



# THE TAOS NEWS

Best U.S. Weekly Paper- NNA 2007, 2008, 2010  
Inland Press Nation's Best Weekly Newspaper 2009

## Exercise caution on Taos currency concept

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This is in response to Mr. Richard Leirer's very positive but deeply flawed concept of a Taos currency. The idea of local currency goes back Jane Jacobs, a central figure in advocacy planning, a subset of the profession of planning.

While I thoroughly enjoyed Ms. Jacob's "The Death and Life of Great American Cities" and it was highly influential for me in graduate school and today as a professional, there are aspects to her work and actions that give me caution.

Local currency is one of those ideas that give me a sense of great caution.

The issue with local currency begins with its origin — who is going to print the currency? What counterfeiting measures will there be? Will there be a penalty for counterfeiting and who will enforce the penalty for counterfeiting?

Will it be backed by the full faith and credit of the local government or will it be a private company like it is in the Berkshire area? What banks will accept these bills? What if one day a business takes this local currency and the next day decides not to? It's not legal tender, therefore no one has to accept it and they would only do so by agreement.

Will the major institutions such as Qwest, Kit Carson Electric, New Mexico Gas, town of Taos, Taos County Assessor, etc. accept this currency to pay your basic bills?

As a merchant if you are stuck with these bills (i.e. your land lord won't let you pay your back rent with it) can I make change with a visitor in place of the legal tender to unload some of it? How do we measure gross receipts tax and how do the state, county and town collect that tax?

What about the Internal Revenue Service — how does one account for their income with this currency and what happens if you get audited?

And who will pay for the printing, the design of the notes, etc.? How do we plan to control inflation? Who will monitor the circulation of the Taos currency? Would you accept Taos currency as a part or all of your paycheck?

Will this 5 percent discount be sufficient to have local prices meet or beat the price of national retailers that are a click away or can be visited as a part of a pleasure trip to Santa Fe or Albuquerque?

Currency arose to create control over the original economic system of bartering. In fact, history shows that it took decades to establish currencies — many people continued and preferred bartering, which is why we had to establish the gold standard to provide people with a commodity that would back the currency. That failed system was abandoned by President Richard Nixon in 1971 and we now operate on a fiat money system — money has value only by governmental decree or fiat.

Essentially this is only a glorified coupon system taken to its extreme. Businesses give you a product for a slip of paper that only has value because there are sufficient numbers of people and businesses in the localized area that agree it has value. They cannot pay their out of town suppliers with it, nor their landlord or mortgager, the state, etc. Such a system is actually underway in Santa Fe but I have no idea of its success or failure. I heard of it only in passing at a recent professional training I attended there.

Times are hard here and elsewhere. Businesses in the Taos region close almost daily now and as a planner, economic developer, and economic development finance professional, I am deeply troubled by our local economic trend.

Something has to be done but this is a dangerous idea for Taos and a very costly one.

One consistent local solution that Mr. Leirer is ignoring is the barter system Taos turns to when times are tough like they are now. It worked during the Great Depression, gas crises, and multiple recessions for Taos and will continue to be used among the long standing community members.

Let's not impose a dangerous and irrelevant economic system on our community, particularly at this time in the economy. This is no time to experiment.

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