- Government cannot control currency – no government interference
- Government cannot change face value of currency
- Government cannot inflate currency
- Government cannot deflate currency
- Government cannot stop people from using currency
- Looks nothing like gov. currency – is outside of the jurisdiction of anti-counterfeiting arm of government
- Is completely private and voluntary, not forced on the people like government money

Protects Against Inflation

- As dollar inflates (devalues), value of bartering currency increases – buys the same amount no matter what happens to dollar

People Control Every Aspect of Currency

- Value is determined by people themselves in bartering exchanges
- People determine amount of currency in circulation – anyone can strike coins, as many or as little as they want
- Anyone can freely distribute coins – decentralized distribution
- Any business can legally and voluntarily accept coins – bartering is legal – or give them out as change
- Is completely voluntary – bartering currency cannot be forced upon anyone

Acts As A Community Currency

- Can be used to insulate communities from State-wide, national, or world-wide effects of deflation or inflation
- Banks won't accept it for deposit – they can't remove currency from community
- Stays in local circulation, favoring local businesses
- Encourages circulation as money – worth more as bartering money than value of silver content

Has No Year Date

- Will not be hoarded for numismatic purposes
- Requires no yearly remaking of dies to change date, reducing production costs
- Functions as money, not as collector's item that artificially increases worth

Easy Accounting Currency

- Easy accounting – (½-oz on obverse, .50 Troy on reverse)
- Can be used to price business inventory using decimal system, e.g. an item priced "3.50 S" means 3 and ½ troy ounces of silver

For more information on creating your own local barter currency, there is a fantastic web site here with all the details. <http://sites.google.com/site/bartercoins/>

The history of how these particular barter tokens came into existence is a genuinely impressive story. If you would like me to share the information you will need to email me direct. editor@ccmag.net

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SEEDS OF CHANGE

COMPLEMENTARY CURRENCIES ARE USHERING IN A VIBRANT LOCAL ECONOMY

by Carl Frankel and illustrations by Jason Cring
The article originally appeared in Chronogram
<http://www.chronogram.com>
May 26, 2009

These are, to put it gently, unsettling times. A triple whammy confronts us: climate change, peak oil, and a global economy in a possible death spiral. With things spinning so badly out of control, it's easy to feel daunted.

A century ago, the poet William Butler Yeats described chaos's onset this way: "The center cannot hold." While his words still resonate, they don't quite capture the current crisis, whose cause lies precisely in this: The global economy has no center. It's a system in which capital sloshes from money center to tax haven, and corporations, in the words of writer David Ehrenfeld, are "everywhere and nowhere." The result: From the Hudson Valley to Hong Kong, people are plugged into an economic matrix that has no face and is indifferent to yours. Talk about your primal helplessness! Here we are, attached to the same global teat, the milk is slowing to a trickle, and Mama's on crank and doesn't care.

Is it end-game time? Yes, if we're referring to the era of plentiful, cheap oil. But don't assume a high-tech Dark Ages is upon us. Out of the rubble of the old, a new, postglobal economic arrangement is emerging. This is bracing in and of itself, and there's more good news chugging along behind it. Though still very early-stage, this transformation is picking up momentum rapidly, and it has the potential to deliver deep renewal, not just marginal survival. Raise your hands if you prefer community to consumerism, empowerment to infantilization, autonomy to anonymity! I thought so.

The seeds of this next economy are sprouting in the Hudson Valley and a thousand other places, too. Though the particulars vary from region to region, the underlying principles are the same. Focus on local—local businesses, local agriculture, and local energy. Bring heart into the economy by strengthening the

networks of connection among people. Do it on a grassroots level—people power!—and do it structurally, through institutions that keep the local system thriving and resilient.

TIME = MONEY

One such institution is the Time Bank. The concept, which was invented by lawyer Edgar Cahn close to three decades ago, is as simple as it is innovative. People volunteer their time, but instead of just giving, they also receive. For every hour of service they provide, they get an hour back. Throw a couple hundred people with a wide variety of skills into the pot, and you can get anything you want at the Time Bank restaurant, maybe including Alice.

For Woodstock resident Kristine Fiones, the Time Bank was love at first listen. She first heard about the concept in late 2006 at a Newburgh presentation by Edgar Cahn. "I had an instant connection with what I heard," she says. "Time Banks offer a paradigm shift to a different, heart-based way of living. They can take us beyond our scarcity-based money system to a culture of abundance, sustainability and, dare I say it, happiness."

Fiones was so taken by the concept that she decided to launch a Time Bank in her hometown. The rest, as they say, is history. In the roughly two years since its founding, the Woodstock Time Bank has blossomed into a thriving and rapidly-growing community of over 200 members. "We're one of the wunderkinds of the Time Bank world," says Fiones.

Woodstock resident Harriet Kazansky speaks glowingly of the Time Bank. She has tapped into it to have (deep breath, now!) the outside of her house stained, her new kitchen plumbed, electrical work performed, rooms painted, gardening done, furniture moved, fixtures hung, a skylight repaired, and an outside water spigot installed. "Pretty much anything you can imagine, I've used the Time Bank for," says Kazansky.

Heidi Washburn is another booster. A year ago, a significant birthday was approaching for the Bearsville resident. Her daughter kept pushing her to throw a big party, but it felt like too much work. Then a light went off: the Time Bank! Volunteers prepared the house—no small matter, by Washburn's account—and cooked for and photographed the event. A nonevent became a grand success.

In addition to networking volunteers, Time Banks build community. The Woodstock Time Bank hosts regular social events, and what's more, participating in an

informal “gift economy” has its own special magic. Reports Washburn, “Volunteers helped out with my birthday party with a wonderful, generous spirit you rarely get when you’re simply hiring people.”

Time Banks are also a great resource for nonprofits. This is because charitable organizations often rely on volunteers—more so than ever during these cash-strapped times—and it’s much easier to recruit people when they know they’ll get something back, even if it’s not a paycheck. Family of Woodstock is one of several nonprofits that are partnering with the Woodstock Time Bank. “It’s been a very positive experience,” says Family’s Jess Robie.

In their own quiet way, Time Banks are powerfully subversive. Culturally we are steeped in hierarchy. Brain surgeons earn more than plumbers who earn more than house cleaners. We tend to view this as a law of nature, but it’s not. It’s a social custom that’s gotten embedded in our heads, and it can be dislodged where there’s a will and a way. Time Banks value hours equally, whether you’re snaking a drain or saving a brain. They’re the Great Flattener. In fact, they’re almost, dare I say it, socialist!

But what about the IRS, you ask? Aren’t these transactions taxable? The surprising answer is: no. Because volunteers aren’t guaranteed a quid for their quo, timebanking transactions are no more taxable than your usual one-way volunteering.

Technically, timebanking is what is known as a “complementary currency.” This is because, like the currency we all know called the dollar, it’s a medium of exchange. But it isn’t only hours that can stand in for Treasury issue. Local forms of money can, too. This is perfectly legal, and it’s been happening for a long time. In Wörgl, Austria, in 1932, the city issued scrip that had a sort of financial entropy built into it: it became less valuable over time. Because people didn’t want to pay what amounted to a hoarding fee, the scrip circulated rapidly. The result, during the height of the Great Depression, was a surge in employment and the completion of local government projects such as new houses, a reservoir, a ski jump, and a bridge.

FAIR SHARES

Complementary financial currencies like the Wörgl scrip generate local economic resiliency because they decouple the communities they serve from the global economy: They release them, so to speak, from the global teat. If a currency isn’t accepted in Bentonville, Arkansas—which just happens to be where Wal-Mart

is headquartered—the company will shun it.

About 2,500 local currencies are currently in use worldwide. A compelling nearby example can be found in Great Barrington, Massachusetts, where people can swap dollars for BerkShares at five local banks. For every 95 US dollars, they get 100 BerkShares, giving them a built-in financial incentive to go local. Since their launch in mid-2006, \$2.4 million in BerkShares have circulated through the community. Some 375 businesses, from acupuncturists to wineries, accept the currency.

At this point, BerkShares are used by 10–15 percent of the greater Great Barrington population. Higher participation would be better. “We underestimated the extent to which a full-fledged educational campaign would be necessary,” says Sarah Hearn, the office manager for the Great Barrington-based E. F. Schumacher Society, the organization behind the endeavor.

The long-term goal is for BerkShares to take root through the Berkshire mountain area that inspired their name. “The greater Great Barrington area has a population of 19,000. Our total target area has 139,000 residents,” Hearn says. “We already have 20 businesses in Pittsfield and are looking for more.”

The Schumacher Society’s ambitions extend beyond the region. According to Hearn, the organization hopes to “expand the currency nationwide, as a model to be replicated by communities everywhere.”

When that happens—and we’re into long-term visioning now—additional programs will be tacked onto the initiative. One example: the currency, says Hearn, “will be issued as productive loans to new or expanding import-replacing industries.”

Getting BerkShares launched has had its challenges. Start-up costs have been considerable, creating an ongoing need to drum up foundation support. To a significant degree, reports Hearn, this is because the Schumacher Society “is conducting research and development into best practices and procedures, so other communities can take these steps more easily and affordably.”

The number of BerkShares in circulation has tailed off lately due to the economic downturn. Hearn remains optimistic, though. “Interest has been spiking in the concept.”

Indeed it has, and in Time Banks, too. Local currency initiatives are underway in Rhinebeck, where the currency is called Rhinebucks, and in Kingston, where Uptown resident Sean Griffin is putting together plans for a Hudson Valley-wide currency called the Hudson Valley Current. (Clever names seem to be de rigueur). Time Banks are in development in the Red Hook/Rhinebeck area and Great Barrington.

Why this flurry of activity? For one thing, it's part of the natural flow of things. These concepts have been around for a while; it takes time for them to travel from the margin to the mainstream. This evolutionary process is being aided and abetted by the current economic implosion, which is transforming perceptions—what once seemed radical now seems practical and necessary—and lighting a fire under creative economic alternatives.

So pause for a moment, if you will, and imagine what it would be like to live in a Hudson Valley with its own robust and resilient economy. It would still be connected to the world beyond—the global village isn't going away—but we'd all be leaning on one another more (cue the Rolling Stones) instead of scrabbling to get to the shriveling global teat. Lots of us would be using a local currency and giving (and getting) at the Time Bank.

BANKING ON IT

The resilient local economy of the future would receive additional bolstering from institutions that haven't made it to the Hudson Valley yet. Imagine a financial institution that takes the locally owned bank concept

one step further by providing innovative services like free local credit-card processing for local businesses and microloans for new businesses and community projects—and that also dedicates all profits to schools and other nonprofits. If you find this hard to do, then wait a bit. If Kingston resident Sean Griffin has his way, a Common Good Bank designed along precisely these lines will be available to local residents before the year's end.

Of course, there's still the wee challenge of getting from where we are now to the vibrant local economy of our imagination. How to do it? First: Keep the faith. This promised transformation is getting more real by the day. Second: Make it happen. If we're going to be weaned from the global teat, the only people who can do it are... that's right, us. Nothing comes for free. Empowerment and autonomy bear a price: responsibility.

Is this a burden? A little, maybe. But it's also an opportunity, and an upbeat one at that. Creating a resilient local economy isn't a dour, solitary, Sisyphean exercise. It's about working alongside our friends and neighbors to create a better future. It's about connecting more, and better.

Sounds like fun to me.

For more information

Woodstock Time Bank

<http://www.timebanks.org>

BerkShares

<http://www.berkshares.org>

Common Good Bank

<http://www.commongoodbank.com>

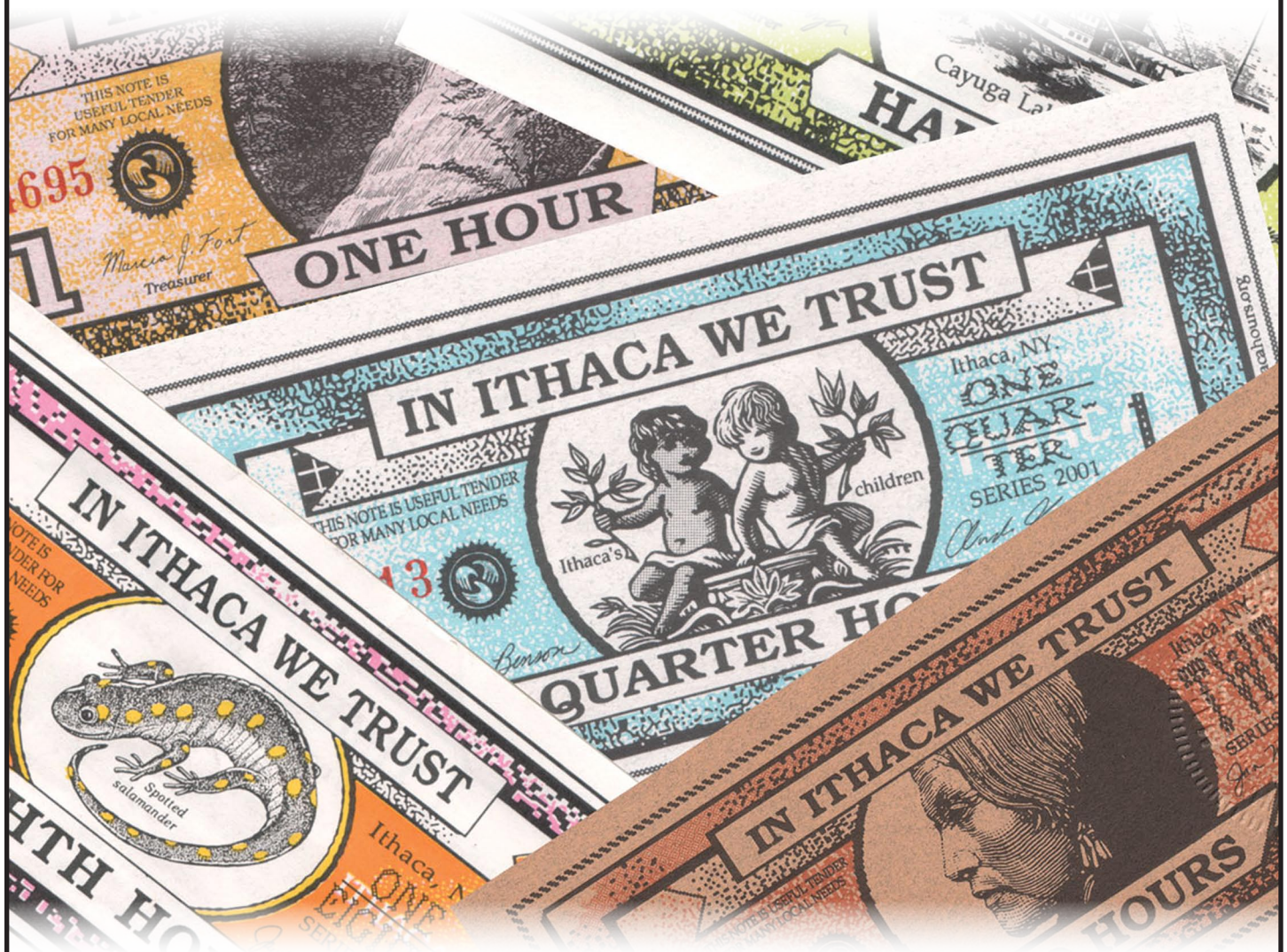
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GERMAN LOCAL CURRENCIES

BYPASS EURO

by Ed Morrissey

The conversion of Europe to the multinational Euro currency appears to have created a black market in local currencies, at least in Germany. Carlos, Urstromtalers, Kann Wasses, and Nahgolds have pushed out the continental standard in twenty-two areas of Germany as a form of barter, and thirty-one more may follow:

The system works like this. Pietsch uses Urstromtaler to pay for her purchases at, say, the health food shop. Its owners then use the same bills to pay the local cheese-makers, who pass those same bills along to the carpenter who repaired their goat stable. The ideal scenario is that a closed loop develops, boosting the regional economy and preventing money from being drained from the area.

Twenty-two such regional currencies are already in use in Germany, and 31 more are in preparation. They're called "Kann Was" ("Can Do"), "Nahgold" ("Near Gold"), "Carlo" or "Volmetaler" -- and their transactions are eligible for tax just like euros. Frank Jansky -- who also directs Regiogeld, the umbrella association for the currencies -- was even recently visited by a BBC reporter who asked him to explain Germany's wondrous proliferation of currencies.

The "Chiemgauer" currency (named for the Bavarian region of Chiemgau) is the most successful to date. The project was started by Christian Gelleri, a Waldorf school teacher, and six of his students in Bavaria in 2002. The regional currency's annual turnover climbed to an impressive €1.5 million (\$2 million) last year. About 90,000 Chiemgauers are currently in circulation. Unlike the Urstromtalers, they can be converted back into euro for a fee. "Our currency circulates three times more rapidly than the euro," says Gelleri. But in order to achieve this, the system puts pressures on currency holders to spend: The Chiemgauer loses two percent of its value every three months and has to be "topped up" by purchasing a coupon.

In its way, this proves the theorem of America's founders. People want control over their government as close as possible. The farther power moves from

the people, the more the people agitate to return it.

Currency policy has always been tied to sovereignty, until the European Union experiment with a shared currency. Monetary policy now transcends national sovereignty, and individuals within the EU have less power to demand change. Some will benefit from this union of interests, with Ireland being one of the biggest winners of the process. Some, however, will find themselves shortchanged, or perceive that they have lost -- and will take action to correct the situation.

Barter guilds exist here in the US, too, but they generally don't issue their own currency. American law prevents it, and it would be difficult to see why anyone would want to trade the US dollar for homemade scrip. The push to develop local currencies shows a decline of confidence in the euro as well as a rejection of the trade policies of the EU. It creates, as Der Spiegel notes, a closed economic system that discourages outside trade in all forms. That might work in small, isolated communities where the global economy has had a detrimental effect, but only for a short period; it practically guarantees that global investment will continue to bypass them.

As Der Spiegel points out, scrip usually costs the consumer more than trade in the official currency. The Cheimgauer, which is one of the few with an "official" exchange policy for the euro, winds up costing its holders an additional 15% in deflation and fees for its use. Ironically, the man behind the Cheimgauer puts these proceeds into svaings accounts, which flies in the face of the stated goal of the local currency movement -- to keep circulation high and force people to spend their scrip.

German politicians and other European leaders should consider the message these regional currencies communicate. Their constituencies have seen little benefit from surrendering control of their monetary policies to a supra-national bureaucracy that mostly is irrelevant to their local needs.

Sources:

<http://www.captainsquartersblog.com/mt/cq082307.cgi/9336>

<http://www.spiegel.de/international/spiegel/0,1518,469875,00.html>

These articles originally appeared in March of 2007. It's now clear that a failing global economy can really change a population's opinion of local currency.

KILOWATT CARDS

Scrip Backed By Electricity

Kilowatt Cards are gift cards that can be redeemed to pay for 10 kilowatt-hours of electricity in any residential utility account, almost anywhere in the world. Electricity companies don't accept them - they are redeemed through <http://www.kilowattcards.com> and payment is sent directly to the power companies at the rate they normally charge home customers for the same amount of electricity, including taxes and fees. These gift cards are supported by the non-profit Kilowatt-Hour Card Corporation (KHCC).

Because energy is needed to produce or to use all goods and services today "The ability to consume electricity" is a meaningful definition of wealth. While some people want gold and silver, everybody wants light, heat or transportation. Kilowatt Cards show that paper notes can be redeemed for something useful. But we do not produce or deliver the electricity; we only pay for it with national currencies, supported by investments.

One purpose of Kilowatt Cards is to promote stable commerce and reduce the boom-bust financial cycle, by letting people save and lend their wealth in a form which cannot be diminished by currency inflation. If electricity cards stay redeemable at face value they cannot lose barter value as energy. A kilowatt-hour of electricity is a physical constant, like a kilogram of pure water, one can judge intuitively what it is worth. The net result is a medium-of-exchange having objective value that is not easily debased by inflation.

Traditional currencies have the attributes of being: (i) portable, (ii) difficult to counterfeit, (iii) limited in supply, (iv) non-perishable, and (v) easy to recognize. While electricity itself meets none of these criteria, electrical capacity meets criteria (ii) to (v), while paper cards representing payments for electricity supply attribute (i).

Kilowatt Cards are gift cards not currency, but since they will pay for anyone's electricity, they are useful to barter for other things - and as a store of value - worth a fixed amount of energy regardless of electricity prices. They have fixed value because 10 kilowatt-hours is a physical constant - a standard amount of work (in the scientific sense) that one can evaluate intuitively: 10 kWh = 10,000 Watt-hours, enough energy to run a 100 Watt light bulb for 100 hours (exactly), and roughly

enough to drive a Toyota Prius 25 miles. The typical price for 10 kilowatt-hours is about US \$1 - \$3.

A HEDGE AGAINST INFLATION

The concepts of "price" and "value" seem equivalent, but that is not always true. For instance the price of food may be going up because the purchasing power of money is dropping, not because the value of food is rising. This shows why inflation is so dangerous: rising prices matter little to people with extra money, but impoverish those without it. If electricity gift cards stay redeemable at face value, then one cannot lose the savings to inflation (but one can, for example, save a stable asset that is less expensive than land).

The world's money supply grows at least 15% annually. That new cash buys political influence and assets every year, at essentially no cost. And it causes inflation. One reason that labor is politically weak is the economic disadvantage that comes from earning money through labor alone compared to creating it by fiat.

Economist Joseph Stiglitz has spoken about past failures of the gold standard and the coming failure of the "dollar standard," predicting that all national currencies will eventually fail due to inflation, and be replaced by private currencies from competing companies, backed by gold and their reputations.

However, electricity offers a unique alternative. It is a standard and pure product (e.g., 120V, 60 Hz; U.S.) that is widely used by individuals. But it need not be owned, produced or delivered by the gift card system itself, as we demonstrate.

While the price of electricity is not stable, its value as a source of light, heat and motion is very stable to people. Unlike gold, electricity does "work." Its value is objective because kilowatt-hours can be expressed in terms of light, heat, motion or fuel, by the conservation of energy principle (e.g., 10 kWh = 34120 BTU). For examples: reading at night, or traveling by train, use about the same amount of electricity every time. So no matter what its price in money, a fixed amount of electricity has about the same value to individuals. Assets should have value to other people.

If kilowatt-hour notes were registered for sale as securities they might be exchanged for national currencies. However, at present we only barter them for tangible items that hold value in a crisis, such as firewood and food grains. These assets are held until

needed to pay for electricity. We safeguard the value of Kilowatt Cards by issuing them in exchange for visible assets (that embody labor and energy) so that something more real than a fiat currency is involved in their creation.

During storage the assets need not be static. A portion can be sold (at retail prices) and replaced (at wholesale prices) generating income to support the system itself, while preserving the asset base at a steady state. Likewise, land can be owned and rented without diminishing its value. Thus Kilowatt Cards represent collective ownership of the underlying assets but in liquid form.

Kilowatt Cards may also be viewed as a type of insurance product. Instead of pooling money to guard against physical losses, we can pool tangible goods to guard against currency losses. This approach to hedging may outperform trading between currencies because they all devalue together (more or less) and currency traders often lose. But as with any risk pool, it is important not to have too many claims at once. Circulating Kilowatt Cards are being redeemed at the rate of about 10% of the total per year. We expect this rate to rise to at least 20%, assuming the proportion of income used to buy energy rises to 20% some day.

Paper notes backed by gold fix the total number of notes in circulation (because the amount of gold in a system is finite) but not their worth, since the barter value of gold is subjective and variable. In contrast, the electricity standard fixes the worth of each note (as a physical constant) but not the total number in circulation, since competing systems may coexist, each offering to pay for the same electricity with its own assets.

COUNTERFEIT CARDS EASILY FOILED

Kilowatt Cards are printed on plain paper but cannot be effectively copied because value resides in both the six-digit serial number and the coupon together. One can prove that a card is real (and active) by authenticating it at www.kilowattcards.com in a process that alters the serial number. If it is active, two new digits will be returned that should be written on the card by hand, forming the end of a new six-digit serial number (as the first two digits are cancelled). Thus, nobody holding a Kilowatt Card can use copies of it, since every copy will have a cancelled serial number after any one of them has been authenticated. In this way plain paper can be traded widely, yet proven unique by anyone (with access to the internet) before accepting it. No need for special printing methods - just a secure web server.

The six-digit serial numbers are printed on blank Kilowatt Cards (i.e., un-numbered card images) using a desktop printer. Because the serial numbers are generated from our database remotely, the un-numbered cards may be shipped safely and then activated with a printer. They can also be wired electronically by bringing them to an agent who deactivates them while authorising an equal number of replacement cards be issued at the destination, for pick up.

PORTABLE WEALTH IN AN UNSTABLE WORLD

While any electric company might issue its own kilowatt-hour notes, the chances for a system failure due to war and fuel shortages are high. In contrast, delocalized systems like Kilowatt Cards transform such physical risks into financial risks, which can be analyzed. And because delocalized redemptions are independent of any given electric company, Kilowatt Cards work as a stateless medium-of-exchange.

Rising and falling oil prices have little effect on the barter value of Kilowatt Cards. Look at your own electricity bills. The cost per kilowatt-hour (including taxes and fees) did not rise as oil went to \$150/bbl, and did not fall as it dropped below \$50/bbl. But one's personal cost for electricity is not how to value tradeable kilowatt-hours anyway.

W10 Kilowatt Cards are probably worth about \$3.00 in cash because that is just below the relatively high price (\$3.50/10 kWh) charged by power companies for electricity in many populated areas (e.g., Maine, Alaska, Puerto Rico and the Dominican Republic) where Kilowatt Cards can be redeemed. The fact that electricity costs less elsewhere is relevant, but not very. To see why, imagine having a used Toyota for sale in Detroit, where Japanese cars are unpopular. If the national price for that car were \$10,000, but your top offer in Detroit was \$5,000, it would not mean that the car was worth only \$5,000. Instead it would be worth \$10,000 minus your personal cost to move and sell it elsewhere, perhaps \$9,500.

Kilowatt Cards presently pays up to \$3.50 for W10 redemptions because about 90% of those who buy electricity pay \$3.50/10 kWh or less. By reference to the top redemption price, anyone may discount the cash value of kilowatt-hours considering the local price of electricity and their own ability to trade the cards elsewhere. And Kilowatt Cards probably have some value even in places without electricity, if they might someday be traded to a person on the grid.

If the price of electricity were to climb very high then electricity gift cards would become more precious, but the effects that that might have on the system are difficult to predict. For instance, would national currencies hold their values as usual (i.e., 2 - 15% annual inflation) or go into hyperinflation? Would electricity grids serve the developed world 24 x 7, or would we rely more on private generators to cope with unreliable power supplies? If so the premise of Kilowatt Cards might become unrealistic, and the wealthy wouldn't be living in total comfort any longer, but that's life.

COMPARE PRICES IN ENERGY UNITS

Two things to be gained by trading kilowatt-hours are: 1) a store of fixed value, and 2) a way to compare values without reference to any fiat currency. Three questions must be answered for a typical pricing calculation: a) What is the item worth? b) What is the money itself worth? and c) What is the buyer worth? (Since a wealthy buyer may carelessly overpay.) Using kilowatt-hours as the medium-of-exchange gives a clear answer to question b).

For instance, a lawyer billing \$300 per hour earns 15,000 hours of light per hour (at a typical rate of 20 cents/kWh and a 100 Watt bulb). Is that necessary to motivate good work? Not really but it happens - because electricity prices are low - and because the value of money is so abstract. The U.S. minimum wage is \$6.55/hour, paying about 325 hours of light per hour (from a single 100 Watt bulb at \$0.20/kWh). Some might say even that rate of pay is too high, but the point is that by expressing wages in terms of energy we might reestablish a link between compensation and the value in different types of work - a link that was lost somehow under Stiglitz's dollar standard.

As for good, the thermal energy in one gallon of gasoline is 36.6 kWh (U.S, no ethanol). If burned to make heat, the amount of energy actually released would be about 30 kWh (at 80% efficiency). The cost of electricity in Virginia is 11 cents per kWh, while in New York it is about 18 cents/kWh. So if the price of electricity is taken as the true cost of heat in those places, then gasoline should sell for \$3.30 to \$5.40 per gallon for its heat content alone. And the energy used to produce and distribute it (plus a profit) should be added. Yet gas is sold for less than \$3.00/gal in the United States, so it is apparently being dumped. While some people say that policy promotes high productivity, it also promotes waste. Pricing in kilowatt-hours may help us become more productive with energy by expressing its true

value.

Another example: if you had 500 paper kilowatt-hours in hand, you could call that about \$100 worth of electricity (in NY or CA) or, more meaningfully "about 3 weeks of electricity" (in the average house anywhere). Likewise a 4' x 4' x 4' stack of firewood (64 cubic feet) is worth about \$100, but is better described as "1/2 cord of wood; about 2 weeks of heat in winter" (in the average house anywhere).

Resource producers can benefit by exchanging their commodities for kilowatt-hours during down markets, rather than selling them at low prices. This is done by bartering with an organization like ours to create tradable kilowatt-hours and selling those instead, then stockpiling the goods as our agents. Because such transactions relate to energy inputs, the values in kilowatt-hours remain constant compared to cash and futures markets dominated by speculators with leverage. For instance, one cord of maple firewood contains about 750 kWh of energy, and so is worth at least 750 kWh in paper form, now and forever.

One cord of maple firewood (128 cubic feet) contains 750 kWh of energy and red oak has 720 kWh (white pine has only 460 kWh). The Kilowatt Cards system will barter 800 kWh for cords of maple and oak - a bit more than the energy content. While the tree itself is generally free, labor and fuel are needed to make it into firewood: about 6 hours to cut with a chainsaw, split into sticks, load on a truck, and stack upon delivery - plus 3 gallons of gas for the saw, oil for the gas, oil for the chain, and diesel for the truck. So one days' labor and supplies (plus a big tree) yields about one month of electricity for a typical home anytime, even years later, no matter what the inflation rate.

INFLATION PROTECTION LINKED TO FOOD, ENERGY PRODUCTION AND RENTS

Some may ask: How can Kilowatt Cards protect itself from inflation? Answer: The way others do, by saving goods and land, not cash. If money itself were to back the issuance of new Kilowatt Cards, it would have to be converted into wood, food stores, or land. Such assets would store value and could be liquidated as needed to pay for electricity anywhere in the world. Since prices for firewood and food tend to rise with energy prices, such commodity stores may even survive hyperinflation.

An important point to understand is that assets like wood are not static. They can be used as inventory for an ordinary business. One could sell seasoned wood (stored outside for 1- 10 years) at retail prices,

and replace it with green wood bought for money (not kilowatt-hours) at wholesale prices. The income from such operations could pay for storing the stockpile for the corporation. And wood might even be burned to produce electricity directly to generate income for electricity payments elsewhere.

Because high inflation compels all of us to invest for economic "growth" we get over-consumption as well, since businesses must convince more people to consume more products in order to grow. Electricity gift cards offer a store-of-value that may be saved without regard for growth, and so enhance economic stability.

In order to formalize the exchange of kilowatt-hours for money, or real estate, they must be registered as securites. Natural buyers would be 1) wealthy people hoping to preserve their fortunes, and 2) resource producers looking to sell for fair value even in a down market. Now that equities trade like penny stocks, bonds are all junk, real estate and commodity prices are distorted by inflating and collapsing leverage, the monetary systems are all controlled by counterfeiters, and the financial systems are laundering the money, What's a rich guy to do?

This system is still experimental. Eventually the bulk of its assets will probably be rental properties. Owners (whether individuals or banks) could trade houses for newly issued kilowatt-hours to become rental properties, run by independent managers paying fees that build reserves for electricity payments. The balance of the rents would go to pay the managers and to maintaining the housing. So, the users of capital (renters, managers) would have an interest in caring for the properties but no equity; while the owners of

the capital (kW Card holders) would have an interest in the assets generally but not in the housing business, or any particular property. If redemptions exceeded the reserves some assets would have to be sold, as rental properties.

Such owners could not expect growth from but merely preservation of their capital ("preservation" is not so easy to find lately) albeit in liquid form, i.e., negotiable kilowatt-hour notes. For example, by this route philanthropies can put their money to work (affordable housing) while retaining their wealth in liquid form.

VARIABLE ELECTRICITY PRICES AND FINANCIAL STABILITY

Because electricity is very costly in some places (e.g. Barrow, Alaska; \$11.70/10 kWh; ten times the U.S. average) one can theoretically buy circulating Kilowatt Cards in a low-cost area and sell them for more money in a high-cost area. Such arbitrage does work, but we limit the top redemption price to a world-average price for electricity, weighted by population. That way places with very high electricity rates, but small populations like rural Alaska, cannot threaten the financial stability of the system. Presently the top redemption rate is \$3.50/W10, so a great majority of people in the world can redeem Kilowatt Cards at face value where they live.

Having a top redemption price also helps one to judge the local supply and demand for Kilowatt Cards. If the trading price is higher than the local cost of electricity, or near \$3.50/W10, then there must be significant demand for the cards.

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LOCAL CURRENCY A GOOD IDEA FOR THE NAPA VALLEY

by Mick Winter

<http://mickwinter.com/>

Local Currency, also known as “community currency,” “complementary currency” and “time dollars”, is currency or “scrip” printed by a community for use only within that community. It is backed by the agreement of those using the currency to accept it in payment - part or full - for goods and services. This “value by agreement” is similar to the mutual trust that supports U.S. Federal Reserve Notes, except the agreement here is between friends and neighbors in a community - a much stronger bond.

A HISTORICAL EXAMPLE

In 1932, the mayor of the Austrian town of Worgl decided to do something about the 35 percent unemployment of his constituency (typical for most of Europe at the time). He convinced the town hall to issue 14,000 Austrian shillings’ worth of “stamp scrip,” which were covered by exactly the same amount of ordinary shillings deposited in a local bank.

After two years, Worgl became the first Austrian city to achieve full employment. Water distribution was generalized throughout, the streets of the entire town were repaved, most houses were repaired and repainted, taxes were being paid early, and forests around the city were replanted.

It is important to recognize that the major impact of this approach did not derive from the initial project launched by the city, but instead had its origin in the numerous individual initiatives taken in the process of recirculating the local currency instead of hoarding it. On the average, the velocity of circulation of the Worgl money was about fourteen times higher than that of the normal Austrian shillings. In other words, on the average, the same amount of money created fourteen times more jobs.

IN THE UNITED STATES

Local Currency was common in this country during the Depression when banks failed and many communities decided to create their own currencies as a way of increasing the local money supply and supporting local businesses and residents. Over 300 cities and thousands of communities and organizations issued emergency currency.

In other types of “communities”, similar self-printed currencies can be as varied as the “Disney Dollars” used at Disneyland and Disney World, and the Military Payment Currency (MPC) that was used by the U.S. military in Vietnam.

CURRENTLY USED THROUGHOUT THE COUNTRY

One of the best known local currency programs is “Ithaca Hours”, which started in Ithaca, New York in 1991 and has grown to the point where credit unions, restaurants, movie theaters, bowling alleys, grocery stores, the local hospital, farmers market vendors, and over 300 other businesses honor the currency. They are also used for plumbing, carpentry, electrical work, roofing, nursing, chiropractic, childcare, car and bike repair, food, eyeglasses, firewood, gifts, and thousands of other goods and services. Over 1300 individuals participate in the program, which has over \$60,000 in circulation.

Today more than 60 communities throughout the United States have their own form of local currency, and hundreds of others are considering starting their own programs.

WHAT IS LOCAL CURRENCY?

Specifically it is printed currency, produced at a local print shop using paper, ink and printing techniques that are proven to protect against counterfeiting. Currency is generally printed as a standard “one-hour” denomination (usually the equivalent of a \$10 federal reserve note). Other denominations including one-half-hour and one/quarter-hour are also printed. Local currency is considered legal by the federal government and is taxable income when traded for professional goods or services.

Local businesses and services agree to accept the local currency at a fixed rate, i.e. generally one “hour certificate” for an hour’s worth of labor, or \$10 worth of goods. In Ithaca, for example, some professionals such as physicians or attorneys initially required two to three “hour certificates” for their time, but that attitude is changing and many now accept a one-to-one trade.

ADVANTAGES OF LOCAL CURRENCY

- **Promotes and expands local shopping. Members are given a list of businesses that accept local currency, and naturally tend to patronize those businesses. This increases both business activity and loyalty to participating businesses.**
- **Local businesses can, on occasion, offer discounts for customers using local currency, as a low-cost form of sales promotion.**
- **Currency stays in the community. Because it can be used only locally, there is no "dollar drain" out of the community to absentee business owners in other areas, states or even countries.**
- **Local currency gives those often shut out of the national economy, such as the disabled, the homebound, or low-educated, an increased opportunity to participate in the local economy.**
- **The local currency governing board will occasionally introduce new currency into the economy by contributing to local non-profit organizations.**
- **The board can also make small, no-interest loans to local merchants and service providers who need this assistance.**
- **The "one hour/\$10 dollar" denomination doubles the local minimum wage to \$10.00, benefitting not only workers but businesses as well, who find new and loyal customers with increased purchasing power.**
- **Helps start new businesses and jobs, whose employees and services further stimulate the local economy**
- **Enhances community pride**

SOUVENIR ITEMS

One additional advantage to local currency, particularly in a location such as Napa, is that tourists will often purchase the currency and take it home as a souvenir. Since it is never redeemed for goods or services, its purchase actually ends up as a no-cost "cash transfusion" directly into the local economy. The Disney organization doesn't publicize this little secret, but it's delighted when tourists buy their little pieces of Mickey Mouse and Donald Duck paper and take them home without spending them. The purchase of "Napa Dollars" by tourists - attracted by both the novelty of the currency and the beauty of

its wine-country design motif - could bring significant dollars into the local currency program itself, helping to maintain the administrative side of the program and providing additional funds to local non-profit organizations.

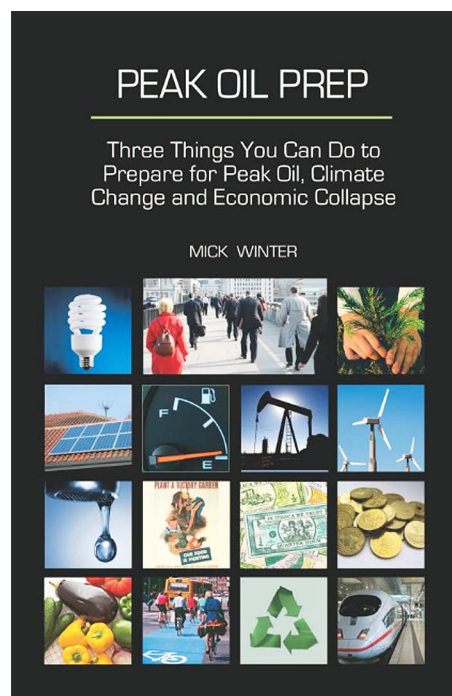
WILL THIS WORK IN NAPA?

Yes, because it's already been tested and proven in many other communities. It would be an excellent way to support and promote local businesses, particularly Downtown Napa merchants concerned about attracting shoppers to their area.

It would also be a natural complement to the revitalization of the downtown area, which is occurring with the Napa River development, Hatt Building, Opera House, Oxbow School, the Oxbow Market, Copia and a number of new hotels. It would help keep our money in our community, to be used over and over again to the benefit of all of us who live here.

This article originally appeared on Mick's web site.
<http://mickwinter.com/localcurrency.html>

Mick Winter lives in California's Napa Valley with his wife Kathryn, frequent visitor daughter Joanna, and their cat Sophie. He is host of <http://www.villageNapa.com> and the author of *Peak Oil Prep: Prepare for Peak Oil, Climate Change and Economic Collapse* <http://www.peakoilprep.com>



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GIVING BIRTH TO A NEW ECONOMY BY A MANAGED CONTRACTION

by Deirdre Kent, Laurence Boomert and Helen Dew

Transition Towns of New Zealand

<http://transitionaotearoa.org.nz/>

27 May, 2009

Global economic recovery is not possible because economic growth has been fuelled by a cheap abundant energy supply, and this energy is now reaching the limits imposed by nature.

The world as a whole is either at or just past peak oil, the time when global oil production can no longer increase. Oil is a finite resource, half of it has gone, and we use six barrels of oil for every new barrel we discover. Natural gas and coal production will also both peak. The energy capability of oil is unique and as yet no substitute is available, with long lead in times to change to other second best options.

The website oil drum.com shows that since May 2005 we have been on a plateau of oil production and after July 2008 there was a rather large decline which may now continue. "World crude oil, condensate and oil sands production peaked in 2008 at an average of 73.78 million barrels per day (mbd) which just exceeded the previous peak of 73.74 mbd in 2005, according to recent EIA production data." (www.oildrum.com May 19, 2009)

The continuing trend of diminishing fossil fuel production across the world will cause energy prices to trend upwards, as the remaining supplies are more costly to extract. The impact on fossil fuel dependent production systems will be enormous, causing large scale social, economic and environmental disruption, making it all the more difficult to adequately address any of the world's major challenges.

"Economic growth" has been the mantra of politicians, economists and journalists. The reason is that the money system is designed to grow. Banks acting together create our money supply. Banks issue loans as interest bearing debt. The assumption up to now has been that the debt can eventually be paid off with interest because economic expansion will continue unabated.

But after peak oil we won't be able to generate the kind of economic growth that defined our way of life for decades. The primary energy resources needed for it will be contracting.

The new narrative has to be about a managed

contraction. By "managed" we mean a way that does not produce civil unrest, violence, food riots, starvation, and public health disasters. If you hear anyone use the term "growth" it will indicate that they don't understand the kind of change we face.

Unfortunately almost all the governments of industrialised nations are responding to the financial crisis by printing money. A recent commentator observed "we are all Keynesians now". While this eases the panic for a while, it is going to cause a series of vicious circles, leading to bigger crashes each time. Debt, based on the assumption of growth, goes bad.

The time for solutions is running out.

For decades now environmentalists have been arguing that humanity's ever-increasing resource consumption is testing the very real limits of our planet. Now we have a global financial crisis as well. The missing factors in these problems are the money system and peak oil. We can no longer structure our economy or our money system on the assumption of infinite growth.

An explosion in population and consumption—fed by cheap, abundant energy—has brought dramatic advances in health, communications and transport. This energy bonanza has given us a period of material abundance undreamed of in human history, but we are now in the period's twilight. Like it or not, we must transition to a new age of the diminishing availability of fossil fuels.

The twin debts of a flawed money system combined with our binge on fossil fuels are both coming due at the same time. The party is over. We must abandon this money system with its growth imperative and develop a new society made up of communities and economies functioning within ecological bounds.

A self reinforcing cycle of growth will inevitably be replaced with a self reinforcing cycle of decline. For two centuries fossil fuel extraction has brought more available energy, which in turn meant increased extraction of other resources and a growing population followed by a higher energy demand. But

now the cycle will reverse. Less fossil fuel extraction leads to less available energy, which leads to less extraction of other resources, which leads to a lower energy demand. And so on.

What we need to manage now is the Great Contraction, managed with the least possible social chaos.

The plethora of overleveraged credit instruments available in the last few decades has enabled speculation in resources such as oil. When investment banks like Goldman Sachs speculated in oil markets in 2008 leading to a huge price rise and fall, we got a taste of the profound consequences of high oil prices.

The price reached \$147 a barrel in July 2008 causing aviation fuel to escalate in price and aviation companies to experiment with green fuels. Fishermen staged blockades in France, Spain, Italy, Portugal and the UK. Anger also spread to other sectors, including transport and agriculture. In France, thousands of demonstrating farmers blocked oil depots throughout the country. At the same time, dairy farmers in Germany went on strike, blaming rising fuel prices for pushing up their operating costs. The trucking industry in the UK said that it would be uneconomic to keep supermarket supply lines running. Fertiliser costs shot up.

As we move to a world with less oil, farming will come much closer to the centre of economic life. The death of petro-agribusiness will make food production a matter of life and death. Cuba discovered this during their "special period" after the former Soviet Union stopped their oil supplies in 1991. The period radically transformed Cuban society and the economy, as it necessitated the successful introduction of sustainable agriculture, decreased use of automobiles, and overhauled industry, health, and diet countrywide.

It's not going to be easy. The truth is we are all going into the same unfamiliar territory. Nature is not going to be forgiving and will make us live within the bounds of our biology. We need a new monetary, fiscal and economic regime that brings the most benefit to the most people, while at the same time protecting all natural systems. That is a big ask.

At national level at least the following must be done:

1. Banks should be required to have 100% capital adequacy ratio. Government has already guaranteed our bank deposits, as the thing banks most fear is a run on the bank. (This is because total deposits in each bank far exceeds the available money the bank has to honour these claims.)

2. Governments must not stand in the way of the creation of regional and local currencies or business-to-business mutual barter. The WIR system is a successful precedent of this latter strategy implemented and flourishing in Switzerland since 1934. This means a change to the Reserve Bank Act and a fundamental change in the tax system away from income tax and GST and towards resource taxes.

3. The Government must plan a post fossil fuel based economy. This is a managed contraction policy where less energy is used each year. We know that it is incredibly hard for any government to change course and turn around, but for the sake of our children, our grandchildren and all of Earth's natural systems this must be done.

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MORE ON KILOWATT CARDS

by Mark Herpel

People around world are now creating amazing new types of value transfer systems and exchange trading systems. Often the transfer or exchange realize it's value based on assets other than national dollars.

How are these systems created?

As a helpful exercise, you might ask yourself, "If all the little green pieces of national currency become worthless tonight, when I awake tomorrow, how will I effectively trade on a local, national or international level?" While no one wants that type of scary situation to occur, Kilowatt Cards offer one very nice solution.

The following is fascinating information which I have received from Bob and he has allowed me to republish it.

It is important to make clear that this system is only set up for demonstration and it is operating on a small scale for research purposes only. Any use of the term "currency" is not accurate because these cards are actually considered gift cards.

From: Robert W. Hahl, J.D., Ph.D. Chairman, Kilowatt-Hour Card Corp. For more information please visit their web site. <http://www.kilowattcards.com>

The idea for Kilowatt Cards was conceived in February 2007 and a working system was launched in July 2007, when about 10,000 kilowatt-hours (i.e., 1,000 of the W10 cards), were given away at the Rainbow Gathering in Arkansas. Of those only six cards (60 kWh) were redeemed, by someone who did not attend the Gathering but got them from a friend who did. The web site and the graphic design of cards were revised in January 2008. Since then about 1,000 additional Kilowatt Cards have been distributed.

This system is still experimental, which is why we don't sell them. We give the cards away for postage and handling, then I donate money to the corporation in the amount of \$3 per 10 kWh to fund any future redemptions. That is an arbitrary valuation based on the fact that \$3.50/W10 is the limit that we pay for electricity anywhere, and very few people actually pay that much for power. The cost of electricity in Hawaii,

Alaska, rural Maine and the Dominican Republic is about \$3.50/10kWh. Eventually the price of Kilowatt Cards themselves should be determined by supply and demand on a brokered exchange.

About 3% of the cards in circulation have been redeemed. The highest redemption price paid so far was \$2.71/W10 for 180 kWh in Manhattan; the lowest was \$0.53/W10 for 60 kWh in Little Rock, Arkansas. The average redemption price is presently \$1.30/W10, which seems low, but that is because most of the redemptions occurred in Virginia (\$1.11/10kWh), where the system barterers for firewood on a small scale. The firewood is later sold to pay for the electricity as needed.

It is interesting that physical assets backing the system are not static but can be used as inventory for an ordinary business. Although we haven't done so yet, we could sell seasoned firewood (stored outside for 1- 10 years) for cash at retail prices, and replace it with firewood bought for cash at wholesale prices. The income from such retail operations could pay for storing the assets on behalf of the kilowatt-hour system.

To operate on a larger scale we would barter kilowatt-hours for assets like rental properties, farm lands and timber lands. The natural buyers of such fungible kilowatt-hours would be wealthy people trying to preserve their purchasing power or at least diversify their holdings.

I developed a new financial security that may be described as "gift cards" which work for saving and trading kilowatt-hours of electricity (www.kilowattcards.com). The system is run by a non-profit corporation and provides fixed-value paper, to those who want it. The value of the cards is fixed because a given amount of electricity is a physical constant.

Kilowatt Cards are backed by assets. They are issued in barter for real things (e.g. firewood, rental properties) which are held by the corporation, and later sold to pay for electricity as needed. The gift cards can be redeemed by anyone to pay for household electricity worldwide, resulting in an international store-of-value (assets) and a stateless medium-of-exchange (electricity).

So, the paper notes pay for electricity, and the electricity is paid for by selling assets when the time comes. The assets are real things, not debt, equity, options, insurance or some other form of fictitious

capital. A kilowatt-hour of electricity is a physical constant, like a kilogram of pure water, one can judge intuitively what it is worth. The net result is a liquid asset having objective value that is not easily debased by inflation.

This system separates the users of capital (e.g., renters, property managers) from the owners of capital (holders of fungible kilowatt-hours). It is a form of collective ownership. It could fund housing and commercial real estate at lower rents, so that the occupants (users of capital) may operate at higher profit. At the same time, fungible kilowatt-hours represent a stable new asset that can be saved or invested, having value that does not depend on debt or on economic "growth." Eventually kilowatt-hours could serve as Tier 1 bank capital.

Resource producers may benefit by exchanging their commodities for kilowatt-hours during down markets, rather than selling them at low prices. This can be done by bartering with an organization like ours to create fungible kilowatt-hours, and selling those instead, then stockpiling the goods as our agents. Because such transactions relate to energy inputs, the values in kilowatt-hours remain constant compared to cash and futures markets dominated by speculators with leverage. For instance, one cord of maple firewood contains about 750 kWh of energy, and so is worth at least 750 kWh in paper form, now and forever.

Using this system, philanthropists and investors may finance housing projects and commercial space around the world by buying rental properties, and exchanging them for kilowatt-hours. The properties would be held in trust by the Kilowatt-Hour Card Corp (KHCC), which would hire managers. The rents would go to maintain the properties, pay the managers, run the KHCC, and redeem some Kilowatt Cards.

The funders could then save, spend, lend at interest (or zero interest), give away, or borrow against their kilowatt-hours as collateral. They could use money to create affordable housing, yet still have their capital, and would still have the money itself if the kilowatt-hours were sold. Of course, selling them would require that Kilowatt Cards be registered as securities, which hasn't happened anywhere yet.

The authentication method for proving that each card is real may be interesting as well. It is based on passwords that change each time you use one, creating unique paper items. This approach seems

easier than using special papers, special printing plates, anti-counterfeiting laws, political borders, G-Men, criminal courts, prosecutors, judges, juries, prisons, closed financial computer systems and banks to do the same. Maybe it will catch on.

One government has told me officially it is looking at this idea.

WHAT CAN YOU DO WITH KILOWATT CARDS?

ONE EXAMPLE:

If you wish to barter with electricity, here is an offer which might be placed on a barter system like Craigslist.com:

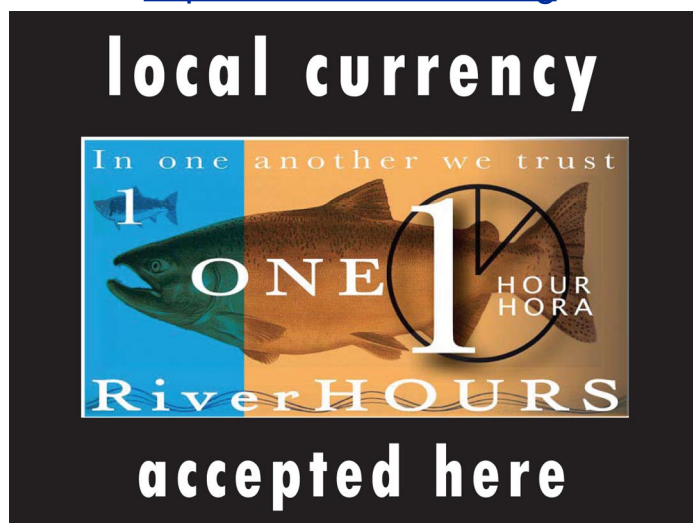
Hi,
If your _____ is still available, please consider trading it to me for electricity gift cards that can be redeemed by anyone to pay for household electricity, worldwide (www.kilowattcards.com).

My offer is 60 kilowatt-hours. That is six of the W10 Kilowatt Cards - about one weeks' supply of electricity for a small house or apartment.

Each W10 gift card pays for 10 kWh, which is enough to run a 100 Watt light bulb for 100 hours (exactly). A fixed amount of electricity is a physical constant, like a kilogram of pure water, and cannot lose value to inflation. These cards will pay for the same amount of electricity whenever you redeem them.

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<http://www.riverhours.org>



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AT HOME

- 1 Rent out a room in your home**, or swap space for gardening, child or elder care, or carpentry.
- 2 Buy less** so you can buy higher quality. Buy from companies that “internalize” costs by passing along to you the cost of living wages, low carbon footprints, or organic production.
- 3 Take your money out of predator banks** and put it into a credit union, local bank, or an institution like Shorebank Pacific that supports sustainable businesses.
- 4 Pay off debts.** Try life without credit cards.
- 5 Downsize your home** and shrink your mortgage.
- 6 Fix things.** Mend clothing, repair the vacuum, fix the car—instead of replacing them. Or give them away on Freecycle.org.
- 7 Invest with passion.** Know where your money is and what it’s up to. Go for a *living return* that builds your community. Or invest in tangible things like a prepaid college fund or a piece of land.
- 8 Shorten the supply chain.** Pick the wild greens and extra fruit growing in your neighborhood. If you can’t do that, then buy direct from a farmer. If you can’t do that, then look for local produce in season at your locally owned grocers.
- 9 Support other people’s local economies** by urging your representatives in Congress to cancel debts to poor countries (see www.jubileeuusa.org).
- 10 Find a place, put down roots**, and stay put. Get to know people from other generations. Turn off the TV and talk to friends and neighbors.
- 11 Support local green businesses** rather than distant energy conglomerates by insulating your house, upgrading windows, and installing solar.



HOW TO MAKE IT WITH LESS, SHARE MORE, AND PUT PEOPLE AND THE PLANET FIRST

Sarah van Gelder

o Jump Start the Local Economy



TOGETHER WITH FRIENDS

12 Form a dinner club and hold a weekly potluck, or trade off cooking and hosting.

13 Dip your toe in the barter economy. Check out Craigslist's "barter" category, and learn what WTT means (Willing To Trade). Even better, ask the guy at work who makes microbrews to trade a sixpack for a dozen of your chickens' eggs.

14 Get together with coworkers and start a list of things you can do at work. For example, buy fair trade coffee, change to energy-efficient lighting, or carpool.

15 Start a Common Security Club in your faith community or neighborhood to help folks cope in the crisis and act together to create the new economy (www.commonsecurityclub.org).

16 Exchange care of children and elders. Better yet, bring the generations together and support each in offering love and care to the others.

17 Pool funds with a group of friends for home repairs, greening projects, or emergencies.

18 Do home work parties. Each month, go to a different household to do major home greening, a garden upgrade, or some deferred maintenance.

19 Keep more people from becoming homeless by challenging evictions and occupying vacant homes.

20 Create a space at a farmers market to exchange or sell used clothes, electronics, games, CDs, plants, seeds, compost, and books. Encourage people to swap services, too, like haircuts, photography, or prepared dinners.

21 Reach out to groups that are organizing people on the frontlines of the crisis, like Jobs with Justice (www.jwj.org) and Right to the City (www.righttothecity.org).



IN YOUR COMMUNITY

22 Link up people looking for job skills with people who can offer apprenticeships.

23 Start a local currency or time dollar program to help link needs and offerings, those with time and those starved for time.

24 Use publicly owned lands for community gardens, farmers markets, business incubators, community land trusts (with affordable housing), community-rooted grocery stores.

25 Hold on to the local businesses you already have. Help retiring entrepreneurs sell to employees or other locals.

26 Create a car, kayak, and electric pick-up truck co-op to save money and carbon, and provide access to a variety of vehicles.

27 Create or join a chapter of the Business Alliance for Local Living Economies (BALLE) or similar groups. Work together to find services or products you could substitute for imported ones, local assets you can build on, and ongoing institutions that could be serviced locally.

28 Start a community bank, loan fund, or credit union to invest in local well-being, or encourage existing ones to rethink their lending.

29 Declare an end to corporate personhood in your community. Barnstead, New Hampshire did, and, more recently, three communities in Maine have done it. You can too.

30 Hold a weekly dinner for the hungry. Ask those who attend to help serve food at subsequent dinners. (Having an opportunity to give is important for everyone's dignity).

31 Keep your energy dollars circulating locally. Launch a clean energy cooperative to install wind turbines or solar roofs, and to weatherize homes and businesses.

www.YesMagazine.org/posters to buy or download a poster

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