



## BerkShares take hold: *Local currency concept catching on with consumers, merchants*

BY JOHN TOWNES

In early autumn of last year, the seeds were sown for an ambitious effort to cultivate an alternative local currency in several south county communities.

Some eight months later, there are initial signs of success in terms of how well these plans have taken root. However, organizers note that more nurturing of public awareness is needed for the currency concept to thrive and propagate.

Last September, BerkShares were launched as a community-based currency intended to cultivate support of local businesses in south Berkshire County while offering consumers a built-in discount for their purchases made with them.

The concept generated a great deal of interest and enthusiasm – both as a promotion for local business and as a strategy to focus attention on the goal of encouraging community-based economic systems.

But because a local currency is such a departure from the familiar way of doing business, there were also questions and uncertainties about how BerkShares would fare on a practical level. Would consumers buy into the idea? How would businesses handle the changes it would require, from the day-to-day realities of the cash register to the additional bookkeeping and accounting?

Now that BerkShares have been in circulation for about six months, the sponsors and the 250 participating businesses have more experience with them under their belt. How is the initiative working out so far?

Susan Witt, director of the non-profit E.F. Schumacher Society and a prime mover in the initiative, sees BerkShares as an ongoing process. The initial challenge was to develop the concept, sign up businesses to participate and actually produce and issue the currency to the public, she said.

"The first stages of actually launching BerkShares have been accomplished and were very successful," said Witt. "Now, we're in the next phase of learning how to work with them on a more specific basis. Businesses are using the experience they have had with BerkShares so far to determine what works and doesn't work for them, and they are making adjustments based on their own needs and circumstances."

### Sustained circulation

BerkShares are a legal currency backed by U.S. dollars held in a special account. They are issued by BerkShares Inc., a non-profit organization working in collaboration with the Southern Berkshire

Chamber of Commerce, participating local banks, businesses and non-profit organizations.

The goal for BerkShares is to function on a local scale in the same way that U.S. dollars function on a national level, and maximize circulation of trade within the region.

The initial distribution of BerkShares has been through participating local banks. Subsequently, they are intended to also be circulated as they are used in transactions throughout the community.

Some 135,000 BerkShare bills of various denominations were initially printed up, with a total value of \$835,000. As of early May, about \$730,000 worth of BerkShares have gone into circulation. Each denomination (\$1, \$5, \$10, \$20 and \$50) comes in a separate color and features its own original artwork design based on local historical figures and icons.

BerkShares have a basic exchange rate of 10 BerkShares for nine U.S. dollars (i.e., a consumer who presents nine U.S. dollars at a participating bank will receive

10 BerkShares). Thus, a purchase made in BerkShares theoretically offers an automatic 10-percent discount.

***"I agreed to accept BerkShares because I support the principle of community-based economics that it represents."***

As a currency, BerkShares are also intended to stimulate local business-to-business commerce and act in a self-sustaining cycle. In principle, a business can make up for the 10-percent discount they give to customers by using BerkShares to purchase their own supplies or pay bills at a similar discount.

### Merchant motivations

Businesses who accept BerkShares have a variety of motivations. Some see BerkShares more in pragmatic terms, as a promotional campaign that they hope will bring in additional business, similar to coupons or special sales. Others are motivated more because they support the concept and philosophy. The element of public relations and customer service is another factor.

Many participating businesses are motivated by a combination of these reasons.

Eric Wilska, owner of The Bookloft, an independent bookstore in Great Barrington, said he believes in the principles behind BerkShares, but he sees his involvement primarily in practical terms as a way to enhance his own business.

"It helps to level the playing field between local businesses and



This sign is showing up in a growing number of stores and other commercial establishments in south county communities where the alternative local currency is being circulated.

the chains,” said Wilska. “I don’t have an emotional investment in it, but I think it’s a great idea and I want to see it succeed.”

Chris Blair, whose firm Chris Blair Design and Planning works with the design of residential construction and renovation projects, said he participates in BerkShares primarily for philosophical reasons, and he does not expect it to have a significant impact on his own business.

“I agreed to accept BerkShares because I support the principle of community-based economics that it represents,” he said. “I also use them myself. However, the majority of my own work is on construction projects with fees in the four- and five-figure range. People don’t generally pay for that type of work in cash, so I didn’t really expect to get many requests from clients to pay in BerkShares. And so far, that hasn’t arisen at all.”

Rather than a blanket policy, he said he would base the use of BerkShares payments on the overall cost and nature of a specific job. He also anticipates that the requests will primarily be from his clients with smaller jobs, such as a kitchen remodeling project.

“If someone wants to pay in BerkShares, we’ll negotiate on the terms,” Blair said. “It would depend on the job and other factors. We might, for example, agree to accept the first \$500 on a job in BerkShares. I’m flexible about it. I’m willing to accept them mainly because I want to do my part to help BerkShares to succeed.”

### Seen as cash

In a general sense, Witt noted that being perceived as cash is one of the strong points of BerkShares, but it has also turned out to be a challenge. “The strength is that BerkShares are being accepted by the public as cash,” she said. “People really enjoy owning them and handling them because they are so beautiful. And they are being used as if they were U.S. dollars.”

However, she added, their similarity to traditional cash has also created one unanticipated hurdle that reflects larger trends in the way people handle money today.

“The fact that they are like cash has also turned out to be a challenge,” Witt explained. “These days, people have lost the habit of paying for purchases in cash. Instead, they have become used to paying by credit card or other methods. They see cash as inconvenient, and they no longer seem to carry as much of it with them, whether it’s U.S. dollars or BerkShares. As a result, the public’s use of BerkShares is not yet been as robust as we thought it might be.”

That trend has also had an impact on the nature of purchases made with BerkShares, she said. They tend to be used for less expensive everyday items like food or other small transactions.

“People generally have enough BerkShares in their wallets for smaller purchases, but not for clothing or other larger purchases,” she said. “Instead they will use their credit cards or other forms of payment for those. From what I hear, merchants that carry the larger-ticket items would love to see more BerkShares being used, but people are not doing that yet.”

Witt noted that businesses are tailoring their acceptance of BerkShares to their own particular circumstances. Some accept BerkShares as if they were dollar bills, with no limitations. Others have placed limitations on them, such as accepting them for a percentage of an overall purchase or limiting them to certain items.

“BerkShares were designed to be flexible,” she said. “Some businesses can easily absorb the 10-percent discount. Others operate on tighter margins and have to place some limits on the amount of BerkShares they accept. Or the nature of their business might require them to handle them in a certain way.”

### Keep it simple

Steve Carlotta, co-owner of the Snap Shop, a camera and photography store on Railroad Street in Great Barrington, is an enthusiastic supporter of BerkShares. “I’m absolutely happy with it,” he said. “It’s

a great promotion, and the people who put it together did it right.”

He said the feedback he has heard from other merchants has been varied but generally positive. “I think the reaction so far has been a mix,” he said. “Some are positive about it, while some merchants don’t want to give up 10 percent or they think it is too complicated.”

Carlotta believes that a straightforward approach is the best way for merchants to handle BerkShares. “My take is that the simpler you make it, the better,” he said. “I think it’s a mistake to quibble over the nickel-and-dime aspects of it. I believe that if you’re going to accept them, then just do it. If you’re not comfortable with the idea, don’t do it.”

He noted that problems only arise when businesses add too many of their own complications to their policies regarding BerkShares.

“Customers will give up on using them in stores who limit too much the items they can buy with BerkShares or impose other conditions,” he said. “I can’t understand why a store would hold a sale with big discounts without any complaints, but quibble over the 10-percent discount of BerkShares.”

Carlotta said his store accepts BerkShares as cash, with no limitations. “We accept them the same as dollars on any purchase, and we don’t place any restrictions on their use,” he said.

He said that, aside from slight added complications, integrating them into the store’s bookkeeping and accounting system is also manageable. For example, his store pays the sales tax on purchases in U.S. dollars rather than requiring customers to pay that portion of the overall purchase price separately.

“It costs us a little more to do it that way, but I’d rather absorb that than make it more complicated for the customer,” he said. “If the discount brings more customers into my store, it’s worth it.”

He said that customers are using BerkShares for differing reasons. “A certain part of the public believes strongly in the philosophy behind BerkShares and use them religiously,” he said. “Others are using them primarily for the discount.”

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At The Bookloft, Wilska said that the number of customers using BerkShares started slowly, but he has seen an increase in their use in recent weeks. “I think people have not really been aware of it yet,” he said. “But it’s been picking up, and we feel momentum building.”

So far, Wilska said, he hasn’t seen BerkShares bring many new customers into his store. “Most of the people who buy books with BerkShares are already our regular customers,” he said. “They appreciate the fact that we accept BerkShares. However, we haven’t seen many other people coming in specifically because of BerkShares.”

Wilska believes BerkShares do have the potential to generate new business for himself and other businesses, but it will take time and will require more of a promotional push.

“It is often thought of as an altruistic project, and there are people who use them for that reason,” he said. “But the reality is that most people make their shopping decisions based on their needs. So BerkShares have to satisfy that in order to succeed.”

Because of that, he said, it is important to promote the practical benefits of BerkShares, especially the discount that the currency offers. “I don’t think there’s a lot of public awareness of the fact that you can save money by using BerkShares yet,” he said. “So we all have to do a better job of letting people know about the discount.”

As an independent bookstore, the Bookloft’s primary competition is the chain stores like Barnes and Noble, and online booksellers such as Amazon. He noted that The Bookloft is already competitive in its pricing on most books, but the public perception is that chains are cheaper.

He believes that BerkShares have the potential to increase his ability to overcome that misconception, and attract customers based on price. "My hope is that people will come in for the discount of BerkShares, and it will encourage them to see us as an alternative to the chains or Amazon," he said.

Wilska does not see the cost of the BerkShares discount to his business as a significant issue. He also sees it as another customer service he can offer.

In that respect, he added, accepting BerkShares is not really different than accepting credit cards. "We also lose some money on a sale when people purchase a book with their credit card because of the service fee," he said. "I see making a sale in BerkShares as similar to that."

However, Wilska does believe that a current drawback is the inability to balance out that by using BerkShares to pay his store's bills and receiving a discount.

He noted that he recently paid for an advertising bill with a local publication that accepts BerkShares, which is how the system is supposed to work. However, he added, there are not currently enough opportunities to do that.

"There are not enough places where we can turn around the BerkShares we receive to make up for the cost to us," he said. "We need more larger businesses to accept BerkShares. It will become more practical when businesses can pay for things like a store's gas bill in BerkShares."

Overall, Wilska believes that BerkShares can become an important economic stimulus for local businesses as long as these issues can be rectified. "In addition to local customers, I think we can also attract people from places further away, who would come here and make it a point to go to a number of stores because of the money they can save with BerkShares," he said.

### **Community focus**

Apex Automotive on Route 7 in Great Barrington is a repair and service business that accepts BerkShares.

Owner Robert Holcomb said he decided to participate primarily to support the concept, rather than anticipating that it would bring in new business.

"This is something that's supposed to help the local economy," he said. "It's very community oriented, and we see ourselves as part of the community. We're all in this together."

Holcomb added that he uses BerkShares whenever possible for his own personal purchases. In his business, he accepts BerkShares on the same basis as cash.

So far, he said, that policy has not had a major impact in his business, because almost all of his customers still pay using traditional methods rather than in BerkShares.

He acknowledged that if the use of BerkShares were to significantly increase, he might have to make adjustments in the extent to which he would accept them.

"I'm not being overwhelmed by customers using them, so it's very manageable," he said. "But if everyone started using BerkShares, I might have to do something about it."

Witt believes that any initial inconveniences and adjustments will be accepted in the long-term, if people recognize and experience the positive aspects of it.

### **Long view**

"To borrow a phrase from Al Gore, there is an inconvenient truth behind this," she said. "It's initially somewhat less convenient to accept and use a currency like BerkShares instead of just going to a chain store and using your credit card. However, in the long term, it will improve everyone's life if people are willing to make those adjustments in order to support their neighbors and the health of the community instead of just sending all of our money to the outside."

Witt noted that one basic goal of BerkShares has been to increase awareness and discussion of the importance of locally based economics and personalized business relationships, as an alternative to the trend towards globalization and large impersonal corporations and economic systems.

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## ***To celebrate the initial success of the currency and to further raise public awareness and participation, plans are in the works for a "BerkShares Bash" community fair on July 15.***

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She believes BerkShares have already begun to achieve that. "It's already stimulating the conversation about the importance of supporting local businesses and community-oriented economics," she said.

In addition, she said, steps are underway or planned to reduce the inconveniences as much as possible. For example, the sponsors are currently exploring the possibility of putting up an ATM where consumers can make their exchanges to BerkShares, rather than having to go into the bank branch.

In another positive development, Witt said, BerkShares has begun to expand into other parts of Berkshire County. Two participating banks, Berkshire Bank and Lee Bank, recently began offering BerkShare exchanges in their Stockbridge branches. Berkshire Bank has also added its Sheffield branch and Stockbridge Road office in Great Barrington to the list of exchange locations.

"We've been approached by businesses in towns like Lee and Lenox who want to participate in BerkShares," she said. "We're also discussing this with the chambers of commerce in Stockbridge and Lenox."

She added that BerkShares have also generated a great deal of interest outside of the Berkshires. For example, ABC News ran a report about the program on its newscast immediately preceding the Oscars recently.

"It has really hit a chord nationally," she said. "Other communities are looking at this as a possible model for their own economies."

To celebrate the initial success of the currency and to further raise public awareness and participation, Witt said plans are in the works for a "BerkShares Bash" community fair.

Slated for July 15 (time and location to be announced), the event will feature food, entertainment, business displays and other family-friendly activities – all exclusively involving BerkShares currency. Keynote speaker at the BerkShares Bash will be "Deep Economy" author Bill McKibben.

Additional details on this event will be posted online at [www.berkshares.org](http://www.berkshares.org) as they become available. Visitors to that site will also find information on all aspects of the BerkShares project. ♦

# Couple shows support for currency in wedding plans

BY BRAD JOHNSON

Weddings by and large are tender affairs. The May 12 nuptials of John Eastman and Thu Nguyen added a new dimension with an emphasis on “legal tender” – specifically, that of BerkShares currency.

The New York City couple, who also lease a farmhouse in the southern Berkshire town of New Marlboro, endeavored to utilize BerkShares wherever possible in planning and arrangements for their wedding ceremony.

“For example, we’re doing gift baskets for our guests from Guido’s,” said Eastman, referring to the specialty grocer in Great Barrington that is among area merchants participating in the BerkShares initiative. Other vendors and services for their wedding – from photography to pet-sitting – were also enlisted based on their acceptance of the local currency.

“On our wedding website, we’re also posting educational links about BerkShares,” said Eastman in an interview a few weeks before the May 12 wedding.

The couple’s commitment to using BerkShares came to light in a letter written by Eastman on behalf of the initiative’s organizers and distributed as part of an overall informational campaign to generate interest in the program. In his letter (reprinted here), Eastman describes their appreciation of the region as part-time residents, and how support of the BerkShares program can bolster the very qualities that many second-home owners value about the Berkshires.

“I think it’s a pretty easy sell,” said Eastman of making the case for using the local currency. “Others we have talked to [about BerkShares] get it really quickly.”

Eastman is executive director of Global Learning Across Borders (Global LAB), a non-profit youth study organization. Nguyen manages new media projects for the Discovery Channel.

The couple started leasing the farmhouse last September after visiting the region the previous summer. “We come up every free weekend we have,” said Eastman.

Their arrival in the area coincided with the launch last fall of the BerkShares currency. Through a social connection, the couple met Susan Witt of the E.F. Schumacher Society, one of the organizers of BerkShares. They quickly became supporters of the program, and volunteered to draft the letter describing their views on BerkShares.

While a strong believer in the concept, Eastman noted a drawback that has been cited by others regarding use of the currency: the trend away from using actual cash in our daily lives. “We’re becoming a cashless society,” he said, noting that many people now use electronic means of paying (debit and credit cards, etc.) for all but the most minor purchases and transactions.

Despite that trend, he said the couple’s own experience with using BerkShares for their wedding arrangements illustrates that it is possible to support the concept – and support the businesses participating in BerkShares. “There are some things we could not do [with the currency],” he said. “But with a little extra effort, we

were surprised at how many ways we were able to use BerkShares.”◆

Dear Neighbor,

*Like you, I spend as much time as I can in the Berkshires, enjoying weekends and occasional longer stretches at our second home in New Marlboro. My fiancée and I live and work in New York City, but increasingly are drawn to the peace, beauty, culture, and community of this special part of New England. In fact, we have decided to celebrate our marriage in the Berkshires this spring, inviting friends and family to come experience the magic of the place we have fallen in love with since our first visit.*

*BerkShares – the local currency launched last September by BerkShares Inc. in collaboration with the E. F. Schumacher Society and Southern Berkshires Chamber of Commerce – is one of the binding threads of our time and experience in the Berkshires. BerkShares is the best possible vehicle I can think of to help protect and strengthen the very qualities that make the Berkshires unique: a deep and abiding commitment to place, community, conservation and sustainability.*

*When Thu and I marry this May, we will do so with love and with...BerkShares! In planning for the event we have made a conscious effort to identify those individuals and businesses – from our photographer, Jason Houston, to our rehearsal dinner at the Route 7 Grill – who accept BerkShares and to use them to make our wedding a truly local celebration.*

*Every time we see the sticker on a business door that says “BerkShares Accepted Here” we feel a personal connection to values that keep us hopeful and committed to working for a less depersonalized, consumerist world. And from a household economy perspective, it certainly doesn’t hurt that for every \$90 US dollars we convert, we walk away with 100 BerkShares to spend locally.*

*If you aren’t yet using BerkShares in the Berkshires to support local economy and celebrate local culture, you are missing out on a wonderfully rewarding and fun way to make your second home life that much more enjoyable. I encourage you to learn more at [berkshares.org](http://berkshares.org).*

*In community,  
John Eastman*