

Group proposes alternative currency to support local economy

BNote bills could be used only at area businesses, keeping value in city

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A Baltimore group wants to put civic pride in your wallet.

The Baltimore Green Currency Association, a nonprofit that aims to help small restaurants and mom-and-pop retailers fend off the big chains, is trying to build an alternative economy — mostly in Hampden. To do so, the group plans to issue a local currency called BNotes.

Customers wanting to buy local could use the currency at more than 25 businesses. And they would get a built-in discount because \$10 would get you 11 BNotes, which could be exchanged dollar-for-BNote at designated merchants. The businesses would then be able to use the currency to purchase goods and services from each other.

BNote boosters plan to unveil the design for the bills on Friday and to put them into circulation in mid-April. They recently launched a campaign to raise money to print the BNote bills.

Local currencies have been implemented around the country, in communities such as Ithaca, N.Y., and the Berkshires in Massachusetts. And similar programs have been tried before in Baltimore.

A system known as "time banking," which allows people to barter hours of work for such services as graphic design, baby-sitting or carpentry, has been used in a number of communities around the Baltimore area, to varying degrees of success. An effort known as Baltimore Hours started in the early 2000s but did not last.

The latest currency association — all volunteers — focused on Hampden because it has a defined geographic area and a number of independent businesses. Restaurants such as McCabe's and nearby [Woodberry Kitchen](#) have agreed to accept the currency, as well as some outside Hampden including

Zeke's Coffee in Lauraville. The merchant directory also includes computer repair servicer Little Shop of Hardware and vintage clothier Minas Gallery and Boutique.

Unlike dollars that could be spent anywhere, BNotes would be tied to participating businesses, and those who receive them would be motivated to put them back into circulation. The currency group's executive director, Jeff Dicken, said the BNote also would bring back a "social element" to business transactions.

The BNote "ends up circulating locally more persistently and more quickly than the dollar," Dicken said. "They're the lubricant in the economic system."

Steve H. Hanke, a professor of applied economics at the Johns Hopkins University and a senior fellow at the Cato Institute, said the BNotes discount may offer a temporary impact, but usually forms of scrip sprout during tough times and don't last long.

"Whatever the benefits might be, the subjective valuations ultimately get swamped by the other set of subjective valuations, such as the cost and inconvenience of it," he said.

It's not illegal to print currency, though one cannot mint coins. And the bills would be counted like dollars for tax purposes.

The Baltimore group plans to base how much currency to put into circulation on several factors, including the total revenue of the participating businesses and the amount of demand.

Participating businesses can control how they choose to accept BNotes — restricting them to a certain percentage of each transaction, for example. Employers could pay a portion of staff salaries in BNotes.

If this small-scale experiment succeeds, the currency group hopes to one day offer interest-free business loans to invest in local supply chains — diversifying the local economy and eliminating the need to ship goods from long distances. Debit cards and electronic payments are another future possibility.

Patrick Ito, chef at McCabe's, said he envisions offering the BNotes to staff as bonuses, such as "employee of the month" awards. He hopes the currency group can persuade local farms that supply him and other Hampden restaurants to accept the BNote.

"The big selling point was trying to keep money flowing through and in the neighborhood," he said. "The more businesses that use it, the more effective it is."

Other business owners are taking a wait-and-see approach, said Benn Ray, co-owner of Atomic Books. He's also president of the Hampden Village Merchants Association, where he said some members have had questions. With the slow economy and limited sources of credit, having assets tied up in such a program could be a "tricky proposition" for a small business, he said.

"I have a feeling as with most of these things, there will be some businesses that greatly benefit and thrive from this, and other businesses that see it doesn't make much sense for them," said Ray, who added that he supports the group's intent.

Michael Reeder of Hygeia Counseling Services in Mount Washington said BNotes make sense given the current economic climate.

"It helps me out to be promoted by them, to be one of the initial few in my category," he said. "Anything that helps me differentiate from the competition, I'm there."

While some local currencies are no longer in circulation, others have become integral to the local economy. In the Berkshires, about \$2.8 million worth of BerkShares have circulated since September 2006, with about \$135,000 still in circulation, said Susan Witt, BerkShares co-founder and education director of the New Economics Institute.

"What local currencies are, ideally, is this extraordinarily flexible and targeted regional economic development tool," she said.

BerkShares currently is a very sophisticated "buy local" program, she said. "If you have BerkShares in your pocket, it's a reminder not to go to the Internet, not to go to big chain stores, but to go the local businesses that are part of your Main Street."

Any local currency requires time and education to overcome the perceived inconvenience and unfamiliarity, Witt said. "Our habits around financial transactions are deeply ingrained now," she said. "We don't look at the person we're paying. We don't have a conversation with them."

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