

New England Town Prints Up Its Own Currency 'Berkshares' Are Intended to Encourage Local Commerce

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SOUTHERN BERKSHIRE, Mass., Feb. 25, 2007 — - Susan Witt is an unassuming middle-aged woman who drives a Volvo around her quaint Rockwell-esque town and has somehow managed to foment a small revolution.

After years of planning, Witt started printing her own money and spending it around town. She is not a counterfeiter. She is the founder of Berkshares, a local currency that was introduced last fall in Southern Berkshire, Mass. (where Normal Rockwell lived out his later years).

"The Berkshares are pretty simple to operate," she said. "You walk into a local bank, put down \$90 federal and get 100 Berkshares, and then those Berkshares are spent at full value at regional stores."

\$835,000-worth of notes were printed on fine-grain paper and distributed to banks that agreed to participate. The notes are now accepted at 225 businesses in the area, and the program continues to grow.

Berkshares were created to stimulate the local economy by giving people incentive to shop in their own neighborhood, rather than drive the distance to large chain stores.

"We want to encourage everybody to do their business locally rather than going to a mall or shopping online," said Sharon Palma, executive director of the Southern Berkshire Chamber of Commerce. "Using Berkshares, you have to do business locally, and the other really nice piece of that is it's face-to-face business."

Several communities across the U.S., Canada and Europe have developed similar programs, but only Berkshares are fully-backed by the U.S. dollar. Several banks in Southern Berkshire have agreed to exchange Berkshares for dollars.

Ursula Cliff was spotted using Berkshares at Guido's grocery store, a 27-year-old family business in the town of Great Barrington. "I don't think that whether or not a merchant accepts Berkshares really affects my decision if it's something I really want to buy," she said. "On the other hand, almost everywhere I go the stores use Berkshares, and I do certainly have a warmer feeling for them when they do that."

It is that warm, fuzzy feeling that makes a regional currency scheme operable.

Witt, who spent years dreaming up a local currency project, said it "takes a local population that understands and is committed to supporting the buildup of their own regional economies."

That is certainly the case in this picture-perfect town with its Main Street lined with mom-and-pop shops. It's the type of community where people seek out locally-produced food, and where buying into a program such as Berkshares is, in itself, a sort of social currency.

Some business owners have reported an increase in foot traffic and customer loyalty. Because the Berkshares users get a 10 percent discount at the point of exchange, merchants say customers have incentive to use them.

Steve Carlotta, the owner of Snap Shop, a photo store said, "We find that there are some people doing business with us at this point who are very, very loyal customers because we accept Berkshares ... without any restrictions."

But the system is far from perfect. The discount may be difficult for businesses that have thin profit margins, such as Guido's, to absorb in the long term.

Witt said the Berkshares board will re-evaluate the program down the line and make necessary adjustments.

The individuals behind Berkshares have even higher hopes for the project. The next step is developing Berkshares into an electronic debit-card system, to replace or supplement the cash notes.

In the long-term, the non-profit Berkshares, Inc., would like the capability to offer loans in Berkshares to start-up businesses, thereby promoting small-scale manufacturing that has been lost to the global economy.

"We think that by strengthening the piece of the fabric of this country, this world, that you're strengthening the whole," said Asa Hardcastle, the young software engineer who heads Berkshares, Inc. "We definitely hope that this grows and this becomes something that flourishes across the country and the world."

Similar programs are in place in a handful of other American towns -- the most successful program being in Ithaca, N.Y., where 900 businesses accept "Ithaca Hours."

The Berkshares program caught the eye of Sam Anderson, a community activist and black history professor in Brooklyn, N.Y. He thinks an alternative currency could be a tool for reviving black and Hispanic businesses, which he said have been "locked out of capitalistic development."

Anderson suggested that a "Blackshares" experiment could start in a community such as Harlem or East Los Angeles, and eventually have a wider inter-state reach.

"In the slavery period, you had this economic relationship developing," Anderson said. "It was more bartering between enslaved Africans, between plantations. ... That tradition was carried on in the Reconstruction period, and during that period you had the most powerful economic development in the black community coordinated in the South."

Anderson said the introduction of Jim Crow laws set black businesses back so far, they've

never adequately recovered to compete with mainstream white businesses.

"By the time [of the Civil Rights movement], the economic development between white development and black development was so disparate ... that by the 1960s, when black business folk were trying to do something, there was already a monopolistic structure in place," he said.

Anderson explained that while a racially-based currency might appear to discriminate or isolate, "if you want to support black economic development, no matter what race you're from, you'd get Blackshares."

Like Berkshares, the idea behind the still-theoretical Blackshares is to challenge the current tide of globalization. It is, at its heart, a way for the disenfranchised communities who have missed out on the fruits of global capitalism to have their piece of the pie.

Regional currencies can also be seen as part of a larger environmental movement. In many cases, local production and consumption makes more sense in terms of energy efficiency and with warnings about global warming and dependence on foreign oil ubiquitous these days, the argument for "local living" is especially relevant.

"By making sure we have a vibrant local economy with local production, then we are creating a more sustainable future for our region," said Witt. "If other regions do the same, then we are creating networks of more sustainable regional economies that certainly want to trade with each other outside, but have within them the resources to support their own economies in the future."

It's a big vision for such a modest person, but Witt is not too far off. The chambers of commerce of three neighboring towns recently contacted Witt to see how they can bring Berkshares to their communities.

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