

## A DAY IN THE LIFE OF A BERKSHARE<sup>1</sup>

Bill McKibben©

Want to encourage the local economy? Try printing your own regional money.

In Great Barrington, Massachusetts, I gave the nice man in the Mr. Ding a Ling truck a W.E.B. Du Bois for my fudgesicle, and he gave me four Mohicans back in change. I walked over to the food co-op and broke a 50—the one with Norman Rockwell on the face—and my excellent sandwich came with four Robyn Van Ens in change. If I hadn't been so hungry, I could have spent my BerkShares on website design, some septic work, a game of billiards, snowplowing, or a horseback-riding lesson. Hell, if the horse got sick, I could have taken her to the vet. But I *was* still hungry, so I wandered north to Stockbridge and headed over to the tavern at the Red Lion Inn, the quintessential Berkshires hostelry. And there I found waiting for me a nice glass of Berkshire Blonde ale and a burger, only a Melville all together.

Also waiting was Susan Witt, the force behind America's most successful alternative currency. "Oh," she said when I told her about my day, "the midwife takes BerkShares, and so does the undertaker. You can get a will done; you can build an addition to your home, fix your car... I like shoes," she added, wiggling her toes. "These weren't cheap."

The sheer power of money—the fact that you can use it to command someone in China to do something for you—can create problems just as it solves them. Money, when you think about it, is hard to explain. Where it comes from, who decides how much is in circulation, where you get a spare trillion to bail out your banking system—it's all kind of mysterious. How can I take paper out of my wallet and use it to persuade someone in China to make me something? But most of the time we don't think much about it, any more than we ponder the mysteries of gravity. If gravity stopped working from time to time, however, we might start wondering a little more—which may explain why the BerkShares website got 3.5 million hits in the year after our financial crisis erupted.

In fact, the regional currency for Massachusetts' westernmost county is just the most prominent of many experiments with money now taking place across New England, from New Haven, Connecticut; to Portland, Maine; to the entire state of Vermont. None of these schemes aims to supplant the greenback, but all try to mend some of its very real defects—and to serve as a laboratory for what comes next. Call it "Currency 3.0": lean, local, and maybe very logical indeed.

Not that the idea is brand-new—just the opposite. Some of the first money that circulated around New England was local: Next door to the Red Lion Inn is a Berkshire Bank branch; the building's original occupant, the Housatonic Bank, printed its own money in the 1800s. You can still see some of those notes hanging on the wall.

But as the nation prospered and consolidated, the federal currency became the thing we meant when we said "money." It's always come with drawbacks, however: the bust-and-boom cycle, for instance, that saw many communities issuing scrip during the Depression. Beyond that, the sheer power of money—the fact that you can use it to command someone in China to do

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something for you—can create problems just as it solves them: The folks in China, or at Wal-Mart headquarters in Arkansas, may take away the jobs your community depends on, for instance. Through the 20th century, as consumers transacted more and more of their business at a distance, local food systems waned; then big-box stores reduced the civic engagement that came with Main Street. It's not an experiment anymore: The 2.5-millionth BerkShare went into circulation last fall.

It's probably no wonder, then, that the impetus for BerkShares came from the E. F. Schumacher Society, a Great Barrington foundation formed to promote the legacy of the British author of *Small Is Beautiful*. The Berkshires were an early hotbed of the local-food movement: Robyn Van En, whose face graces the 10 BerkShare note, founded one of the first two CSA (community-supported agriculture) projects in the country in the mid-1980s at her Indian Line Farm in South Egremont. When the famous economic historian Jane Jacobs called for regional currencies in a talk in 1983 at the Society's annual meeting, her plea fell on receptive ears.

"We'd started with a microloan program [in 1982]," Witt explains. "We got people to open savings accounts at local banks and pooled that money to collateralize loans for useful things. Mostly they went to women, and for products that weren't really understood by traditional bankers." Then a favorite local deli came looking for money so it could move. "We said, No, you have your customers; borrow from them." And thus was born "Deli Dollars," which let people loan money that could be redeemed in pastrami, say, once the expansion was complete. "It got huge press," Witt says. "People were really interested." The local Chamber of Commerce asked the Schumacher Society to help with a summertime promotion: Whenever shoppers spent \$10 at any of 70 local stores, they got a \$1 certificate that they could redeem over three days in September. "People came all the way back from Cape Cod to spend \$20 worth of these certificates," Witt recalls. "Merchants loved it. And since we had an Excel spreadsheet going, they could see how interconnected they actually were."

The leap from gift certificate to currency came in the fall of 2006, when several community banks offered to issue the money. "You have to remember," Witt says, "local bankers are just local guys, their customers are local businesses; they're thinking of what will work for these local businesses. They'll stretch for them."

Here's how it works: You walk into any branch of the five banks that offer the notes and hand the teller \$95 in U.S. dollars. She hands you 100 BerkShares. You spend them at the deli, the bar, or the bookstore. The bar owner then takes her BerkShares from the till and spends them at the deli, the bookstore, or Jakob Kent Jewelry. Or, if she has to pay for something that nobody local is producing, she takes her BerkShares back to the bank and reconverts them into dollars, at the same 95 percent exchange rate. Some people get paid partly in BerkShares; some towns are considering taking them for certain fees and taxes. It's not an experiment anymore: The 2.5-millionth BerkShare went into circulation last fall.

It's also not the only new approach to money under way in New England. In Greater New Haven, for instance, SHARE Haven Time Bank is busy converting spare hours into spending power. You offer something you're good at; at press time, the website listed a variety of services, from cat sitting to architectural design. If you spend an hour helping someone in the network, you've earned an hour of someone else's time; you can get someone to shovel your drive, or give you a massage afterward.

Hour Exchange Portland is larger and more established. Current projects include making sure the homes of all 600 active members get weatherized with the donated labor the network can mobilize; you get spray foam insulation, caulking, and weatherstripping, and you pay it back to the system in baking, or midwifery, or whatever it is you do. Time-dollar programs derive from old-fashioned bartering, of course, but with an egalitarian twist: Every hour is worth the same thing. Portland's credo states it simply: "Everyone has value, everyone's time is equal, everyone has something to offer. The real economy is people. We value work. We value the work it takes to make healthy children, a healthy community, a sustainable future." It sounds positively Scandinavian.

If you're a little more hard-nosed, then consider the new Marketplace program launched this past spring by Vermont Businesses for Social Responsibility and Vermont Sustainable Exchange. It's kind of like barter, too, but highly computerized, and filled with excitingly business-like buzzwords. "We think of it as a recession beater—a cash-flow management tool," says VBSR executive director Will Patten. "Every business has extra capacity, or products it's overstocked on," he explains. "Everyone has extra capacity." Now other member businesses can buy that extra capacity with their own excess, no money involved. "Say I need to buy some compost," says Will Rapp, who often needs to buy compost because he's the founder and chairman of Gardener's Supply Company, an enormous mail-order house based in Burlington. "I may be short of cash, and the compost guy may have a glut at the moment. So I can transact that in the online exchange system, and the compost company can take the credits I give it and use them to buy fuel for the truck to load the compost onto. The fuel company says, 'I need accounting services,' and finds someone in the network to provide them."

The currency is literally teaching people to think more carefully about how their habits build or erode community. It's about creating trust in a world where economists have taught us that we're self-interested individuals and nothing more. It works like money, but it lets you pay for what you have too little of (fuel) with what you have too much of (compost). If you had to barter point-by-point, not only would you have to find a fuel dealer who needed compost, but you'd have to find him at just the moment when he also had extra fuel he needed to get rid of. "Barter requires the incidence of coincidence," says VSE founder Amy Kirschner, who runs the Marketplace software under a license from the Scottish inventors. "Instead, we're a little bit Amazon, a little bit Craigslist, a little bit eBay."

Kirschner started work on Marketplace's business-to-business electronic exchange after her attempt to start a BerkShares-like local currency in Burlington had foundered. "Having a piece of paper go around is a bit of a logistical nightmare," she says. "Burlington Bread didn't fit into cash-register drawers, it was hard to make change, employees weren't trained to deal with it." She's happier with the electronic model, in part because she's dealing directly with businesses that are used to thinking in hard economic terms. "We finally nailed the economic argument—it's spare capacity," she adds. "Would you rather pay a bill with a gift certificate to your business or with cash? There's already trust within our network of businesses; these are the kinds of people who want to work with one another."

Susan Witt wouldn't argue with any of those logistical challenges, but for her they're part of the rationale for BerkShares: The currency is literally teaching people to think more carefully about how their habits build or erode community. It's about creating trust in a world where economists have taught us that we're self-interested individuals and nothing more. "I'll be in line behind someone at a store, someone who's supported us," she says. "And yet she's whipping out a credit card to pay. I ask her, 'Where are your BerkShares?' And she'll say, 'It's inconvenient."

And I get airline miles with this card.' We're so entranced by the ease of this economic exchange."

Witt wrote recently about another local woman, someone who had called her office to ask how to make a donation to a local nonprofit in BerkShares. She couldn't just write a check, Witt explained to her. She'd need to "walk or drive to the project's office, call the staff together, look them directly in the eye, tell them how important their work is to the community, and hand them an envelope with a big stack of BerkShares."

Those bank notes would be nice, but so would the sentiment; in the end, it's entirely about building community, and so the connection counts as much as the money. Here's Jasmine Stine, an intern at the Schumacher Society: "My housemate was in line at Guido's [an upscale produce market in Great Barrington], right in between two other people who were paying in BerkShares. It turns out that one guy was making biodiesel, and the other guy needed some. That's the kind of conversation we've got to start having."

The Schumacher Society—which is now combining forces with England's New Economics Foundation, another booster of local currencies—sees lots of room for BerkShares to grow. The currency is now spreading out of the southern half of the county—the Tanglewood Berkshires—into the grittier Pittsfield area, and even to a few towns just over the New York and Connecticut state lines. And the Society is also trying to figure out how to start making loans in the local currency, not tied to federal dollars, which would mean backing the BerkShares with something real. Not gold, but a basket of commodities—firewood, apples, wind power—the kinds of things you can produce in Western Massachusetts, where gold mines are scarce.

The loans would be designed to build local economic power: to capitalize the factories and workshops that could bring production and jobs back home. That could reduce the scale of the sprawling global economy at least a little—and trim the danger of the next crash a little, too. I'm betting a Melville it just might work.