

Funny Money: A whole new meaning for local currency

By: Michael Y. Park

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NEW YORK — The money Paul Glover uses at the local hardware store in Ithaca, N.Y., doesn't have any dead presidents on it.



In Ithaca we trust: Ithaca Hours are used only in upstate New York.

Instead, the graphic artist hands over a couple of odd-looking bills in maize yellow and acid green — currency he made himself.

And instead of calling the police, the clerk behind the register takes the money and hands back strange bills of his own, this time in pumpkin orange and powder blue.

In fact, Glover might actually spend his whole day without touching a U.S. Federal Reserve note, those ratty greenbacks that are so boring it's a notable cultural event when Ben Franklin gets a facelift.

The money he uses is called Ithaca Hours, and it's the most successful example of a trend that's been spreading across the country over the past nine years: local currencies.

From Bread to Greenbacks

Since Ithaca Hours started up in 1991 — the first attempt at a local currency since 1972 — more than 60 local money systems have sprouted up across the country, almost all circumscribed to a specific region and helped along with the assistance of local merchants, consumers and chambers of commerce. In Brooklyn, N.Y., they're Greenbacks; in New Orleans, it's Mo Money; in Berkeley, Calif., it's Bread.

Proponents of local currencies see them as an ideal way to keep money and people in the area. Ithaca Hours, for example, must be used in a 20-mile radius of Ithaca, with the idea that whoever uses them will support neighborhood shops instead of, say, New York City merchants.

And it's perfectly legal to print your own money as long as it doesn't resemble U.S. dollars and can be exchanged with regular dollars.

"By using local currencies, you're saying, 'I support local businesses,'" Susan Witt, executive director of the E.F. Schumacher Society, said. "The consumer is taking responsibility for his community."



Mo money, no problems? This currency is traded in New Orleans.

The E.F. Schumacher Society is a Great Barrington, Mass.-based non-profit organization that pushes for local currencies and ecologically based community development.

Glover, who had studied city management and economics, started the Hours system when he noticed the devastating effects of the 1990-1991 recession on central New York.

"All my friends had a lot of skills that were not being utilized by the formal economy, and they had time that they would have been pleased to translate into cash," he said.

So Glover came up with the idea of a money based not on precious metals or the U.S. economy but on labor, or work-hours, with one hour of work being equivalent to \$10. Local businesses quickly jumped on board, and by the end of the decade, 460 area businesses accepted and dispensed Ithaca Hours, thousands of users put them in their wallets and purses and millions of dollars worth of Hours had traded hands, according to Glover.

Psychological Boost or Real Benefit?



The American Liberty Dollar: back to the gold standard.

Economist Ralph C. Bryant, senior fellow in economics at the Brookings Institute, wasn't sure it was more than a psychological boost.

"I think these ideas are not helpful to the people there and are an illusion," he said. "We don't have S & H green stamps anymore, do we?"

Critics notwithstanding, the Hour model has inspired more than the Ithacans. All the way in Honolulu, Hawaii, retired architect Bernard von NotHaus has created a silver- and gold-backed currency that he hopes may eventually lead to the repeal of the Federal Reserve system.

His group, of course, is called the National Organization for the Repeal of the Federal Reserve Act and Internal Revenue Code, or NORFED.

He sees the NORFED American Liberty Dollar — backed by a cache of gold and silver — as the kind of currency the Founding Fathers intended the nation to use, and as something that will strengthen the economy not just of small regions but the entire United States.

The AL Dollars are to be traded at a one-to-one exchange rate with the "dreaded Federal Reserve note."

The U.S. took its currency entirely off the gold standard in 1971. Since then, von NotHaus said, the country might have gotten weaker, but if anything proves that America and freedom have a chance in the future, its local currencies and the right of people to make their own money.

"Liberty knows no bounds," he said. "And liberty's popping up all over the place — in the form of American Liberty Dollars!"