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A Brief Look Back at Ithaca HOURS

Eric Fleischmann

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One of the most famous community currencies in the United States is Ithaca HOURS, so a review of its history, function, and effectiveness seems appropriate at any time. As accounted by anthropologist Bill Maurer in his book *Mutual Life, Limited: Islamic Banking, Alternative Currencies, Lateral Reason*, Ithaca HOURS was started in 1991 in Ithaca, New York by Paul Glover and some associates. Glover began by setting up a bulletin board at the local farmers' market to discuss ideas. This took off relatively quickly and eventually led to the formation of an "Ithaca Barter Board" (IBB), which oversaw and managed the emerging currency. From here, the production of physical HOURS began with everything from serial numbers to the signatures of the members of the IBB. Glover then traveled across the town with samples of the currency and compiled a list of all the businesses that would be willing to accept HOURS. This list was then published in the new newspaper *Ithaca Money* along with coupons and dates of events focused on fostering the use of the currency in the Ithaca community and was eventually sent to various

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“‘alternative businesses,’ cooperatives, and the [local] Credit Union.” In 1998, the management structure of the currency shifted, with “Ithaca Hours” becoming a not-for-profit with an elected board of directors with term limits. Additionally, the listing of businesses was also eventually changed from newspaper listings to an annual directory.

Maurer explains that Ithaca HOURS are, in theory, a time-based labor currency with one HOUR being equivalent to one hour of work, but an HOUR (although not convertible to national currency) is also equal to ten U.S. dollars and that is often how it is treated in exchange. These HOURS come in six denominations: 2 HOURS, 1 HOUR, 1/2 HOUR, 1/4 HOUR, 1/8 HOUR, and 1/10 HOUR. At its height, almost 500 businesses and over one thousand individuals accepted HOURS for at least partial payment for goods and services; the Alternatives Credit Union accepted deposits in HOURS and allowed HOURS “for membership, loan, check bounce, and automatic transfer fees, as well as in exchange for a ‘Socially Responsible Investing’ package;” and the currency was used for “interest-free loans and outright grants to businesses and community organizations.” In 2002, Jeffrey Jacob et al. surveyed 42 HOURS users and found that the length of involvement with the system averaged around 8 years, half of users used HOURS as part of their primary source of income, and users tended to be educated middle-aged parents with modest incomes.

The standards by which to judge alternative and community currencies vary, but looking at it from an agorist perspective—which promotes market-based independence from the state and the state-capitalist economy—Ithaca HOURS has had varied success.¹ Not only does it intentionally include bosses and landlords as users, but Maurer also points out that when it comes to wages paid in HOURS, they “may

¹ For more on the relationship between agorism and community currencies, see Logan Glitterbomb’s “White Market Agorism.”

be backed by ‘our skills, our time, our tools, forests, fields, and rivers,’ as the inscription on the bills states . . . but, on payday, [they] are underwritten by the U.S. dollar.”² Though agorism—particularly vertical agorism—allows for the use of state currency, because of these issues the actual radicalism of HOURS remains questionable. Maurer writes that as early as 1992 Patrice Jennings—who helped in the creation of the HOURS—expressed a concern that the currency was becoming less a tool for empowerment in the economic sphere and more simply a hobby or novelty for white, middle-class individuals. This sentiment is similar to that asserted by Kevin Carson, who argues that currencies similar to Berkshares—another local currency that HOURS was partially inspired by—where the currency is based on conventional money and similar to a buy-local campaign are “essentially a greenwashed lifestyle choice for NPR liberals who have the money in the first place.” It is unclear how well this criticism can be extended to a partially time-based labor currency, however other critiques of time-based currencies should be noted; such as those of individualist anarchist Laurance Labadie and MIT economist Frank Fisher, who, as I assess, both essentially argue that such currencies “are inadequate in their function as mechanisms of information distribution via price;” with the former also holding that they are ultimately unnecessary if the price of goods will already fall to the cost of production in a truly free market according to the mutualist/individualist version of the labor theory of value.³

² For more on the relationship between agorism and bosses & wage labor see my article “Toward a Cooperative Agorism.”

³ It’s important to note that though Labadie was *very* likely aware of Friedrich Hayek’s work on economic calculation, the matter of information distribution via price is not stated plainly as such in Labadie’s writing on time-based currencies but rather emerges from own comparison between him and Fisher. Additionally: to my knowledge and in my experience, this problem has not presented a significant barrier for the functioning or proliferation of timebanks.

On the other hand, Glover argues that HOURS are indeed “a non-capitalistic, market system,” saying in an interview with Jana Fortier that “[c]apitalism is making money without doing work and HOURS can only be earned by doing work, that is to say that they are designed to be spent rather than invested and no interest is earned on HOURS.” He describes what he is attempting to do with Ithaca HOURS as “underthrowing the system,” which involves the “disentangling and reweaving by creating something different that proves itself capable of carrying the weight of human need.” In terms of further anti-statist potential, Glover explains that “[e]xchanges of nonprofessional goods [through HOURS] and services are not taxable. Exchanges of business goods and services . . . are taxable,” but “Ithaca HOURS does not record transactions, so barter value must be reported by the barterers.” He also references a “plan . . . to gradually develop a catalog of HOUR prices, which will eventually allow the HOUR to serve independently of dollar values,” but this seems to have never panned out. In terms of more symbolic success, Jeffrey Jacob et al. report that, to Ithaca residents, HOURS “represent both a celebration of the virtues of a self-reliant local economy and a resistance to the dehumanizing effects of the global economy.” And to its credit, Ithaca HOURS, due to its fame and media attention, also inspired other local currencies, with HOURS-type programs springing up in Madison, Wisconsin and Corvallis, Oregon.

In the 2010s, Ithaca HOURS began to fall out of use due to several factors outlined by Dan Khromov: firstly, Glover moved away from Ithaca, meaning its founder and most staunch advocate is absent from the system—arguably revealing an unaddressed centralization. HOURS—particularly without Glover—was also not prepared to update its format as paper currency was superseded by electronic banking (a problem that timebanks have resolved through the platform hOurworld). Furthermore, as the number of businesses in the annual directory declined, the few businesses that stayed on

it were overwhelmed with HOURS, causing backlogs. But Khromov reports that, as of 2019, “a team of local businesses, nonprofit organizations and committed individuals have banded together to reinvigorate the flow of Hours through the Ithaca community. This effort involves re-envisioning the system with advances in banking technology, developing a strong and effective marketing campaign, and expanding the directory of local businesses that accept and use Hours.” However, it has yet to be seen what will come of this effort.