

Ithaca HOURS

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What are Ithaca HOURS?

- Local currency used in Ithaca and other surrounding communities
- Began by Paul Glover in 1991
- Taxable for income
- Incentivized participation system
 - Given 2 hours for signing up in the directory and agreeing to accept wage in HOURS
 - Every year you can apply for 2 additional HOURS for participating



Facts and Figures

- Issued over \$110,000 worth since inception
- Each HOUR is worth \$10
- Millions of dollars in exchanges
- 11% of hours issued as grants to community organizations
 - Over \$15,000 given to nonprofits since its beginning
- 5% of HOURS issued to the system itself to pay for the printing of HOURS
- Accepted by over 500 local businesses



COURTESY: ITHACA HOURS

Why have a local Ithaca currency?

- Promote local economic development
 - Keep purchases local
 - Businesses who accept HOURS must invest it back in the community
 - Local currency less liquid than the US dollar
- “Not backed by national debt” but “by real people, real time, real skills”
- HOURS loans are made without interest charges

Why have a local Ithaca currency?

- Income-Related
 - Many Ithaca HOURS users are in a lower income bracket than non-users
 - Many users say that it “gives them access to goods or services they would otherwise be unable to purchase”
- Non-Economic Reasons
 - A study done by the University of Calgary found that Ithaca HOURS were considered a social capital as well as financial capital
 - Ithaca HOURS users said that the currency strengthened their sense of community and other social factors
 - For some, it was part of the reason they lived in Ithaca

Two Monies

- One Ithaca HOUR is worth \$10, the average hourly wage of Tompkins County residents
- Since Ithaca HOURS are taxable, their price can be derived using the two monies formula
- Requirements for two monies calculations:
 - Taxes
 - Endowments

Economic Theory

- Fiscal Localism
- Capital remains in the community
 - Currency directly based on units of labor, rather than being compensated with currency per unit of labor
- Purely a fiat currency
 - Taxes are not payable in Hours, they are not guaranteed legal tender
 - Have value only as long as one believes that others will accept them
- Inside Money
 - Private intermediaries, not the government

Minimum Wage

- The initial exchange rate of 10:1 was set by an estimate of the living wage in Tompkins county
 - Set in the early 1990s
- The current living wage in Tompkins County is roughly 14/hour according to estimates
- The minimum wage is 9.70, raising to 10.40 next year in NY
 - While the value of an hour is set, it is somewhat negotiable
- The NY minimum wage was 4.25 when the Hour was established

Historical precedent



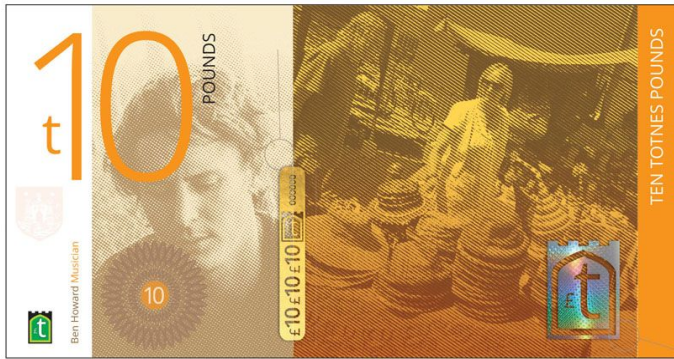
- Great Depression
 - Local currencies were issued throughout the Great Depression (called scrips)
 - Scrips were issued by companies, banks, and individuals
 - Most operated similar to today, but also some more exotic versions
- Complementary Currencies
 - Gained popularity in the 1960's
 - Government-encourage currencies that supplemented the national currency
 - Very popular in Canada
 - Promoted economic stability but also still involved in government tax-systems and laws
- LETS
 - Popular in Great Britain in the 1980s
 - Stands for Local Exchange Trading Schemes



BerkSHARES



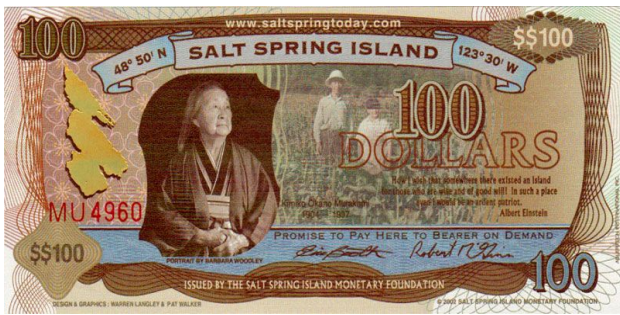
- Berkshires Region of western Massachusetts
- Launched September 29, 2006
- Over 400 local businesses in Berkshire County officially accept BerkSHARES
- Emphasizes local values of ecology, sustainability, and community
- Locals Purchase at 95 cents on the dollar from eight branches of three local participating branches (as of November 2015)
- Accepting Businesses can pay salaries, purchase goods and services, or support local non-profits
- Seeks to foster collaboration among producers, retail businesses, non-profit organizations, service providers, and consumers
- Seeks to increase public awareness of the importance of local economies
- Hopes to inspire entrepreneurial ventures with the new local generation of wealth to replace imported goods with locally produced items, which are more environmentally sustainable



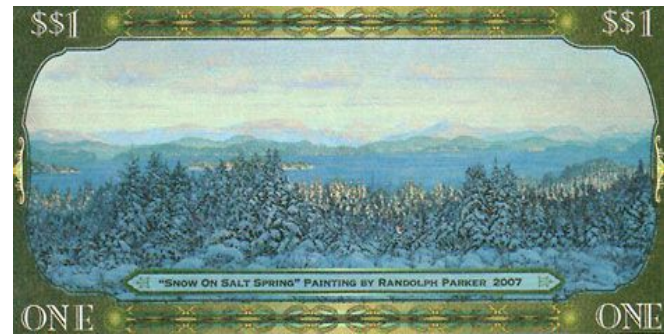
Totnes Pound



- Currency circulated in the town of Totnes, Devon, England
- Launched as part of the “Transition Town Totnes Economics and Livelihoods group” in March 2007
- This group argues that local currencies provide the opportunity to strengthen the local economy
- Transition Towns are grassroots community projects that want to increase self-sufficiency and decrease the effects of climate degradation and economic instability
- In addition to benefitting local businesses, the objectives of the Totnes pound include getting people to be aware and think about how they are spending their money, increase tourism and encourage these tourists to buy from local businesses, and encourage local trade
- Unlike the BerkSHARES, the Totnes Pound is worth exactly £1, and comes in denominations of £1, £5, £10, and £21
- As of July 2014, over 120 local businesses accept the Totnes Pound and over £120,000 has been issued so far



Salt Spring Dollar



- Local currency issued on Salt Spring Island, British Columbia, Canada
- First issued by the Salt Spring Island Monetary Fund in September 2001
- Minted a silver coin in December 2007
- The bills are printed with anti-counterfeiting technology
- Tourists and customers to Salt Spring can buy food, goods, gas, etc., and the businesses can trade these in for Canadian dollars whenever they want
- Legally, Salt Spring Dollars (\$\$) are considered gift certificates (don't pay sales tax)
- In addition to promoting local commerce and goodwill, the goal of \$\$ are to promote the history, art, and natural beauty and wonder of Salt Spring Island



Swiss WIR Franc



- Electronic complementary currency in Switzerland
- Services businesses in hospitality, construction, manufacturing, etc.
- Founded in 1934
- 70,000 small and medium business participants
- 2.521 billion “wir units”
- Controlled centrally
- Requires cash deposit as collateral
- Extended an interest-free loan of 5% of deposit
- These loans are then tradeable
- Further credit can be negotiated
- A very successful way to get loans, not so much as an actual currency

Criticism of Local Currencies

- Poor tool for local business development
 - Often seen as antithetical to economic activity
 - Social movement rather than an economic one
 - Often limits the scope of businesses that participate, even if they take national currency
- Poor liquidity
 - Only select businesses accept hours
 - Not easy to convert to national currency
 - Useless outside of their region
- Still dependant on the dollar and the US economy
- Accountability Concerns and Seigniorage

Ithacash

- Digital currency to promote local economic development within Ithaca
- Accepted in over 100 local businesses
- Equal to dollars
- Buy in bonus rates starts at 10%
- Can manage account with facebook
- Marketplace on mobile application for purchases
- Holders of HOURS are invited to convert to Ithacash at a rate of \$17.50 per HOUR



ithacash

money made for main street

Future of Local Currencies

- The makers of Ithaca HOURS make it clear they want their model to expand to other communities
- *Hometown Money* by Paul Glover
 - Book detailing how to set up and maintain a local currency system
 - Sent to over 2000 communities in over 50 states and internationally
- Local currencies on the rise:
 - Shortage of dollars and means of earning them
 - Empowers stakeholders other than banks to invest in economic future
 - Build community

