

No Fistful of Dollars: Report

Cascadia Trading looks to change the face of banking

by Nina Lary

Only 3 years old, “locavore” was the Oxford English Dictionary’s Word of the Year for 2007 and describes one who eats within a 100 miles of where his or her food is grown or harvested.

But what if those locavores could buy and sell their food with local currency instead of federal money? Would that make them “locavorian capitalists?”

It’s no matter: As the “buy local” anthem gathers steam, forward-leaning communities are stepping up their commitment by issuing local

currencies, whose main objective is to pair unmet local needs with unused local resources. Such systems have traditionally developed in areas with strong agricultural ties, and Portland, Oregon, is now no exception.

Enter Cascadia Trading Co-op (initially known as PDX Currency), a work-in-progress, cashless trade circle that is part of a second wave of local currency programs that incorporates modern features such as credit, credit cards, banking and federally convertible dollars.

“I realized that our monetary system is in direct conflict with the way that nature works,” says founder Alan Rosenblith. He gravitated to the concept after working on an organic farm in New Mexico and seeing how the need for economic stability pressured the farmers to make less sustainable crop choices.

The U.S. monetary system currently relies on the Federal Reserve, a private corporation that loans federal currency into circulation at a high interest rate. Over 90 percent of currency in circu-

lation today is not cash but credit in the form of loans. Federal law indeed permits local currencies, so long as they are easily distinguishable from U.S. dollars and do not place

“YOUR TICKET FOR ENTRY IS WHAT YOU CAN PRODUCE.”

coins in circulation.

“We must look at citizen-based solutions instead of waiting for government,” says Susan Witt, executive director of the E.F. Schumacher Society, a group based on

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the “Buddhist economic” principles of its namesake.

Ithaca HOURS was the first sizeable local currency movement in the nation and remains one of the most popular models. Created in 1991 by Paul Glover in Ithaca, New York, the currency is named to reflect the “true value” of money. The HOURS themselves are colorful paper notes, exchangeable within the community that creates them. They act as a zero-interest equivalent to dollars and ensure money stays within the community.

Tom Greco, an economist and author of *Money: Understanding and Creating Alternatives to Legal Tender*, has been studying alternative currencies for 30 years. He recognizes HOURS

as seminal in their time but sees the need to advance. “After 25 years [of experimentation] we need to move to the second level.”

Take for example, BerkShares, a paper currency accepted by 280 businesses in the Berkshire Mountains of Massachusetts. Established by the Schumacher Society in 2006, BerkShares can be converted to federal dollars, a fact that initially bolstered mainstream consumer confidence in the currency. (Witt eventually hopes to phase out the convertibility and create a truly independent currency.)

Cascadia Trading is consulting with Greco to develop its member-owned nonprofit trade circle, inspired by one of the world’s most successful alter-

native currency programs—Switzerland’s WIR Bank. No actual paper currency is to be issued, but credits and debits will be tracked via a debit card coupled with a credit card.

The group plans to extend zero-interest credit to its members, with an initial focus on nonprofit organizations. Before moving forward with the business plan, it is seeking memoranda of understanding from local businesses to establish a legal handshake of sorts that ensures the currency will be widely accepted.

Founder Alan Rosenblith hopes to have the trade co-op functioning within 2008. “Your ticket for entry,” he says, “is what you can produce. Not

someone’s ability to convince you to spend scarce dollars.”

And while discussion of local currencies can get highly theoretical, some simple truths prevail. They initiate “import replacement” by favoring local producers, which uses less fuel and creates economic security and autonomy. Furthermore, small businesses often have access to low- or zero-interest credit, allowing them to price their goods competitively and make the “buy local” doctrine more feasible. “More credit is available,” says Greco. “So there is less pressure to exploit resources.”

There is also a moral component to the system. As Michael Gordon of the Schumacher Society recently wrote in the

Albany Times Union: “No endeavor that involves the interaction of conscious beings with an inherent ethical sensibility can be treated as an absolute science. Working conditions, environmental health and community support can be included in our economic decisions.” ■