Understanding The Relationship Between Profit, Saving and Debt

Although it is now widely understood that our growing collective indebtedness is unsustainable, little, if any, attention has been given to the role that profit and saving play in the debt creation process.

Our economy thrives on consumption, the *spending* of capital. But consumption levels can only be sustained in one of two ways; either all sales revenues, wages, taxes and profits must be *spent* back into the domestic economy leaving net saving the same, or else any capital that is removed from domestic spending flows through new net savings (and/or net capital exports) must be replaced by an equal amount of new borrowing. If the total amount of money that is circulating in the domestic economy drops, then Canada's Gross Domestic Product (GDP) must drop also. When the GDP falls, layoffs occur, consumer confidence falters, higher-income earners save more, borrow less and spending falls even further, causing a downward economic spiral to begin.

Average Canadians have been conditioned to think that profits and savings are good and that debts are bad, but in reality they are simply opposite sides of the same coin. One side cannot exist without the other. If someone makes a profit, someone else must incur a loss. If someone saves a dollar, someone else must borrow a dollar to keep consumption levels the same. Rising debt is *necessary* to sustain continued profit making and new saving. While business leaders are quick to praise themselves for being the "engines of growth …creating wealth and prosperity", they are less eager to acknowledge their role as the engines of debt creation. While high-income earners pool their excess earnings in pension and mutual funds and congratulate themselves for demonstrating such fiscal prudence, it appears that they fail completely to understand that their withdrawal of such enormous sums from the debt-free spending flows of the economy necessitates the very debt build-up of others that they criticize (and profit from).

Once you appreciate how intricately profit, saving and debt are interdependent, you can see how ridiculous it is to try and restore a failing economy by reducing debt and increasing profits and savings. Add to this the nearly $4 billion of net capital that left Canada in 1994 (that's about $11 million dollars a day), and you can see that if the upcoming federal budget does not address the record high real interest rates, the record high corporate profits and the record high capital flight that is robbing average Canadians of their jobs and their spending power then we certainly are headed for a major financial crisis before the end of this century. And if the financial system goes down, then all those precious shares that are held by our mutual and pension funds won't be worth the paper that they are printed on. Although strong export sales can prolong the inevitable crash temporarily, they cannot compensate for the structural instability of a debt-foundation to wealth creation.

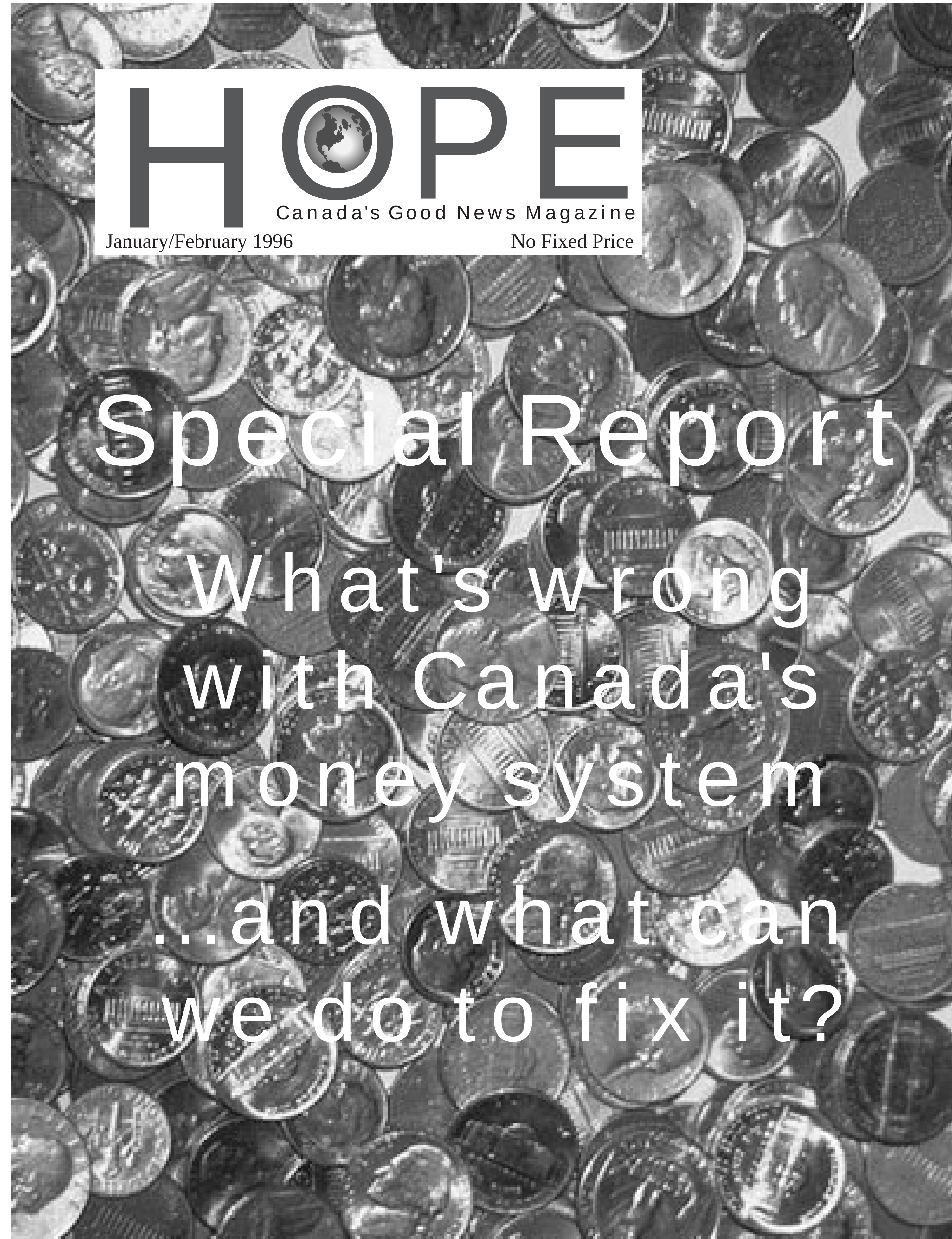
Why Is There HOPE?

First the good news, then the bad news, and then some more good news. The good news is that the economy is still fixable. The real solutions to our problems are actually quite simple. Many knowledgeable economists have tried-and-true alternatives that will get us out of the fiscal mess we are in. The bad news is that the government really isn't interested in fixing things. In fact, our leaders are bent on destroying the power of the government and maybe even the country. The economic policies they are implementing will actually make things worse. The other good news, however, is that once enough Canadians realize what is going on, we will be able to stop them democratically and begin implementing the real solutions that will save us. As more and more people experience, first-hand, the pain and insecurity of the current recession, many serious and meaningful questions are beginning to be asked about the true purpose of society. In tough economic times, people become more willing to consider new ways of thinking and doing things. When times are good, people remain complacent and inertia carries us into the future. Discontent, however, is the catalyst of change. It is the power of critical, independent thinking to change the will of an awakened public that is the reason for hope.

HOPE magazine was created specifically to increase the public's awareness and understanding of the real issues and solutions to our country's problems. Using the everyday language of average people, HOPE will guide its readers, through the doom and gloom and political double-talk, to a fresh vision of a sane society which values the potential, and rewards the contributions, of all Canadians equally. HOPE will debunk the myths that the mainstream media and the government spin doctors have a vested interest in perpetuating and will highlight the research and recommendations of hundreds of individuals and organizations that are working tirelessly, in spite of the odds, to make Canada a better place to live. The real solutions to our problems would result in a strong vibrant economy with full employment, no government debt, low taxes, a high standard of living, increased leisure time and a healthy sustainable environment. Such a world is possible, once enough of the public becomes aware of the way to get there.

HOPE is published six times a year by Don Findlay, an independent researcher living in Kingston. Recognizing the need to demonstrate new, more cooperative ways of doing things led to the decision not to charge a fixed price for this magazine. HOPE now relies entirely on the wisdom and generosity of its readers for its survival. HOPE *trusts* you, the reader, to judge the value of this publication for yourself. If you feel that it makes an important contribution to society and you wish to help it to continue and grow, then please send a donation to the address below. If you wish to sponsor the printing of additional copies of HOPE, its current short-run printing costs are about $30 per 100. If you ask for it, a credit in your name will be printed in the run that you sponsor. All of the time and labor that is expended in producing HOPE is volunteered. Please feel free to photocopy or reproduce this magazine electronically. HOPEfully, it will soon be available on the Internet. Letters to the editor, opinion pieces and local good-news stories are welcome and should be addressed to:

HOPE Magazine
668 Hillview Road
Kingston, ON, K7M 5C6



Wake up & Get Angry! Canadians have been sold out.

Our government deliberately created the deficit, so that it could be used to justify the dismantling of Canada. Please, speak out now, before there is nothing left of our country to leave to our children, except for its debt.

Before you can understand the deficit swindle, you need to know a few important things about money.

1) *All of the money in circulation today originally came into being as debt.* Even the small amount of money that the government still creates for itself, it borrows, with interest, from the Bank of Canada.

2) *New debt is essential if the economy is to continue growing.* If consumers reduce their purchases of new goods and services in order to pay off their existing debts, demand and production levels fall and layoffs are inevitable. If this trend continues for three consecutive months it is called a recession. The total amount of debt in the economy grows steadily every year. Everyone's borrowing is *necessary* …not just the government's. In 1994, individuals owed $502 billion, corporations owed $496 billion, and governments owed $808 billion. Altogether that's $1.8 trillion.

3) *All of the interest on society's debts is ultimately paid by the consumer/taxpayer.* When businesses borrow, their interest costs are passed on to consumers, embedded in the price of their goods and services. (Think about it, if businesses didn't recoup their interest costs they wouldn't be in business long.) Governments pass along their interest costs to us through taxes.

4) *Interest payments are eating up consumers' purchasing power.* The total amount of interest charged in 1994 was $184.3 billion. This figure is equivalent to 45% of the total that was paid out in wages and salaries to consumers last year. It is no wonder that working people feel that their wages don't buy as much as they used to. Once society's collective interest costs exceed about 50% of consumers' wages then a recession becomes almost inevitable.

5) *Interest is like a private tax, or a rental fee on money.* Those who lend the money "earn" a commission on the labour and initiative of all those who borrow it. Many lenders never lift a finger themselves to increase society's productivity directly.

6) *The federal government could finance its own activities and those of the provinces and municipalities through the Bank of Canada and avoid public interest costs entirely.* Unlike individuals and businesses, the federal government owns its own bank, the Bank of Canada. If it borrowed entirely from the BoC, then any interest payments that it made would return to it as revenue and its effective interest costs would be zero.

Now that you understand the basics, here's how the government's deficit swindle works.

1) *Reduce the amount of money that the government borrows from its own bank, the Bank of Canada, and borrow more from the financial markets.* From 1936, the year that the Bank of Canada first became operational, until 1977, the percentage of the federal government's total debt that was borrowed from the Bank of Canada steadily increased from just 3.7% in 1936 to 20.5% in 1977. Since 1977, however, that percentage has steadily declined. Today the Bank of Canada holds only about 5% of the federal government's total debt. Instead of borrowing at virtually no cost from its own bank, the government has chosen to borrow increasingly from the private banks and from foreign money markets.

2) *Use the Bank of Canada to force up interest rates*. In 1979, the Bank of Canada began to raise interest rates, claiming that it was necessary to do so in order to fight inflation. By 1981, the prime lending rate had soared to over 22% and it remained in the double digits until 1991. High interest rates themselves push up the price of everything and contribute to inflation, so it is curious that the Bank of Canada would choose them as a weapon against inflation.

3) *Reduce the amount of tax revenue collected from Canada's wealthiest families and corporations.* A series of tax changes implemented throughout the 70's and 80's favoured the rich and starved the federal government financially (read "Behind Closed Doors" by Linda McQuaig if you want to learn the truth about taxes). Between 1975 and 1985, federal tax revenues in Canada rose by just 2.2%, the lowest increase of any developed country in the world. From 1979 on, the percentage of the government's total tax revenue that was collected from corporations began to fall steadily away from its traditional level of about 20% towards today's current level of just over 6%. Together, higher interest rates and reduced tax collections caused the federal government's net annual deficit to soar away from its traditional level of about $2 billion a year prior to 1975 to over $30 billion a year by 1982.

It is impossible to believe that the prime minister, his finance minister and the governor of the Bank of Canada, the three most knowledgable men in Canadian economics, did not understand the effects that their policies were having on the government's finances and the state of the Canadian economy. The deficit had to have been deliberately created!

Greed Is Choking Society's "Circulatory System"

Money is the blood of our economic system. When nourished by a healthy flow of capital, ambition and enterprise can flourish and humanity's full potential can be achieved. Once cut off from the money supply, however, initiative and hope soon die and the rigor mortis of despair sets in.

Our financial institutions are the heart and circulatory system of the economy. If the flow of money is blocked by a build up of fear or greed in our bankers, then an economic coronary will surely follow. A mild attack is usually referred to as a recession. Think of it as economic angina. A more massive failure is usually called a depression. Think of it as an economic stroke. To cure a case of angina, bankers normally prescribe a rest from work for millions of otherwise healthy employees. This lowers their fever of hope and security and reduces their delusions of equality. In the case of a stroke, however, massive surgery is required as much of the cooperative tissue of society must be removed.

The principal medicine that bankers use to control the economy's blood pressure is interest. Basically, interest is a tax on human potential. If a borrower can convince a lender that he or she has significant potential, then the lender will lend that person their own potential. The interest they must pay is like a royalty fee on their own initiative. In fact the only real difference between interest and taxation is that taxation is based upon past achievements whereas interest anticipates future achievement. That, historically, the benefits of tax revenues were more broadly dispersed throughout the general public than the benefits of private interest, is no longer very relevant since the primary purpose of collecting public taxes today is to pay interest on the public debt.

A planned scarcity of money is the key to maintaining high interest rates. Even the illiterate have been taught that if something is in short supply then you can expect to pay more for it. Even a child knows that a rare hockey card fetches a premium price. Few adults, however, know much about our monetary system. Most believe the myth that if there was more money available in the system that a shortage of goods would simply push up prices to absorb it, a fear commonly referred to as inflation. This theory may have been true in the distant past, before technology gave society an almost unlimited productive capacity. Today, however, the single largest component of most prices is interest. At first, this may seem unbelievable, but think about it …every step along the chain of production, from raw materials to finished products, involves borrowed money.

The lumberjack must finance the heavy equipment needed to get the logs out of the bush, the planning mill must finance the equipment to turn the logs into boards, the railway must finance the engines to pull the lumber to market, the furniture company must finance the machinery needed to turn the boards into furniture, the trucking company must finance the trucks to haul the furniture to the retailer and the retailer must finance his inventory and the costs of setting-up his store. In addition, all of these companies must finance their real estate. In order to stay in business, each one of these firms must recover their interest costs in their prices. At the end of the line, the consumer must pay the entire chain of interest that is embedded in the price of the furniture. In capital intensive industries this can amount to over two-thirds of the retail price. On top of that, most consumers must finance any major purchases that they make creating even more wealth for the lenders (consider the total interest paid on a 25-year residential mortgage, for example). If interest rates were lowered, and all businesses passed along all of their savings in interest costs to consumers, prices would tumble. Of course, in the short term, businesses would not pass along all of their savings to consumers. They would try to hold on to as much of the additional profit as they could. In a truly competitive marketplace, however, over the long term, competition would squeeze the excess profits out of the price. Whether or not a truly competitive market still exists today is another topic. The point here is that an abundance of money, rather than causing prices to rise, would most likely result in lower prices in the long term.

The bankers, however, don't want you to know this. A shortage of money increases their profits and keeps people frightened about losing their jobs. Frightened people don't ask for wage increases and don't speak out against corruption. In fact, frightened people stop asking questions altogether. They're too busy just trying to survive …without having a stroke.

Too Little Interest-free Money Is Destroying Canada

Suppose you bought the game "Monopoly" but when you and your friends opened the box and went to play it you found that only half of the money needed to play had been shipped from the factory. Determined to proceed anyway, you all agreed to play with only half the normal salary, but still paying the normal prices for everything else. Imagine how carefully you would choose which properties you could afford to buy. Imagine the number of properties that would remain unowned or under-developed. Imagine how quickly some of the players, unable to pay their bills, would be forced out of the game. Imagine how much more difficult it would be to get ahead.

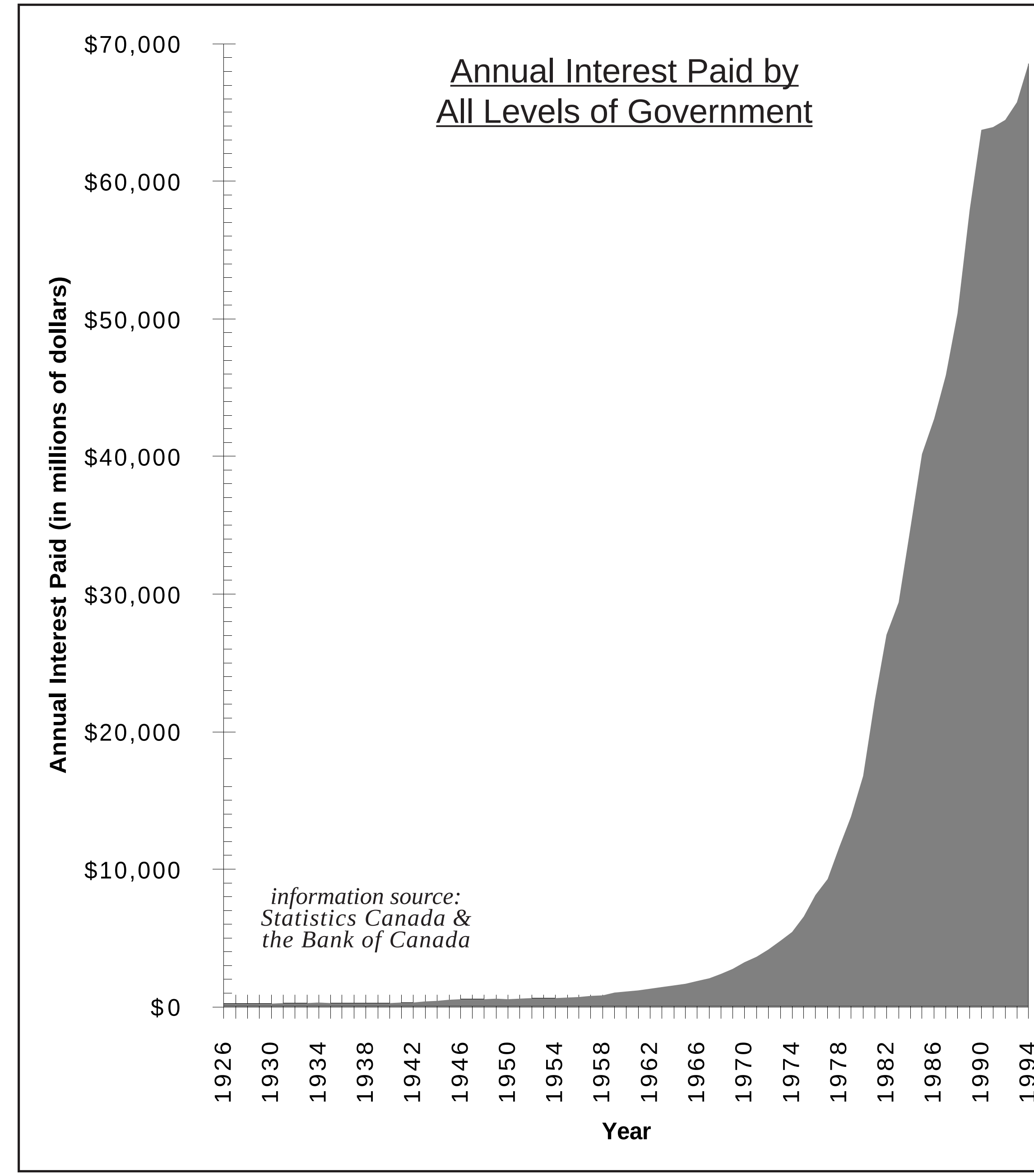
The same set of problems arise in real life when there is too little money in circulation. There must always be enough money circulating in a society to ensure that, at least, everyone's basic needs for food, shelter, clothing, medicine, education, transportation and recreation are met. There must also be enough money circulating to ensure that everyone can find creative well-paid, full-time work. As the population grows and as society's productivity increases, new money must be added to the money supply to represent the new wealth that is being created. If too little money is available then the needs of many will remain unmet at the same time as many valuable human resources are wasted. Unemployment, poverty, violence and crime are the warning signs that there is too little money available in a society.

If the money that is available is distributed too unevenly, the same set of problems soon arise. When some people, having far more money than they can possibly spend, save a large amount of their income instead of spending it, it reduces the total amount of money that is in circulation. Most economists will tell you that this is not a problem for savings are normally re-invested or lent back into circulation. The problem with this explanation however is that it fails to take into account the significant difference between money that is owned by the spender which circulates interest-free in the economy, and money that is borrowed by the spender which carries a burden of interest. The purchasing power of an earned or spender-owned dollar is equal to one dollar. The purchasing power of a borrowed-dollar is equal to one dollar less the cost of interest. The purchasing power of a lent-dollar is equal to one dollar plus the cost of interest. Herein lies the problem. Interest-free, earned dollars that are saved and removed from circulation, multiply themselves over time (when loaned out with interest), drawing even more earned money out of circulation. The higher the interest rate, the greater the reduction in the interest-free money that is left circulating. Also, saved dollars are highly mobile and have a tendency to leave the domestic economy altogether.

The economic difficulty that Canada finds itself in today is caused by both of the above problems. The growth in the supply of interest-free money that is available for circulation in Canada is shrinking in relation to both the total money supply and the growth in the population. What bankers call the M1 is the closest estimate of the total amount of interest-free money in the economy that is available. M1 is the total amount of cash and short-term deposits that individuals have, either in their pockets or in their short-term savings and chequing accounts with the chartered banks. In 1966, the M1 represented 36.5% of the total money supply (the total amount of currency plus all the privately-owned Canadian dollar deposits in the chartered banks). In 1994, the M1 accounted for only 13.6% of the total money supply. From 1990 to 1992, the last recession, the M1 accounted for less than 12% of the total money supply. When the M1 per capita is expressed as a percentage of total GDP, it becomes clear that, relative to the growth in the population, the M1 has dropped steadily from 5.6% of GDP per 10 million Canadians in 1966 to just 2.6% of GDP in 1994. There is simply not enough new, interest-free money being added to the total money supply in Canada to keep pace with our spending requirements. The federal government used to create about 20% of the money that it needed to borrow by financing it through its own bank, the Bank of Canada. Any interest that the government pays on the money that it borrows from the Bank of Canada returns to the government as revenue so its effective net interest cost is zero. Since 1977, the federal government has been steadily reducing the percentage of its total borrowing that it finances through the Bank of Canada. Today it uses the Bank of Canada to finance only about 5% of its total borrowing requirements.

In 1994, the total burden of interest in the economy was $184.3 billion. This figure is equivalent to 45% of the total that was paid out in wages and salaries that year. Interest payments are robbing consumers of their purchasing power, are transferring huge amounts of money from average workers and the poor to the rich and are seriously reducing the amount of interest-free money that is available to drive domestic consumption. The federal government must act now and instruct the Bank of Canada to repair the damage that has been caused by its tight monetary policies. The government's top priority must be to pay off its foreign-held debt. The Bank of Canada should announce that anyone holding claims against the government of Canada has until a given date, say July 1, 1996, to redeem their claims or else they will become null and void after the said date. They must also announce that all claims will be settled on the basis of the Canadian dollar exchange rate that was in effect at a certain time before the announcement was made (for example, if the announcement was made at 1:00 pm EST, then all claims would be settled based upon the trading value that the Canadian dollar had held at 12:00 pm EST that same day). This would disempower any speculative attacks against the dollar. Rather than "printing money" to cover its obligations, the federal government should simply instruct the Bank of Canada to credit the reserve deposit accounts that the chartered banks, up until recently, were required to maintain with the Bank of Canada. At the same time, the government would have to reinstate reserve requirements to prevent the chartered banks from going on a lending spree which would cause inflation. Repatriating our foreign debt through the Bank of Canada would cut our interest costs in half, immediately putting the government in a surplus position. The GST could then be abolished to further stimulate the domestic economy and fuel real job creation. The only thing preventing Canada from achieving its full potential is the lack of the political will to do so. It is up to all Canadians to create that political will …and fast!

Why did the government need to create the deficit?



Without the deficit, the government would never have been able to convince Canadians that our social programs, our national labour standards, our environmental, health and safety regulations, and our government business enterprises and cultural institutions were too expensive to maintain. They knew that Canadians cherished these institutions and traditions which distinguished them from their American neighbours.

But the agenda of the world's leaders was changing. The International Monetary Fund, the Trilateral Commission, the Bank for International Settlements, were pushing national governments everywhere towards all-out global competition and unrestricted worldwide free trade. Wealthy transnational corporations were organizing powerful political pressure groups like the Business Council on National Issues to persuade politicians to implement policy changes that would help create their "new world order". The voting public would never support their agenda if it was revealed for what it really was …pure greed. If, however, the public could be made to believe that the government was broke and therefore had no other choice but to dismantle the existing system, then their ambitions could be achieved.

What can be done now to undo the damage?

The federal government could use the Bank of Canada to write-down the total amount of its debt and to abolish the interest costs associated with its remaining debt. *This action alone would eliminate the deficit entirely and put the government into a surplus position*. The federal government could also use the Bank of Canada to refinance the debts of all the provincial and municipal governments in Canada. This would do more to restore federal-provincial relations and create national unity than any constitutional change could ever achieve. The federal government could then make full-employment its top priority. By focusing on the long-term implications of the planet's deteriorating environmental conditions, strategic economic opportunities would emerge that would not only create jobs but would position Canada as a world leader in environmental science and technology.

Many solutions, from some of the best minds in Canada, are waiting to be implemented. In fact, the real answers are not that difficult. The political will to impose them, however, does not currently exist. It is up to the people of Canada to create that political will now, before it's too late.

Local, Community-focused Money Systems Are Restoring Hope Throughout The World!

Canada's monetary system is destroying its citizens. Instead of facilitating the development of their human potential it is paralyzing them. As foreign-owned corporations suck more and more money out of our country, wages drop, government program spending decreases and bankruptcies, layoffs and unemployment levels soar. High interest rates discourage productive investments, reduce consumer spending and keep taxes high. Speculative financial transactions and mega-mergers flourish. The rich make more money than they can spend and a great deal of what they do spend is spent outside the country. Millions of average Canadians are left powerless, hopeless and depressed. What a waste of human resources. What a national disgrace.

What's Wrong with the Current Money System?

Interest payments are eating up consumers' purchasing power.

In the current system, all of the money that is created originates as debt. Although Canadian currency is only a tiny part of the total money supply, even our currency is created initially as a government debt to the Bank of Canada. All debts carry an interest cost and all of the interest costs in the system are eventually passed on to the consumer/taxpayer. In 1994, the total amount of interest charged in Canada was $184.3 billion (source: Statistics Canada). This figure is equivalent to 45% of the total that was paid out in wages and salaries that year. It is no wonder that consumer demand in Canada is crumbling.

Control of the money system is in the hands of a few.

In the current system, who has access to money is largely determined by bankers. Under their rules, those who have wealth (collateral) can borrow more. Individuals without assets have no way to break into the system. This keeps average citizens dependent on the generosity of either the government (ie. for assistance), or employers (ie. to pay a decent wage). Those without assets can do nothing to help themselves. In order to develop their human potential or to contribute to their communities, they must wait for opportunities to appear in the existing system. In order to survive, they must surrender their independence, abandon their criticisms and conform to the rules of the game. It is no wonder that people are worried that an impersonal global monoculture is destroying human creativity and diversity.

But if all this is a planned and deliberate result of government policy, and the government has no interest or intention of changing the direction in which it is taking us, then what can we do, as citizens, to save ourselves? *We must create our own community money to replace the national currency that we are losing.*

What is Community Money?

Community money is any type of currency that is created and traded locally. Hundreds of communities around the world use local currencies to supplement their national monetary system. Community money was used successfully during the last great depression to help rebuild many local economies. Local currencies can be denominated in dollars, hours or in any medium with a recognized common value.

Community money is usually only accepted in the local trading area. This helps to keep the purchasing power of a community circulating locally, thus sustaining employment. It also helps local businesses to compete against larger national and international corporations. If part of the price that local firms charge for their goods and services is in community currency, then the remaining portion that is priced in national dollars can be lower, thereby attracting any consumers who have limited national dollars available to spend.

Hour-based, community money puts the control of the money system into the hands of the residents of the community. It is their willingness to contribute their talent and energy to the community that creates financial opportunities, not their net assets. It is the residents themselves that direct their destiny, not the bureaucrats and bankers who now control them.

Why Base a Local Currency on Hours Rather Than on Dollars?

Everyone understands what an hour is. It is something concrete, something natural, something shared by all. Community money that is based on hours also shares a clear and understandable common value. It is immune to inflation since it is anchored to something concrete and real. There can never be more or less than 24 hours in a day simply because of a change in demand. Dollars, however, have no intrinsic value. A dollar is merely an abstract notion in motion. Dollars are backed only by a mountain of debt. Hours, on the other hand, are backed by the skill, experience and creativity of all those who contribute their time to exchange them.

There is no need for debt or interest in an hour-based local currency. Individuals can acquire as many Hours as they need simply by volunteering their time to help someone else who has Hours to spare. The volunteer would receive a One Hour receipt (ie. the local currency equivalent of a dollar bill) for each hour of labour contributed. New small businesses, local cooperatives, and community organizations would be authorized to issue a regulated amount of new volunteer Hours into the community each year. These Hours would remain in the community stimulating new business growth as they circulate.

How Can Community Money Stimulate New Business Development?

Often the largest cost when starting a new business is labour. To get the business off the ground usually requires at least some staff and a great deal of public awareness building. With sufficient numbers of people this can be achieved relatively inexpensively, but without volunteers the cost of staffing and marketing and advertising can be enormous. An Hour-based local currency can provide a way to access labour without incurring a Cdn$ outlay. This can enable a new business to grow and build equity which can then be used, if enough of a market exists, to attract traditional financing sources. At that point, at least some of the volunteers, in addition to having acquired valuable training, may also become paid employees. By encouraging the unemployed and under-employed to pool their talent, skill and creativity in order to develop new business opportunities, an Hour-based local currency can demonstrate the benefits of cooperation to the entire community.

How Can Established Businesses Benefit from Community Money?

Businesses can acquire Hours by accepting them as full or partial payment for the goods and services that they sell. Hours can be used by businesses to strip their labour costs from the Cdn$ selling price of their goods and services. Hours can also be used like coupons to discount slow-moving stock or to redistribute consumer traffic flow to off-peak times.

Are There Tax Advantages in Community Money?

There certainly are. The Canadian dollar value of a One Hour receipt is only one-tenth of one cent. Since an hour-based local currency can strip out labour costs from the Cdn$ price of goods and services, locally produced goods and services can retail at a much lower Cdn$ price, saving consumers money on both sales and income taxes. That people are willing to contribute one hour of their time for an Hour receipt that bears a Canadian dollar value of one-tenth of one cent is their right. People who volunteer their time now are not taxed, so why should the laws change simply because an Hour receipt is introduced to formally represent their contributions to society. If the government insists on taxing Hour recipients, a person "working" a 40-hour week would have an annual gross income of $2 Cdn.

Everyone, at some point in their life, realizes that the most valuable thing that life has given them is their time. Whether this realization occurs before the day their doctor informs them that they have only one year left to live, or after it, when it comes most people finally appreciate that each moment on this earth truly is priceless and of infinite value. Once you realize this, any attempt to set a value on your time becomes meaningless. From this it follows, since we all can normally expect to live for about the same number of years (barring some exceptional tragedy), that each hour of every person's time has approximately the same relative value. Once you fully appreciate this, the economic arguments used to justify why it is right that one person should earn a hundred times more for his time than another person become insulting and offensive. If the government tried to arbitrarily assign a dollar value on HOUR-based volunteering, for tax purposes, it could be argued that their reasoning is misleading and inadmissible as evidence, since it totally misrepresents the HOUR philosophy and denigrates the true infinite worth of a human being's time.

What Effect Does Community Money Have on the People Who Use It?

In Ithaca, New York, most of the people using the successful local Hour-based currency that was introduced there in 1991 report that they now feel much more connected to their local community and the people in it. Business transactions take place on a more human level and the citizens of Ithaca feel that they have far more control over their lives. Here is what some people who are using Hours are saying:

"I like not having to be tied to the larger monetary system, that's owned by multinational corporations, which serves rich people rather than normal people. Hours strengthen awareness of our community's skills and give us more control of the economy." - Laura, a potter

"We have a growing Ithaca Hour community. We can see and feel that we're part of doing this. I don't feel that way about the national economy, which is so dependent on centralized, impersonal government and business that we've become alienated. Hours show us that we don't need somebody far away to allow us to do things; we have the power here." - Elizabeth

"Hours keep people in our community employed better than dollars that leave the community. Dollars that go to large corporations do not really trickle back down, they concentrate capital, making the rich richer and the poor poorer. We see America's inner cities becoming Third World countries as a result. What's better about Hours is that since you can't bank them, you have to spend them to benefit, so you don't get that concentration of capital." Ramsey, a baker

"Hour money has happily exceeded all my expectations. Its bound to grow - its an idea whose time has come. Regular money is dehumanizing and anti-community, sending wealth to big banks. With Hours, we are bound together, showing how unique our town is and supporting each other. The wealth of the community stays here, more wealth is controlled locally, and that gives more democratic control over local issues." - Daniel, director of CUSLAR, Cornell University

"Hours changed my life. Last winter I had no jobs, was out of money and was scared. Then I got two jobs through Ithaca Money which kept food on the table and turned out to be steady work. One of these people has become a good friend. Now I've got a third major Hour job, very creative and exciting. There's less stress associated with Hours and they're fun to spend." - Bill, an architect

"Lots of people who were not able to buy things before are more able now, and they can tap into their abilities. That's my favourite part: that as people start talking about what they have to offer, they remember talents and gifts that they have." - Susie, sells seitan

"Hours helped us to get things we couldn't otherwise afford, because of major cutbacks in funding this year." - Literacy Volunteers of Tompkins County

"Ithaca Money enables people to rely on each other and creates a sense of community. It's opened up alot of avenues and been a real guide for me. I've talked with others who've said they've bought things they needed and wanted that they couldn't have spent dollars to get. The Hour's potential is unlimited. The national economy is not going to get better soon." - Debbie, a book seller

"Hours are a very creative social support network, a good model for preserving kindness and compassion in the economy. They avoid the mass business focus and remind us that we're serving other human beings." - Rabbi Eli, teacher

"It's good for community relations that people get to know each other in a more human and personal economy. Its also good for us to learn to value our own skills and time, rather than be pushed around by external economies. In the event of an economic collapse, Ithaca will be way ahead of other places, because of barter." - Anne Marie,