

Time to Rekindle Local Currency Concept; from Berkshire Trade and Commerce, June 2004
By Susan Witt

Those of us living in the Southern Berkshires realize how lucky we are to have the complex of locally owned stores and restaurants that help shape our community. Main Street hums with activity. Consumers know that Great Barrington shops are unique to the Berkshires; a welcome change from the monoculture look and products of franchises. Visitors are surprised by the originality; regulars are proud and loyal patrons. The owners and clerks and chefs and waitpersons are our neighbors and friends. We sit on school boards together, gather at town meetings, and stroll past each other on the River Walk. Our youth prefer to spend free time on Main Street rather than at the mall. They experience and contribute to the vibrancy of our "downtown."

Part of what has led to this successful local entrepreneurship is an informed citizenry who understands that keeping dollars local supports the cultural, environmental, and social fabric of the Berkshires. They ask for locally grown food at restaurants; they make weekly visits to the farmer's market as a household ritual; and they hire local professionals before distant impersonal firms.

Another factor in the success of our local businesses is the plethora of still locally owned and managed banks in the Berkshires. With all of the changes in regulation and the consolidation in the banking industry, a handful of local banks remain in our region, an important resource for the health of our Berkshire economy.

One of those quintessential local bankers, Eugene Hannon, died at the end of April. He was an active

member of the Southern Berkshire Chamber of Commerce, a member of the Great Barrington Rotary Club, an advocate for affordable mortgages for first-time homebuyers, and a champion of lending opportunities for the growing Hispanic population. I have my own favorite memories of Gene relative to the development of a local currency for the Southern Berkshires.

In 1989 Frank Tortorelli, the owner of the popular Great Barrington Deli, turned to Gene for a bank loan to renovate a new site for his restaurant. Bank regulations were getting tighter. Frank's figures didn't compute, and Gene had to turn him down. Frank then came to the SHARE loan collateralization program that I managed at the time and asked for help. We told him that he didn't need our group of local investors because he already had a strong customer base and he should turn to them for a loan through pre-sales. What emerged were "Deli Dollars." Frank sold each Deli Dollar Note for \$8, redeemable for \$10 worth of Zonker Harris and other colorfully named sandwiches once the new space was open. He raised \$5,000 in 30 days, repayable not in hard-to-come-by federal dollars but in product. The Deli Dollars were dated over a year's time so they would not all come due the first month of operation and so cause a cash-flow problem. Frank had structured his own loan repayment schedule.

Gene Hannon was one of the first to buy a set of Deli Dollars. A loan for Frank's Deli wasn't bankable under current national standards, but this local banker knew that Frank's community credentials were excellent. Frank would be there to make the sandwich when the note was redeemed.

Berkshire Farm Preserve Notes followed, jointly issued by two farm stands, Taft Farms and the Corn Crib. A head of cabbage replaced the head of George Washington. The logo read "In Farms We Trust" rather than "In God We Trust." We had created a "Berkshire Farm Preserve Note" rather than a "Federal Reserve Note." And we all had fun doing so.

In May of 1991 the Deli Dollar was front page news in The Washington Post with a story of "Yankee Ingenuity." ABC, CBS, NBC, CNN, and Tokyo TV all traveled to the Berkshires for prime-time stories of these Berkshire currencies. Gene had to tell and retell on camera why he couldn't make the loan but would support the Deli by purchasing Deli Dollars. In the process he became a spokesperson for our small local businesses.

In the summer of 1992 seventy Main Street businesses got together through the Main Street Action program of the Chamber of Commerce to issue BerkShares. During a six-week period BerkShares were given away to customers shopping in the participating stores (one BerkShare for every ten dollars of purchase. Every store signed the back of each BerkShare before it was issued so that we could track the source. Then, during a three-day period in the middle of September the BerkShares could be redeemed at any of the participating stores. We attempted to have a standard redemption policy, but the stores had differing needs. Most stores accepted BerkShares as payment for 20% to 50% of the cost of any item. The Snap Shop on Railroad Street understood that we were introducing a local currency that would benefit the whole community and therefore permitted 100% redemption. Some lucky folks collected enough BerkShares to purchase that long-dreamed-of new camera.

There was a spirit of festivity on Main Street and in the larger community. Second-home owners called their year-round neighbors to say, "I can't make it up for BerkShares weekend, so please go to my kitchen and on the shelf over the sink you will find a stack of BerkShares. Get something nice for your kids."

Over seventy-five thousand BerkShares went into circulation, representing three-quarters of a million dollars in trade. Twenty-eight thousand were used in a three-day redemption period—a remarkable return on a give-away item.

With that success in place, the BerkShare committee of the Chamber called a meeting of banks to discuss issuing BerkShares at the holiday period. A similar program was implemented in several prairie communities on the Canadian border. In November these prairie banks launch a 0% interest loan program for holiday shopping. The loans are made in a local currency to insure that the purchasing remains local. The local money cannot be spent at chain stores or for catalogue or Internet shopping. The banks and merchants thereby create a local economic tool to encourage support of small regional businesses. Local merchants redeem the notes at the participating banks at 97 cents on the dollar, thus sharing the cost of the program with the bank.

At the meeting it was Gene Hannon who said, "Why are we putting time and energy into another short term issue? Why don't we just work for a year-round local currency?" I remember asking him how he thought such a program would work. He suggested a ten percent discount note. Consumers would purchase BerkShares at participating banks for 90 cents each. Participating merchants and producers

would accept BerkShares at a dollar equivalent in payment for goods and services. As long as the BerkShares stayed in circulation (for change, partial payment of salaries, and purchase of goods) they would keep full dollar value; however, when merchants accumulated too many in their cash registers, they could redeem the notes at their banks for 90 cents on the BerkShare.

Purchasing BerkShares would be a citizen's way of voting for local businesses and keeping money local. Non-profits might purchase a \$10,000 block of BerkShares for \$9,000 and then sell them to their members at full value as a way of fundraising and as a way of showing that a healthy local business economy is deeply connected to a healthy arts, environmental, educational, and social services community.

Gene Hannon's challenge to introduce a year-round local currency has remained tucked in a draw since that meeting, but the E. F. Schumacher Society is pulling it out and dusting it off in the face of the powerful impact of the global economy on all local economies. The Society has undertaken a campaign to raise first-year funding for such a program. Much work is ahead. It will mean reconvening the business and banking sectors for their input and advice as to how to shape such a program. It will require the cooperation of concerned consumers.

In order to bring as many resources as possible together around the history, theory, and practice of issuing local currencies, the E. F. Schumacher Society is organizing an international conference at Bard College in Annandale-on-Hudson, New York, titled "Local Currencies in the Twenty-First Century," to be held June 25-27. Bernard Lietaer, Margrit Kennedy, Edgar Cahn, Paul Glover, Richard Douthwaite, Thomas Greco, Michael Linton, Mary-Beth Raddon, Michael Shuman, and other leaders in the local

currency movement will speak. The event is co-sponsored by many groups including The Nation Institute, The Utne Reader, Acres USA, NOFA Mass, The Ecologist, Coop America, The Orion Society, Investor's Circle, BALLE, CELDF, Center for Community Futures, Institute for Local Self-Reliance, Resurgence, Time Dollar Institute, Ithaca Hours, E Magazine, Dollars and Sense, New Economics Foundation, Maine Time Dollar Institute, Hawthorne Valley Association, and Chelsea Green Publishers. Honored guest Pete Seeger will close the event on Sunday with a Local Food Fest and Concert.

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