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Local Currency Systems in Community Development or too Much Mngwotngwotiki is Bad for You

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Local Currency Systems in Community Development or Too Much Mngwotngwotiki Is Bad For You

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Submitted in partial fulfillment of the degree
of Master's of Education

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Never doubt that a small group of thoughtful, committed citizens
can change the world; indeed, it's the only thing that ever has.

- Margaret Mead

Labour, like all other things which are purchased and sold, has its natural and its
market price. The natural price of labour is that price which is necessary to enable
the labourers, one with another, to subsist and perpetuate their race,
without either increase or diminution.

- David Ricardo

Our money is backed by real people with real time and real skills. US dollars are
funny money backed by a \$4 Trillion-dollar debt.

- Paul Glover

You can only say something is efficient in relation to your objectives. The market
economy only functions as well as it does because it assumes continued
uncompensated contributions and support
from the very non-market institutions it is undermining.

- Edgar Cahn

How deprived we would have been if we had been willing to let things stay as
they were. We would have survived, but not as a whole people.
We would never have known our place.

- Sally Morgan

Barter is a noble thing.

- Albert Einstein

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Foreword

When Paul Glover, the coordinator of the Ithaca alternative currency system, answered my first letter, he asked:

Does the study intend to feed a University system in which academics study each other's studies, collecting paychecks for dissecting the poor as we work to improve our lives, measuring our success or failure from a safe distance; or does the study encourage and facilitate the spread of community scrip/barter knowledge to people who will actually implement such systems? Who will read your study?

This warning has remained among my preoccupations as I prepared, researched, wrote, discussed and edited this study of alternative currencies. The paper has been an invaluable experience for me in strengthening my own practice as a community worker and a trainer, and to better prepare myself to act as a resource to communities who might be engaged in, or considering, economic alternatives. It is my hope that this document might also prove useful to other practitioners in the field.

I am currently a sponsored member of the University of Massachusetts UWN Resource Pool, a small scrip system based in Amherst. I am also a member of Fairfield LETS which has recently begun trading in Western Sydney, Australia. These, along with the people who have been kind enough to share their experiences and opinions with me in Ithaca and Amherst, and by correspondence from all over the LETSspeaking and Scripspeaking world community, have served as invaluable bases and support for this paper.

A piece of writing such as this one is always the result of collective action. I am indebted to David Evans, my faculty adviser, for his interest and merciless feedback, and to Gurunam Khalsa, Kenn Clift, and Paul Glover for their assistance, support and encouragement. Special thanks go to Susan Witt and Robert Swann for sharing their insights and the gold mine of their resource center at the EF Schumacher Society. I have a special debt of gratitude to the people who agreed to speak to me in Australia and in the United States, and whose names are not included to protect their privacy. I also wish to acknowledge the contributions of Jane Benbow, Tim Mitchell, Barbara Gardner, Kaiya Seaton, Tom Greco, Richard Douthwaite and Layton Montgomery. Limitations, errors and omissions are entirely my own.

1. Introduction

Problem and purpose

The Tangu of New Guinea have a word for the particular alienation which occurs between people when they have temporarily put on hold their natural sense of being obligated to one another (Burridge, 1969, in Crump, 1981). It is mngwotngwotiki, a word which encapsulates a state of affairs which appears to be both root cause and symptom of a deep-seated and enduring malaise in industrialised societies. This malaise is not easily measured by the instruments

that humankind has developed over the centuries, and so it is not perceived, much less problematised, by a mainstream culture whose focus is narrow and economic rather than comprehensive and human (Galtung, 1986).

Poverty, unemployment, and downward mobility are grim and inescapable features of today's allegedly developed societies as they shift to capital-intensive service-oriented modes of production (Gallagher, 1992). Jobs are fewer and more likely to skip town at the drop of a hat, wages are lower, and the social contract which once existed between working people and their employers has become a quaint historical cameo. Women and people of colour are overrepresented on government income support programs and in marginal, unstable jobs, but the workforce as a whole has suffered as gains made by labour movements in the area of wages and working conditions are eroded, a trend which is showing no sign of slowing down (Cass, 1983; Croft et al, 1992; Vogel, 1994).

The gap between rich and poor continues to widen, and an increase in the overall concentration of wealth which has resulted in a now widely documented squeezing of the middle class in industrialised countries (Gallagher, 1992; Ehrenreich and Stallard, 1982; Vogel, 1994). Wealth is increasingly concentrated in an decreasing upper stratum. The hemorrhage of jobs makes it less and less likely that one will, eventually, get out of poverty. US Bureau of Labor statistics quoted by Vogel indicate that between 1981 and 1992, two million goods-

producing jobs vanished from the US economy. Even if these jobs had been replaced in the service sector income and working conditions are indisputably at lower levels (Savdié, 1993). Relatively mainstream analyses reach alarmed conclusions about the impoverishment of women, and the decreased expectations of the post-Affluent Society generation of the 1980s and 1990s (Gallagher, 1992).

Where the middle class has been hard-hit, the poor have been affected in an unprecedented manner. Today's poverty, unlike depression-era poverty, is **perceived** as being the responsibility of the poor. If you're poor, quips Vogel, "it's **your** own damn fault." The poor themselves are often unconscious of any structural causes of their condition. There is a poverty unmitigated by a sense of belonging and community, as individuals have become atomised and alienated from one another. Material hardship is thus compounded by cultural exhaustion (Vogel, 1994; Savdié, 1993).

In response to economic difficulties and the breakdown of traditional communities, ad hoc groups of people have banded together in local economic systems. In rural areas, where barter has always peacefully and fruitfully coexisted with the monetised economy, the idea of cashless exchanges has not required forceful reintroduction (Proulx, 1981). In urban and suburban areas, however, the idea has come to seem so exotic that a great deal of time and effort has been needed to reintroduce and disseminate alternatives to mainstream economic

practice.

But barter itself has limitations, which were more or less satisfactorily addressed by the invention of money, which Galbraith (1975) estimates occurred some 4,000 years ago. The problem which has prompted the creation of local currencies is that mainstream currencies have become commodities whose value is set outside the community and whose issue is regulated by inaccessible decision-making structures (Swann, 1988; Kennedy, 19??). Money is not in service to people. People are in service to money, and, through their labour, facilitate the growth of large aggregates of money, known as capital. People have **been** reduced to the state of mere inputs into the cycle of production, under the collective label of labour. Furthermore, there is not enough of it, and what there may be doesn't stay for very long in poor communities, as it is soon attracted to multinational corporations and banks outside the community (Croft et al, 1992; Glover, 1992; Linton, 1988)¹. "The flight of money from a community," according to Linton, "can leave it devoid of the means to trade within itself." (1988, page 39)

Scrip, LETS and Time Dollars

The purpose of this paper is to examine two particular responses by groups of ordinary men and women to the increasing inaccessibility of money, or as it were, the generalisation of poverty. The first of these has existed at different

¹"Dollars come to Ithaca, shake a few hands, then leave to go buy rainforest lumber or fight wars. Our town's alternative currency stays in the community and helps us hire each other." Paul Glover, in "Ithaca Journal," New York Times, 31 May 1993, p. 28.

times and under various latitudes over the course of the Twentieth Century.

Scrip systems, as they are known, utilise goods and services directories as well as locally printed paper money whose issue is regulated by the members.

Membership is open to any resident of the local district, and individuals who join up receive a given amount of printed currency to begin participating in the system. The member who accepts the initial amount of currency agrees to accept it in payment or partial payment for goods or services. Some systems reward continuing participation (ie, continuing to advertise in the periodical goods and services directory) with an additional grant after a given period of time. The notes are traded alongside national currency, and can be traded by anybody willing to accept and spend them.

The most prevalent Scrip system today is the Ithaca HOURS system developed by Paul Glover in upstate New York, in 1989, which has been introduced under various forms to over 150 communities in the United States. The system is not intended to replace the mainstream economy but to supplement it. A salient and essential difference between a national currency and a local one is that the former can be hoarded, invested and stockpiled for reasons of security, whereas the latter is intended to circulate rapidly. The primary objectives of the Ithaca system, as expressed by Glover, are to enhance the quality of life of members by increasing their buying power, and to increase the community's resistance to outside economic problems by fostering increased self-

reliance (1991, page 1). Being a printed currency, the value of scrip tends to follow that of the national currency and thus scrip is not inflation-proof. Efforts to tie it with a local commodity such as cordwood have not been entirely successful (Swann, 1983). The tendency to devalue over time encourages circulation and consumption and discourages savings: this is not a device to accumulate capital².

A similar system developed independently of Ithaca HOURS by Gurunam Khalsa of the University Women's Network (UWN) at the University of Massachusetts at Amherst aims primarily to supplement members' incomes; it was created when University employees failed to receive pay raises for three years in a row. Unsure as to the legality of printing one's own money, the system's organisers voluntarily kept the Resource Pool low profile until 1994, when the Network has floated a proposal to generalise the scrip to all university employees. Modern-day scrip systems differ somewhat from their Depression-era predecessors in ways that will be expanded upon in Section 2 (Historical Overview).

The second and more widespread alternative currency is a system of multilateral barter within a closed membership called LETS. It was devised by Michael Linton in Comox Valley, British Columbia in the early 1980s and has since spread to other parts of Canada, Ireland, England, the United States, Australia and New Zealand. The acronym stands for almost as many different

²For alternative community-based capital-accumulation strategies, see for example Morehouse (1989).

things as there are discrete systems: Local Employment Trading System, Local Energy Transfer System, Local Enterprise Training System, Local Education Transformation System, Local Empowerment Training System are a few. Different systems operate slightly differently according to local conditions and resources, but all are based on the same principles, according to Croft et al (1992). The objective of a LETSystem is to create a local community-based economic system (Linton, 1988) with a new, supplemental currency, which members use to pay or receive payment for goods and services within the confines of the membership. A boundary is created around its membership within which it can develop patterns of trade that generate increased self-reliance.

Other objectives include creating and nurturing effective networks within the community, remunerating volunteer workers, developing community awareness and self-reliance, liberating previously underutilised resources in the community, fostering individual self-esteem and encouraging positive action amongst people trapped in poverty, and improving the quality of life of people on low incomes by giving them access to employment, goods and services which would not otherwise be available (Croft et al, 1992). Anybody can become a member of a LETS, but only members can trade within the system, since no legal tender actually changes hands: credits and debits are entered onto each member's individual account, which is kept track of centrally through a system of ledgers.

A typical pattern for transactions in the Blue Mountains LETS in Australia

might run as follows: Helen offers bicycle maintenance at the rate of 10 LETS points per hour - they are known as Ecos. David hires Helen for a repair and maintenance job that lasts three hours - he left his bicycle out all winter and it needs a lot of work. Helen has earned thirty Ecos' worth of credit. David has committed thirty Ecos' worth of skills and energy to the system. Fatima, who has some errands to run, needs somebody to look after her children for the afternoon. David is available to provide that service, and, at the rate of ten Ecos per hour, will in three hours have worked off the debit which he ran up by hiring David. Fatima in turn can work off her commitment - which she ran up ^{an} by hiring David to mind her kids - by helping Helen put a fresh coat of white paint on her picket fence, for - say - a flat fee of thirty Ecos. Fatima, Helen and David may not have known one another prior to trading services: the regularly updated LETS directory, listing goods and services and members' telephone numbers, supplemented by the recommendations of other members, have enabled Fatima, Helen and David to make contact.

What works for child care, painting and bicycle maintenance has worked just as smoothly for obtaining goats' milk, piano lessons, second-hand vehicles, singing wake-up calls, carpentry, vegetables, housekeeping assistance, machinery rental and a limitless array of goods and services (Croft et al, 1992; Dauncey, 1988; Doggett-Williams, 1994; Seaton, personal communication, 1993). Each member of the system receives a registration number, enabling the central accounting

structure - usually one or more part-time staff with a computer (running Dbase 2 and Linton's software) and an answering machine, overseen by a volunteer management committee - to record transactions and keep the members informed of their accounts through monthly or bi-monthly statements. Operational costs such as staff salaries and printing (paid in alternative currency) are met through a vehicle similar to a management fee. Some systems charge a small fee per transaction, others charge a larger fee for placing one's ads in the goods and services directory.

Although there have been isolated cases of people selling a computer or an answering machine for alternative currency, this is not often the case. The system still needs national currency to pay for such non-negotiable items as postage and phone bills. Members pay an initial fee in Australian dollars, and Blue Mountains LETS holds regular workshops for outsiders who wish to benefit from their experience. They also maintain a small publications list, all of which bring in a trickle of federal money. Fairfield LETS received AUS\$500 from the National Roads and Motorists Association (NRMA) to install a new phone line and buy equipment³.

LETS, being a system of interest-free credit, implies, unlike past reciprocal arrangements between neighbours, that credits and debits must be kept track of. It acts strictly as a bookkeeping device. Transactions are centrally recorded, with members earning credit points or accumulating negative balances like overdrafts.

³Fairfield LETS: Minutes of Steering committee meeting, 23 July 1993.

No printed currency exists, which presents certain advantages: LETS credits (or Ecos or Geckos or Strouds or Reeks or Green Dollars or Popsicle Sticks) can neither be lost nor stolen nor forged,⁴ and the interest-free nature of the currency discourages hoarding.⁵ Neither can they be sent to the laundromat in the back pocket of one's jeans: the currency exists only as information.

LETS has been criticised for being ponderous and technology-intensive.

One critic confided the following:

Many of the folks at the farmer's market couldn't be bothered recording a million tiny transactions. It's too much hassle.

Recognising this limitation, two LETS systems in Ireland and in the United States have introduced a printed currency as well, in Westport, County Mayo,, and in Tucson, Arizona. The decision to circulate a printed currency at Westport was based on the recognition that a great number of very small transactions would clog up the system if all had to be recorded."Each transaction," explains Douthwaite, a member of Westport LETS, "takes a member's time to process through the computer, making it seem ridiculous to write out a cheque for a pound of carrots." (1994, p. 4). In response, Westport has issued small-denomination "tokens" in its currency, the Reek, for small exchanges.

A strategy developed independently in the United States differs in important ways from LETS and Scrip. Edgar Cahn's Time dollars are a type of

⁴Except, as has been judiciously pointed out, through administrative ineptness or vengeful sabotage.

⁵Furthermore, hoarding LETS credits, unlike hoarding rice or gasoline, does not bring about a scarcity, since they are not a commodity but a record of a transaction, and thus are created as they are needed by anybody within the system.

credit system in which a central co-ordinator, usually the director of a social service agency, puts volunteers in touch with people requiring care. Only a small number of services are available through the system, whose goals are not to displace or even in fact to supplement the monetary system (Cahn, 1991). The unit of measure is a unit of time spent in service to others, hence the name. The objective of Time dollars is to empower individuals to meet the caring needs of specific target groups (the elderly, people with disabilities, immigrants from Non-English-Speaking Backgrounds and so forth), and so only services such as companionship, babysitting, light housekeeping, letter-writing, English lessons, adult day-care, or sewing classes are available. Douthwaite (1994) quotes Cahn as saying: "Real money is all-purpose. Time Dollars can only buy things of special value such as companionship, love and caring." Some 150 Time dollar schemes have been implemented with support from private foundations, with volunteers in the community services sector, where credit provides a reward structure not previously available to them (Nader, 1992; Cahn, 1991; Douthwaite, 1994). Volunteers receiving Time dollars will be able to spend their credit later in life. Cahn estimates the cost of setting up such a system at US\$15,000 to \$2, 000.

Individual Scrip and LETSystems meet their objectives in slightly different ways. The Ithaca HOURS system is the subject of the case study in Section 3. Cahn's Time Dollars, although it is agency- rather than community-based, remains nonetheless an interesting option, particularly because it has the

potential to revolutionise the way we value and reward traditionally unpaid caring, domestic and reproductive labour. Both LETS and Scrip systems claim to contribute to local self-reliance by capturing or monetising previously “invisible” externalities (Galtung, 1989; Croft et al, 1992; Swann, 1990).

Of the many community-based initiatives in response to late Twentieth Century socioeconomic malaise, alternative currencies have distinguished themselves over the past decade as an indisputably innovative strategy. The present paper will critically assess this strategy in the hope of strengthening future undertakings in this field by the community sector.

Question

Against the backdrop of present day capitalism, development efforts at the grassroots or community level are increasingly motivated by a twin desire for self-reliance and community. How, if at all, do local alternative currency systems, both LETS and Scrip, meet their stated objectives? Do they address problems of alienation, social breakdown, and un- or under-employment? Under what conditions can they be called successful, and how can success be measured? Is success to be defined in terms of traditional indicators such as longevity, size, volume of trade? Or should we challenge the assumption that quantification is

valid in itself, and should qualitative criteria also be set? Is a successful system one that puts a given number of additional dollars into a given number of people's pockets, or can it be one that makes people feel safer when they walk down the street at night?

This study is also motivated by a desire to produce a document which might be useful in the areas of education and training. Alternative currencies are highly complex, and members have to learn to change the way they see such entrenched notions as employment, marginality, and community. They must shift their spending away from currently accepted patterns of consumption which are determined by multinational distributors and pressured onto shopping lists by advertisers and seek out that which is available within their community. And since money and spending are essential features of people's culture, this means that alternative systems seek nothing less than to transform cultural mores. The second question which this study centres around, then, is how could it assist in training and educating new participants, and how could it be a relevant resource to organisers and trainers?

Another area of inquiry in this study has to do with simple technicalities. Although there is historical and cultural precedent, the alternative economics movement and the concept of alternative currency, in its *present* form, is just over ten years old. Nobody has very much experience at doing this, and the body of theory is still tiny. How have others addressed their problems? How do the various systems deal with members who drop out, or who accumulate an

unwieldy amount of currency? At what point does the coordinating body decide to issue more currency, or to restrict the amount of overdraft allowed on an individual account? These questions and many others that popped up as the study progressed, will be addressed below.

Methodology:

A case study methodology offers a wide variety of data-gathering instruments. The review of the literature has attempted to cover local currencies in the context of the alternative economics movement. Texts which analysed Depression-era scrip systems, the phenomenon of late-Twentieth Century poverty in rich countries, and the nature and historical foundations of money are of particular interest. The attempt has been made to glean from the field the working papers, funding proposals and conceptual and training tools which various community groups use for their specific organisational development. Literature, interviews, a personal journal and workshops in Australia served as the earliest sources of materials on this subject. Correspondence with staff and participants in several systems in Ireland, Australia and the United States provided the insights of workers and participants who are directly involved on a day-to-day basis with the task of making their own system work, and has complemented this author's personal observations of two alternative currency systems.

An element of dialogue was crucial to deepen and broaden the quality of the written information by anchoring it in daily practice. Alternative economic systems are only partly theoretical constructs; they are also profoundly integrated in people's lives. Therefore, following Seidman (1991) the attempt was made to get people to talk about themselves and about what meaning they attach to their participation in alternative systems in such a way that any conclusions that might be drawn remain grounded where they might be useful at the grassroots.⁶

During two visits to Ithaca, NY, interviews and literature produced by the local scrip system resulted in what Stake (1994) calls an "instrumental" case study, the purpose of which was to gain a deep qualitative understanding of how an alternative currency such as Ithaca HOURS - which has been in circulation without interruption for four years - operates. Generalising as to the effects of other systems on their members under other circumstances was not a focus of this study.

Ithaca was chosen as a site for several reasons. It has had a high profile in national media for several years, has a large membership, a wide list of goods and services available through the system, and it appeared to be well-established. The equivalent of approximately US\$50,000 worth of the currency, the Ithaca HOUR, is in circulation⁷. Ithaca HOURS coordinator Paul Glover had been contacted

⁶"Social abstractions are best understood through the experiences of individuals whose lives are the stuff upon which the abstractions are built." (Seidman, 1991, p. 23)

⁷The exchange rate is calculated on the basis of the average hourly wage in Tompkins County,

several months before starting the study in the context of a class on alternative community-based economic development at the Center for International Education⁸, and a visit to the EF Schumacher Society's library and resource center on alternative economics provided further impetus⁹.

Material from Ithaca was collected from interviews with people in shops, in the street, at the farmers' market or in their homes. Several dozen short, informal exchanges, several longer semi-structured discussions, three in-depth interviews, and one focus-group discussion following Seidman's guidelines for phenomenological interviewing (1991) and Merriam's principles of effective interviewing (1988) comprise the bulk of this material. Still following Seidman's guidelines, a set of questions was formulated to encourage each person interviewed to reconstruct the chain of events leading up to their joining the system, to give a detailed description of their experience, and to assess, and reflect upon their participation in the system:

1. How did you come to be involved in Ithaca HOURS?
2. Can you reconstruct a typical day on which you traded in HOURS?/Do you have any stories to share?
3. What does it mean for you to be a member of Ithaca HOURS?

Seidman's prescription is three interviews of 90 minutes each per informant; it was discovered in this case that one sixty-minute interview

which is US\$10 per hour. One Ithaca HOUR represents one hour's labour, or ten dollars.

⁸Center for International Education. Hills House South, University of Massachusetts, Amherst MA 01003, U.S.A. (413) 545-0465. email: cie@educ.umass.edu

⁹E.F. Schumacher Society. RD3 Box 76, Great Barrington MA 01230 U.S.A. (413) 528 1737. email: efs@aol.com

sufficed. All three primary sources commented that more time seemed useless, and one interviewee declared that she “would start repeating myself pretty soon if we don’t stop.”

Other questions that suggested themselves during the course of the visit to Ithaca were added:

1. Why do you use the local currency?
2. How has it changed your daily life, if at all?
3. How does it compare to using federal dollars?
4. How do you see yourself and/or the system in ten years?

These interviews mostly involved white women, although men and children were interviewed as well. The rationale behind focussing on women is that 1. They tend to be the ones who hold the major share of the responsibility in the non-monetary economy, and 2. They are the most at-risk and susceptible to downward social mobility and impoverishment (Ehrenreich and Stallard, 1982; Cass, 1983; Vogel, 1994; Gallagher, 1992). Moser’s framework for a gender analysis of community development initiatives provides an interesting methodology for assessing the degree to which women’s strategic and/or practical needs are met by alternative currency systems. Her framework is discussed in greater detail below under Gender Analysis (Section 2).

Founder of the HOURS system and mover-and-shaker extraordinaire Paul Glover generously shared his insights and experience in Ithaca. From the hill on which Cornell university has its campus to the Green Star supermarket on the other side of town, virtually every small business on the street is aware of the alternative currency, and are surprisingly willing to interrupt what looks like a

fairly busy working day to explain good-humouredly and at great length why they accept HOURS, or why they don't like the idea. Out of forty-nine businesses sampled, not counting stall-holders at the farmers' market, forty-eight had heard of the system, twenty-six accepted the alternative currency, including three businesses which placed no restrictions at all on the amounts they took in, and one had accepted the currency in the past and had chosen to withdraw.

Ithaca is not necessarily typical, and the people interviewed were chosen at random. It is recognised that many aspects of the Ithaca case are unique, particular only to its context and circumstance. It is also recognised that interviewees may or may not be representative of the Ithaca system as a whole. Fry and Thurber (1989) suggest that far too much energy and effort is spent seeking representative cases in the social sciences, when anomalies and extremes - arguably the bulk of all cases anyway - have as much if not more to contribute to one's understanding of a social phenomenon¹⁰.

Supplementing the interviews in Ithaca were a series of informal discussions with Gurunam Khalsa, the coordinator of the University Women's Network Resource Pool at the University of Massachusetts, Amherst. One session of a revised version of the Canadian simulation game LETS Play with a group of 19 members of the UWN Resource Pool, and another with a group of 5 graduate students from the Center for International Education both turned into

¹⁰Fry, G. W. and C. E. Thurber The International Education of the Development Consultant: Communicating with peasants and princes. Oxford: Pergamon Press, 1989

lively and productive focus group discussions.¹¹

My own experience in Fairfield, NSW provided an important third component in the scope of the present paper. I was directly involved in exploring economic alternatives as a community worker and resident of Fairfield since 1990, and participated, along with co-workers and other local residents, in a number of activities and planning meetings. Activities included a half-dozen forums on economic alternatives, and public meetings to explore the creation of an unemployed workers union.

In 1991, the Fairfield Community Resource Center (F.C.R.C.), a community-based social service organisation, made alternative economic development one of its priority areas in a lengthy strategic planning session involving staff, management committee members and a consultant from the University of Sydney's School of Social Work. Later that year a small team of youth and community workers began to explore the idea of creating a local currency based on the Canadian LETS model. Two years later, Fairfield LETS had begun to trade, under the auspices of the F.C.R.C. with a membership of 12. In 1993 a workshop was put together by the Blue Mountains LETS based in Katoomba, NSW, during which views were exchanged and issues discussed with a view to creating a sustainable neighbourhood economy.

¹¹LETS Play is available as a part of the LETS System Training Pack produced by the Western Australian Department of State Development (Community Development Branch).

2. Review of Literature

Historical overview of alternative currencies.

Fack (1932) documents a precedent to Scrip systems in the economies of Western Europe in the Eleventh, Twelfth and Thirteenth Centuries. In order to obtain revenue, religious and secular leaders, who were mandated to mint coins for their district, ordered all coins to be withdrawn from circulation twice a year in order to be recoinced at a fee of 20 to 35% per year. This effectively forced money to circulate, and Büchi (1933) credits this system of organised depreciation with bringing about an unprecedented increase in the quality of life of Western Europeans:

Hoarding money thus became impossible. Every money owner ... wanted to get rid of [their] money as much as the owner of goods that also deteriorate with time. ...This money no more ruled, exploited, tyrannised, ruined. It only served the purpose of exchanging goods and services. Speedily it hurried from hand to hand. It was spent in order to receive, and by continued selling and buying, production and distribution went on without interruption. ...Within a generation a change had taken place from poverty to wealth, from cultural darkness to light. All available money was without much delay turned into useful and life-easing and beautifying goods. (Fack, 1932 quoted in Büchi,1933:188)

In his work Free Money (1933) Büchi expands upon a concept of interest-free money developed in the 1890s by Silvio Gesell, a German entrepreneur working in Argentina, to whom the idea of unearned income, especially in the form of interest, was abhorrent. Büchi describes the case of the small Bavarian town of Schwanenkirchen, where Gesell's ideas were put into practice. The

alternative currency, named “Wära” or “enduring”, was issued by an association of local pillars of society, including an industrialist who used the currency to pay unemployed mine-workers. The workers spent their Wära with local shopkeepers, who in turn forced wholesalers to accept them. Wära were always redeemable in coal from the mine. It soon displaced the gold-backed but inflation-riddled Reichsmark as the preferred medium of trade. The Wära was kept in circulation in the town and its neighbouring dependencies through an annual circulation fee - amounting to a planned devaluation - of 12 percent. The introduction of the alternative currency “put back to work scores of unemployed workers” and revitalised the regional economy. Sensing a threat to its central authority, however, the German Reichsbank “entreated the Government to take action, and a special emergency law was promulgated under which wära was forbidden” (Büchi, 1933, p.194).

Douthwaite (1994) also sees Schwanenkirchen as the cradle of modern-day scrip systems; Dauncey (1988) and Ekins (1986) claim their origin to be in the small Austrian town of Wörgl. The Wörgl experiment is described at some length in Cole (1933), and for the most part, its story parallels the Schwanenkirchen case. The major institutional engine for the Wörgl case, however, was the municipal government, under the enlightened administration of Burgomaster Michael Unterguggenberger. In 1929 the town’s authorities issued the alternative currency known by the catchy name of “Ticket for Services

Rendered". These Tickets were used

for the payment of wages for the building of streets, drainage and other public works by men who would otherwise have been unemployed. ...The recipients immediately hurried with them to the shops, and the shopkeepers and merchants hastened to use them for the payment of their tax arrears to the municipality. (Gaitskell, 1933, p. 324)

Scrip systems were subsequently introduced into the United States through the interventions of Charles Zylstra of Iowa, enthusiast, and Irving Fisher of Yale, economist. Depression Scrips began to crop up in San Francisco, Chicago, Exeter (New Hampshire), Springfield (Massachusetts), and "a score or more of American townships" where they met with some success during the 1930s in terms of membership, longevity, and degree to which they supplemented federal currency in people's daily lives (Gaitskell, 1933; Proulx, 1981)¹². Greco (1994) describes scrips' heyday in the US, claiming that

There were literally hundreds of scrip issues that were put into circulation by a variety of agencies, including state governments, municipalities, school districts, clearing house associations, manufacturers, merchants, chambers of commerce, business associations, local relief committees, cooperatives, and even individuals. (1994, p. 49)

But where Yale adulated, Harvard vilified, and the powers-that-be met scrip with mixed responses: shut down in Austria and Germany, scrip systems in the US were effectively killed by Roosevelt's New Deal, a massive job creation scheme for public works which unleashed a new flow of money into high-unemployment areas (Douthwaite, 1994). Scrips then became redundant, because

¹²In Utah, however, Mormons had been using their own scrip since the settlement of the territory in the Nineteenth Century. The phenomenon was unrelated to Silvio Gesell's influence, but was still in use in 1931.

people were making a living, working as much as they wanted to¹³. But just to make sure, scrips were forbidden by Presidential decree in 1933. In Basel, Switzerland, however, a comparable system was still functioning, uninterrupted, in the early 1970s (Dauncey, 1988).¹⁴

Greco (1994) contributes an explanation of why some of the scrips, issued by private industrialists such as Larkin in New Hampshire and Caslow in Chicago, were in the end unsuccessful. He cautions modern-day scrip organisers against compelled devaluation, arguing that in days of inflation, scrip will depreciate anyway since it doesn't accumulate interest.

LETSystems have a shorter history, but there is widespread cultural precedent to organised barter systems (Proulx, 1981; Crump, 1981; Doggett-Williams, 1994). Reciprocal arrangements centering around labour, technical expertise and commodities have existed in rural areas throughout the world for much longer than money (Galbraith, 1976; Douthwaite, 1994). Reciprocity is a major component of rural economies worldwide, where "to farm this district, [one] must either have the constant, daily cooperation of [one's] fellows, or ... a very large sum of money"¹⁵. Specifically in the United States, Proulx estimated

¹³Examples in the literature suggest that the primary objective of Depression scrips was to reduce blue-collar unemployment. This objective has shifted today to include many middle-class occupations, and has acquired a different, deliberately community-building emphasis (Croft et al, 1992; Seaton, personal comm. 1993; Ithaca Money, 1990).

¹⁴Douthwaite (1994) found over 300 systems in existence by "March 1933 when [US] President Roosevelt forbade any further issues. ...It was not that the government had any objections to scrip being used to create jobs...[but] it was advised by Professor Russell Sprague of Harvard that the US monetary system was being democratised out of its hands" (p. 14)

¹⁵Phrase excerpted from a study of a Welsh village by Isabel Emmet, quoted in Douthwaite (1994)

at 225,000 the number of country stores actively engaged in barter in 1933. Today, that number has dwindled to a few dozen, but there was evidence in the early 1980s that the trend might be reversing. Proulx hypothesises that barter's return could be due in large part to the scarcity of money on one hand, and and on the other to the increasingly widespread perception by ordinary people that their communities are breaking down (1981, p. 81).

LETS was first put together, as mentioned in the Introduction, by Michael Linton in British Columbia, Canada. The model and its operating principles have been described in detail by Greco (1994), Douthwaite (1994), Croft et al (1992), Linton (1988), Linton and Greco (1987) and Dauncey (1986). Although the first LETSsystem in the Comox valley is no longer trading, Linton's original idea has been disseminated, along with its companion software, to hundreds of communities in industrialised English-speaking countries (with the exception of Ireland). The largest system is believed to be in Auckland, New Zealand, with over 2000 members, followed by Blue Mountains LETS in Australia with a membership of over 1200¹⁶. New systems continue to crop up, and LETS as a local economic phenomenon is clearly booming (Croft et al, 1992).

Throughout the history of money, there appears to have been a search for a 'perfect currency', one which according to Nineteenth Century London

¹⁶LETS should not be confused with older commercial barter clubs catering to the business community. Such systems as BarterCard in Australia facilitate trade exchanges between businesses that can involve deals worth hundreds of thousands of dollars (Doggett-Williams, 1994). LETS is smaller in scale and functions, at this writing, and operates only on a local level, although Croft puts forth possible models for interLETS trading, and peak organisations (1992).

stockbroker David Ricardo 'should be absolutely invariable in value' (Galbraith 1975). There also appears to have been a trend which favoured 'fake', 'bad', or 'imaginary' money, and since the Charlemagne administration there appears to have been a global consensus that if the money supply was low, promissory notes printed on paper - royal or imperial IOUs, as it were - would do (Crump, 1981; Galbraith, 1975). Often the imaginary money, to use Crump's term, was favoured over the real thing for its perceived stability and the backing, however illusory, of the prince who had issued it. Scrip systems, whatever other goals they may have today, appear to fit firmly within this global trend.

Today's scrip systems differ very little from the Archbishop of Magdeburg's Eleventh Century brainchild, and they have attempted to live up to Ricardo's expectations of perfection. The leadership for these initiatives has been various ranging from housewives, hippies, and anarchists, to Ivy-League economists, municipal authorities and industrialists.

Homo economicus vs. Real Person.

Conventional economics, the discipline that we have entrusted with the government of our lives, with predicting the future, and with telling us why we are unhappy in the present, is ill-equipped to perform any of these functions satisfactorily (Schumacher, 1975 p.12). Particularly criticised within conventional wisdom in matters economic by "Green" or alternative economists and

grassroots practitioners is the notion of the advantageousness of growth.¹⁷

Trainer's attack on the late capitalist post-industrial "greed and growth" society (1985) reflects an increasingly widespread opinion that it is tricky to attempt to sustain infinite growth in what we now know is a finite environment (Schumacher, 1975; Henderson, 1989).

Economics as a discipline, having grown out of the "restlessness and ambition" of the Eighteenth Century European merchant class, has carried within it the assumptions of its originators. Almost three centuries have made startlingly little impact either on the assumptions, or on the restlessness (Geltung, 1986), and while the assumptions may have been perfectly logical in a world where the human population hadn't yet reached one billion and the planet's resources were not yet recognised as finite, today they may well have become dangerously obsolete. Particularly targeted by Geltung, among others (1986), is the notion that anything external to the firm - the amount of air fouled by a process of production, or the amount of human suffering inherent in acquiring raw materials at a low cost, for instance - is irrelevant: since it doesn't "cost" anything, it is invisible; being out of sight it is put out of mind. Dauncey (1988), Ekins (1986), Henderson (1989), Hunt (1989) and other economists in the Green and Alternative Economics movements, take exception to the notion that if a dollar value isn't ascribed to something, it is worthless, and argue that if the natural environment in which we live is below the horizon of the discipline, it's

¹⁷"Conventional wisdom" is used here as Galbraith coined it in The Affluent Society.

time to revamp the discipline.

The ascribed external and internal status of various factors of production are verifiably negotiated and culturally determined. How a particular culture views human beings - as cannon fodder, an expendable externality or as children of god with souls, an internal factor of production that requires care and maintenance - determines how many of the culture's members feel about human life and dignity, and whether or not they have personal responsibility for looking after their more vulnerable contemporaries. Whether clean water and air are somebody else's problem or vital elements of each individual's personal budget may also be a function of culture, but then the risk arises that *culture* will be seen as immutable, sprung forth fully clad from the forehead of the pundits. Hall (1981) reminds us that it is a negotiated process in which everybody participates. For the purposes of this paper, the assumptions that mainstream economics rest upon today are also cultural constructs, and therefore negotiated rules rather than axiomatic laws. It is perhaps regrettable that we have to go as far as New Guinea to find the word mngwotngwotiki to describe the suspension of this civic and cultural privilege on the level of the individual.

Sahlins (1972) writes that "what are in the received wisdom "non-economic" or "exogenous" conditions are in the primitive reality the very organisation of the economy". Exogenous conditions - Factors unrelated to price - may include the appearance of a shop or the relationship of a consumer to a

service provider. There is evidence today that many ordinary people remain tenaciously closer to “primitive reality” than to the accepted profile of Economic Man. Succinctly described by Turnbull:

[Economic Man has] unlimited appetite; [he is] completely informed; consistently orders his preferences with respect to the possible outcomes of any decision; maximises something (usually subjective expected utility); [is uniformly] competitive; requires a value system only in order to provide a criterion against which to maximise, eg, profit, utility, prestige, power; is not explicitly related to the world as an element of an interactive system and remains unchanged as a result of any interaction; no significant differences exist between individuals; has unlimited information-processing capacity, so is unaffected by differences in rates of change; needs are simple and few. (1989, p.124)

If it is assumed that people are all Economic Men, greedy individualists with a consistent bottom-line orientation, it is not surprising that long-term planning in the business community is seen as a highly anomalous phenomenon. This attitude, which Schumacher (1975) blasts as “banal misanthropy” will naturally have a negative impact on communities’ social and economic patterns, if quick profits are seen as more important than the people who make the profits possible, either as labour or consumers.

Phillips (1986) has demonstrated, through extensive quantitative data collection from an informal network of San Francisco businesses which call themselves the Briarpatch, that conducting business with a certain amount of foresight and not being spurred solely by pure profit-maximising motives can be profitable in a wider sense.

The Briarpatch database suggests that ecological soundness, respect for

local communities and sound labour practices are profitable, both in the narrow economic sense (that it will enhance volume of trade and ensure a profit that the firm can use to meet its needs), and, in a global and human sense it will enhance non-economic features such as quality of interactions and act as a limiting force on negative externalities such as pollution, once the conscious decision to calculate environmental degradation into the cost of doing business is executed.) Businesses which are generally expected to concentrate on the short term and the bottom-line, are finding that it may be in their interest to widen and lengthen their perspectives: the rate of failure within the Briarpatch network is a whopping 75% lower than the US national average (Phillips, 1986, p. 274).

The Eighteenth Century mercantilist view is, with here and there the odd adjustment, the view of the Twentieth Century economist (Galbraith, 1971). With remarkable self-confidence, modern-day Western civilisation has replaced the normative constraints of morality with the contractual and temporal rules of rationality. But operations that may appear rational in the short term may be socially and environmentally disastrous in the long term (Ekins, 1986). Geltung, Galbraith and others conclude that although the logic and rationality of the market provides us with a measure of freedom - from coercion on the part of a feudal lord or excommunication on the part of a priest - it is a wholly insufficient lens through which to view the totality of human experience (Geltung, 1986, p. 102).

Growth and consumption as measures of the general well-being are problematic (Morehouse, 1989; Trainer, 1985). Demand curves and other statistics, for example, measure not well-being, but aggregate demand: need only exists where there is a desire backed by money. A desire which is not backed by purchasing power is not within the scope of the discipline, and is therefore invisible, or in the jargon of the trade, an "irrationality". But if Ashwini takes two trains and a bus to work each morning while Archina walks for ten minutes to work through a well-groomed park, how do their differing levels of consumption indicate differences in well-being? The former's standard of living in economic terms as well as in terms of their consumption of resources is far greater. What common sense would suggest to be the superior standard of living is impossible to determine through the conventional instruments which economics has developed¹⁸. These instruments are unquestionably useful and important, but they cannot do everything we have come to believe they can.

Since 1984, a worldwide interest group of scholars and practitioners, *The Other Economic Summit* (TOES) has moved to the forefront of alternative economic attention. TOES hosts an annual conference and produces publications.¹⁹ Hunt summarises the movement as follows:

The New Economics goes beyond advocating a distributive

¹⁸It is understood that the notion of "common sense" is purely a cultural construct (Hall, 1981)

¹⁹The Summit's chapter for the Americas publishes a newsletter which presents itself as "an educational and networking tool for individuals and organizations working for a more just and sustainable society." Newsletter material as well as additional information can be obtained on-line on ECONET or its affiliated internet listings under TOES.SUMMIT and TOES.GENERAL. TOES/Americas can be reached at PO Box 12003, Austin, Texas 78711, USA.

justice that would leave the existing world market system and its priorities intact. It proposes that the form and extent of economic relations be determined locally, with decision-making at the local community level being decisive rather than participatory. (1989, p. 14)

A typical TOES critique of “growth-ism” bases itself on the opinion that, far from conforming to the profile of *Homo economicus* cited above, real people have appetites “determined and limited by the necessity of maintaining the organism” (Turnbull, 1989, p. 124). Far from being completely informed, a real person reduces, condenses, summarises, filters and otherwise edits information, and consequently loses some along the way. A corollary to the view that information-processing is slow and imperfect is that individuals tend to prefer slow rates of change - stable systems or as close to stable as possible (Hall, 1981). Moreover, although the individual is sometimes competitive under certain circumstances, this is not always, or even most of the time, the case (Geltung, 1986). Differences between individuals are significant and important, and their needs may be simple but they are many, rather than “simple and few”. Last, ordinary people do not consistently order their preferences, as non-economic forces may cause an individual to change their mind for no apparent reason, without any intention of “maximising” anything at all (Turnbull, 1989).

It is within this new economics that the notion of community regains its value. It is thus here that local currencies, with their built-in limits on growth and emphasis on community building, local control and self-reliance as paramount values, may find their philosophical space. A corollary to the view

that people are something other than profit-maximising individuals is Geltung's prescription for trading relations which centers around reducing dependency by strengthening local production:

Produce what you need using your own resources, internalising the challenges this involves, growing with the challenges, neither giving the most challenging tasks (positive externalities) to somebody else on whom you become dependent, nor exporting negative externalities to somebody else to whom you do damage and who may become dependent on you. (p.101)

Trade occurs where there is a gap between what a group can produce and what its needs are. "The exchange should be carried out so that the net balance of the costs and benefits is as equal as possible." (p102) In the area of basic needs, however, communities should be as close as possible to being self-sufficient, not only self-reliant. Centre-periphery exchange should be reduced. South-south exchange should be facilitated. But "exchange is the lazy way out".

LETS and scrip systems in their social contexts

At this writing the number of LETSsystems worldwide operating under that acronym is estimated at just over 400 (Croft's figures for 1992 and projections). In Australia there are now over 170 community-based groups in operation, compared with 30 in 1984 (Doggett-Williams,1994). Membership numbers vary from a dozen in Fairfield LETS in Sydney's Western Suburbs, to 1200+ in Blue Mountains LETS²⁰, fifty kilometers up the road in Katoomba, to

²⁰Which, according to one of Blue Mountains LETS organisers, is "too many". Douthwaite also suggests limits on the size of LETSsystems, based on the notion that members like to trade with people they know personally and with whom they have developed trust. Scrip systems such as the

over 2000 in Auckland, New Zealand. Membership is predominantly white and English-speaking.

It is probably impossible to count the functioning scrip systems in existence. Many one-service arrangements are unidentifiable: baby-sitting groups in western Massachusetts use the Popsicle Stick as scrip, and friendly barter arrangements involving home cooking, plumbing arrangements or the lend of a television set cannot possibly be quantified. Yet these are the natural human impulses that an alternative currency endeavours to build upon and expand. Paul Glover has estimated that at least 150 communities in the United States alone have considered the idea of a scrip within the last five years, and that perhaps two dozen systems are actually in operation. Estimates are bound to be inaccurate, as organisers are sometimes unsure of whether or not alternative currencies are legal, and thus tend to keep their operation discreet, at least initially.

In contrast with Depression-era economic development strategies are employment outcomes for some members. Large numbers of male blue-collar workers found full-time employment in Schwanenkirchen and Wörgl but the people in Ithaca and the Blue Mountains are involved in art, crafts, services and

one in Ithaca do not seem to want or need to put a cap on participation: although Ithaca HOURS is now selective about who is issued new currency (ie who gets a bonus of four HOURS for joining the system and advertising goods and services in the directory), as many people as possible are encouraged to accept and spend the scrip. Organisers do not seem to perceive a contradiction between the fact that everybody can join, and the reality that only certain people with certain skills will be encouraged to.

production on an individual and primarily part-time basis. One does not get the impression, from a look at various goods and services directories, that large numbers of labourers are being put back to work. One member of the Ithaca system told me:

I don't know anybody who's on welfare and trading in HOURS. Lots of low-income people, people on food stamps²¹, war tax resisters and all that, but no ... welfare moms or whatever... Sure, I don't know everybody, there are about a thousand people trading in Ithaca HOURS.

Kenn Clift explained that the objective of Fairfield LETS was not to reproduce former industrial patterns of employment:

The idea isn't to replace the closed steel mills with open steel mills... why should people spend their lives doing boring work when they can actually make a living doing things they like to do? Anybody who can wake up in the morning has something to offer others... It doesn't mean some dreary nine-to-five death trap...

Alternative currency systems have been criticised for their mostly-white membership. In culturally diverse communities, people of colour and from Non-English-Speaking Backgrounds tend to fall into the lower income brackets, and thus should represent a target group. Paul Glover of Ithaca HOURS admitted that making the alternative currency system reflect the communities' cultural diversity is an on-going challenge:

I make sure there are pictures of Blacks and Latinos in all the bi-monthly goods and services directories, to show that everybody's welcome... But the African-american community hasn't participated to the extent that we would like. We need a more deliberate approach.

One white member of the Blue Mountains LETS in Australia said she

²¹Food stamps are a federal US food subsidy program for low-income families.

believed that

The organisers work hard to cultivate an inclusive image... but I don't really see it. It's still mostly white English-speaking people. I think perhaps we don't have the numbers of immigrants and refugees that there are in other parts of Sydney, or perhaps the idea is still too new and untried and people are waiting to see if it works... immigrants... have more to lose... they're more cautious. You can't blame them.

Scrip systems are more popular in the US at the moment than LETS. The reasons for this are unclear, but Susan Witt of the EF Schumacher Society explains it in part as a function of rural mentality:

Rural folk don't trust centralised administration, they don't want any record of any transaction which might contradict their tax return... You can't imagine how many houses around here get built out of brown paper bags. (Personal communication, 1994)

Another objection to LETS is that something in the United States citizen's soul rebels against the notion of a central, public accounting system as a totalitarian encroachment upon individual rights. Nobody will argue against protecting the right of an individual to privacy. But one might ask why the Irish or the New Zealanders should be less sensitive to violations of privacy, if indeed that is what the practice of LETS implied. Historical precedent, and the reassuring feel of paper in one's hand have certainly contributed to the success of scrip systems in the US, but LETS - and Time dollars - have been designed to meet other needs, to develop trust and community, and as Kaiya Seaton stated, "to bring the balance back to how trading is done and with whom".

Inflation, Extremes and Imbalances

Inflation. How dependent are these systems on stable (and/or unjust) economic conditions? Today, prices in local currencies tend to be directly linked to national currency. Most systems allow prices to be charged in a mixture of scrip and national currency, as agreed between consumer and provider, and most systems have a direct exchange rate (One Ithaca Hour = US\$10.00, One Blue Mountains Eco equals one Australian dollar, etc). If prices increase within the wider system there will be inflationary pressures on local-currency prices.

Anticipating a problem with inflation, a community-based group in the Berkshire Mountains headed by Robert Swann attempted to tie their local currency, a scrip called Berk-shares, to a locally-produced commodity, cordwood²² (Fabel, 1987). In so doing, the organisers of Berk-shares followed Ralph Borsodi's Exeter experiment, where a local currency, the Constant, was tied into a basket of thirty commodities (including gold, soy beans, rubber, barley, hides and jute) (Borsodi, 1989). The price of cordwood, however, experienced wide fluctuations in tandem with the price of domestic heating fuel, a petroleum product whose price is set outside the community. The Berk-share ended up being even more vulnerable to external economic fluctuations than it would have been had it tied itself to the US dollar.

Tying prices to a diverse basket of locally-available goods is one system which has yet to be fully experimented with. Although the notion might appear

²²A cord of wood is a unit of chopped, green firewood which residents of the Berkshire mountains use to heat their homes in winter.

to free-market proponents to smack of socialistic price control, it might constitute a way to make a local currency more independent, and less vulnerable to fluctuations and breakdowns in the wider economy.

Extremes. What happens if everybody is earning credit (offering) but nobody consumes? What happens if everybody consumes, but nobody produces? This is not a likely situation, as supply requires demand, and vice-versa: any demand for a product cannot be realised without the product being supplied, or the service being performed. Imbalances do occur, however, and must be reckoned with at the outset. Problems arise where some individuals - dentists, carpenters, movie theater owners - accumulate too much credit that they find themselves unable to spend, and other individuals - bassoon virtuosi - accumulate too much debit and end up overcommitted and discouraged (Douthwaite, 1994; Seaton, personal communication, 1993). Problems with scrip are tied to the amount of currency floated: if too much accumulates and stops circulating, it loses value and the confidence of consumers and producers. How and to whom scrip is issued is a carefully considered issue, which is examined in greater detail in the Case Study in Section 3.

Imbalances: What happens if some people do a lot of supplying and don't find anything to consume? What happens if some people never produce anything, but consume lots of goods & services? Croft et al (1992) and Linton (1988) who saw their role as one of disseminating the idea of LETS and

convincing people that it was worth trying, are not entirely explicit on this point:

Even if individuals withdraw from a system, or members move elsewhere, because those people with whom they have traded have already been “paid” [ie their accounts have already been credited], there is no immediate individual loss. (Croft et al, 1992, p. 33)

If a LETS debit is in fact a commitment to put energy back into the system, then a defaulter is in fact draining energy and skills from a community. This may not represent an “immediate individual loss”, but nevertheless can be expected to introduce a sluggishness into the system and ultimately, if the irregularity becomes generalised, or one defaulter runs up too high a debit, total breakdown. In the case of Michael Linton’s original LETS in British Columbia, Douthwaite reports that when it closed down, Linton himself was running an overdraft of \$17,500 in Green Dollar equivalent (1994).

In absolute terms, LETS is perfect taxation: each person produces what they can and consumes what they need. If one consumes more than what one needs, there will be a series of social pressures - sometimes as subtle as a phone call from the coordinator with a job offer - coming from the community for a person to increase their contribution, and to do something about their deficit. Individuals who offer low-demand items - say, bassoon lessons - are encouraged to diversify.

Social pressures to perform are naturally stronger in smaller systems in smaller towns or rural areas like Westport or the Blue Mountains. In communities with more mobile populations, where social isolation is already an entrenched problem, peer pressure may not be a sufficient disciplinary

mechanism. Some systems put a cap on individuals' spending, like an overdraft limit on an ordinary bank account. Others make peoples' balances known on demand, so that members can choose not to supply a member who appears to be already overcommitted.

Gender and Alternative Currencies

Moser's framework (1993) proposes a hierarchy of needs for women, ranging from immediate practical needs such as the need to feed oneself and one's children to more long-range needs - power in the negotiation of the division of labour within the home and access political decision-making outside the home. She argues that programs that address certain short-term needs may have negative long-term strategic repercussions on women's overall position in society.

Moser has identified five approaches or ways of regarding women in the development process which are primarily variations on the themes of status quo, reform and structural change, and center around an analysis of oppression. Although Moser primarily writes for practitioners operating in developing countries, her framework provides a useful lens through which to assess the effect of local currencies upon women as an interest group.

Scrip underscores the oppression inherent in the way large corporate multinational or governmental structures treat individual communities. To disparities *within* these communities, however, Scrip systems turn a blind eye.

The immediate effect of scrip is increased liquidity, that is, more money floating around the community. Scrip systems claim no other effects upon the structure of the community than the potential for increased trade. More people will become entrepreneurs and start small businesses, and women are always to be found in the number (see Section 3, Case Study). But all other things being equal, ie, existing patterns of oppression within the community and the household remaining unchanged, women are not particularly advantaged. Fiona, a single mother and part-time nurse's aide, who had pondered her decision to join the Ithaca system for a long time, had finally decided to take the plunge. "Frankly, I need the money," she said. Her reservations about the system centered around how increased liquidity, the goal of the Ithaca system, would affect women.

It's ... not addressing issues of social justice. Women are still at the bottom of the local economy, just like they were with dollars. HOURS might even reinforce the status quo which keeps us down.

In Fiona's view, the scrip system would fit into Moser's Efficiency approach, where practical gender needs alone are addressed by relying on women's triple shift²³ and their seemingly unlimited supply of "free time", but wider strategic needs are ignored. A woman still doesn't get credit for keeping her house clean or rearing her children well, and while Scrip disregards the inner workings of power within the community, LETS ignores the gender division of labour within the household. LETS may be more of a tool for grassroots

²³Moser defines women's triple role as productive, reproductive, and community labour (1993).

organising (Swann, Witt, personal communication, 1994) but as a reward system for the unpaid economy it still has limitations.

Cahn's Time Dollars, however, could provide a remuneration system for women in the same way it provides rewards for unpaid caring and domestic labour within the social services. No society fully recognises women's unpaid labour. After raising a family for thirty years, women seldom get a gold watch and a pension. Cahn's system has the potential to change that: what if for every year of child-rearing one were entitled to a year of light housekeeping and companionship? A community-based currency might want to establish as one of its components a time-credit scheme for caring and reproductive activities, where a parent would get credit for looking after their child redeemable in caring and maintenance services later in life. It would not be complicated to set up, and would ensure that women requiring special attention (such as the frail aged or women with disabilities) not get dumped from an alternative currency system when they become unable to produce or perform. It would also offer public remunerated recognition of women's contribution to society.

Ideological diversity:

Alternative currencies, curiously, appear to be an ideologically indefinite issue. Actual scrips from around the US might bear a picture of a rifle and a quote from the old testament (as is the case in McKinney, Texas) or the motto "Feminism" and a socialist-realist school picture of a barrel-chested manual worker looking off into a bright collective future (as with Kansas City's Barter Bucks).

Indeed, support for "free", "decentralised" or "democratised" money come from a number of different positions on the political spectrum. From the free-market Right, an end to what is essentially a monopoly on a State contract (the production of money by the Federal Reserve Board in the United States, for instance) is an intrinsically desirable thing (Palasek, 1989). Anti-monopoly sentiment also comes from free-marketers unable to resolve why some private institutions are allowed to issue money and others not (Hayek, 1976; Cooper, 1989)²⁴. From the community sector's perspective, access to decision-making power is being taken by traditionally disenfranchised people (Croft et al, 1992). A Marxist analysis might deplore the subsidising of the banking sector by the State, and welcome the creation of bounded systems where workers recapture their own surplus labour.

²⁴In the United States, the Federal Reserve, the body which regulates the flow of currency and the interest rates, is a private corporation with no direct public accountability mechanism (Galbraith, 1976; Swann, 1990).

Libertarian decentralists have made local currencies a centerpiece of their philosophy of bioregionalism (Fabel, 1987; Swann, 1990; Morehouse, 1989). Fabel (1987) places local currencies within a new Anarchist agenda, quoting from the New Life Farm's resolutions and strategies prescribed by the Economics Committee of the 1984 North American Bioregional Congress: "The development of local currencies based on labor or commodities" (p. 30).

Alternative Currencies are, as we have seen, a feature of a growing environmental movement inspired by "Green Economics", which also moves back and forth along the Left/Right axis. So far, the ideological indefiniteness of the issue seems to have played in favour of the alternative currency movement's continued good health .

3. Case Study: Ithaca HOURS.

This section examines in further detail the alternative currency system in Ithaca, a town of 29,500 residents in the northwest of the state of New York. From a series of interviews conducted there in May and August 1994 a series of criteria for what constitutes success in a community-based currency project are proposed.²⁵

The potential catchment area of the local currency which has been circulating in Ithaca since 1991 extends from the small university town along a radius of 20 miles (32 km) and includes a population of about 120,000. These are the limits of Ithaca's "bioregion"²⁶, and although the alternative currency is not yet as widespread in the outlying rural areas as it is in town, that is the region which its organisers intend it to serve.

Objectives

Ithaca HOURS exist to increase the liquidity of the community as a whole, that is to increase the amount of money in circulation in order to address problems of under- and unemployment. Paul Glover, one of the founders of the system, current coordinator and editor of the bi-monthly Ithaca Money, writes:

From artwork to yardwork, the list inside shows that if you have a little time you can earn spending power. You could start a business [in response to] needs displayed inside. This month's

²⁵Names of people have been changed in order to protect individual privacy.

²⁶For a description and analysis of bioregionalism, see in particular Fabel (1987, p. 20) and Sale, K. Dwellers in the Land. San Francisco: Sierra Club Books, 1977.

Barter List introduces 150 local people ...together they provide over 500 job opportunities. They offer and request work that could become regular income for themselves or for you....[the system] is about promoting a grassroots locally-controlled economy -- one that produces goods here, exports more and imports less.

Putting HOURS into circulation

To this end \$48,000 worth of the local currency, the Ithaca HOUR, has gradually been put in circulation. The HOUR is valued at one average hour's wage in Tompkins county, or US\$10. As in the case of federal dollars, pounds sterling or rupees, its value is maintained by the belief that a one-HOUR banknote can be redeemed for ten dollars' worth of goods and services. Leah, who has been trading in HOURS since the system was first launched, explained how the money is put in circulation:

At first, anybody who signed up got four HOURS to encourage them to start trading, like a signing-up bonus. It's the only free lunch in town. All you had to do is accept them as payment for something and keep your name in the goods and services directory and eight months later you got two more HOURS. They did it that way to bring up the numbers. Now it's changed. You only get two HOURS at first, and then if you're still there eight months later you get two more HOURS. And you can't be offering stuff that's already on the list, like there are a gazillion massage therapists, so they don't really want any more ...if a massage therapist joins up now they don't get the two HOURS. ...Of course they're free to accept the currency, but they don't need the incentive anymore. I imagine dentists would get the two HOURS.

Other mechanisms for putting HOURS into circulation include grants to community groups, and loans to individuals. The loans do not exactly go into circulation, as they are discontinued as soon as they are paid back. They

contribute to raising the profile of the currency without creating the inflationary pressure that too much scrip might otherwise trigger.

The money supply is determined by membership levels and thus remains a reflection of a near-constant level of activity. The money supply increases in direct proportion to the membership. A steady and incremental increase in the money supply constitutes insurance against loss of credibility, and thus, value. At the moment there are approximately 4.8 HOURS (\$48) in circulation for each person listed - that is, registered as willing to spend and accept them.

Douthwaite points out, however, that should people's willingness waver, the system has no formal mechanism to take HOURS out of circulation. This leaves the currency vulnerable to sudden and deadly devaluation should attitudes toward Ithaca's native-born currency change. Glover's efforts to introduce a measure of cultural variety into the membership - to mitigate the currency's hippie image by introducing the currency to more conservative elements of the business community and of the community at large - could bolster its vulnerability to mood-swings.

Decision-making

The central control of all major decisions is the "noisily democratic" Barter Potluck²⁷, which is free and open to the public. Voting is restricted to members,

²⁷A "potluck" is an informal gathering where all participants bring food or drink to share. The phrase "noisily democratic" is quoted from the New York Times article from May, 1993, An Alternative to Cash, Beyond Banks or Barter (see Bibliography)

that is, people who have received the startup grant of 2 or 4 HOURS and agreed to advertise their goods and services in the directory. Barter Potlucks are not as well attended at the moment that they once were: “I like the way things are going,” Eva , a long-time member said, laughing, “I don’t feel the need to intervene.”

In addition, Glover maintains an advisory committee which meets regularly and is composed of experienced business people, the manager of the credit union, and others. The HOURS employ a staff of three who answer telephones, update the directory, and contribute in small ways. They are paid in HOURS.

Day-to-day Management

The day-to-day decisions are left to Glover, a native of Ithaca, graphic designer and community economist. Currently employed as a VISTA²⁸ volunteer through the Alternatives Federal Credit Union, Glover has put in upward of two and a half years’ worth of more-than-full-time work into the system with little remuneration. He claims that he “can get about 95 percent of what I need with HOURS”. His duties are wide-ranging, but the main one is groundwork: Glover visits businesses to encourage them to accept HOURS in

²⁸ VISTA is a federally-sponsored volunteer placement program which fields volunteers in social service and community-based organisations for one to two years. The living stipend of a volunteer is approximately US\$8,000. Glover uses this stipend to meet some of the system’s cash expenses.

such a way as not to accumulate too many of them and get nervous about how to spend them.

I've visited every business in town at least a couple of times. ...At first some people think you're crazy. ...After a while they start hearing about it from the paper or the radio. Eventually, a lot of them try it out. ...We encourage them not to accept too many at first, to learn how to spend them. The Green Star a large cooperative supermarket accepts only one HOUR at a time, and only on Wednesdays.

Glover also advises people as to how to spend their HOURS, through a service he calls "Helping people write a shopping list". Often it's as simple as calling them on the telephone and reading from the list of goods and services: bookkeeping, bowling, bricklaying, building materials, bush-hogging, business consulting, cake decorating, cakes and pies, calligraphy, camera repair, candles, car repair, childcare - there are over 700 listings in the July-August issue of Ithaca Money. Many restaurants accept HOURS - most as part-payment on a meal, but one accepts them for full payment on any number of meals any day of the week, because the owner is having major carpentry work done on his home and pays for that in HOURS. Two movie theaters, a video rental store, two grocery stores, at least 40% of the stalls at the farmers' market also take HOURS. Four lawyers take payment in HOURS, nine electricians, five roofers, three tax form preparers and "quite a few landlords", according to Meadows (1994), who describes the cycle of trade as follows:

The Science Center sells memberships and admissions for HOURS and uses them to hire a book cataloguer. The book cataloguer spends them on Spanish lessons. The Spanish teacher uses them at the farmer's market.

The stallholders at the farmers' market might then spend their HOURS at the video store, who would use them to hire a carpenter, who would spend some of her HOURS on a family membership with the Science Center, and so on.

HOURS exist in denominations of 2, 1, 1/2 and 1/4-HOUR. The two-HOUR note is printed on paper which is made by a local craftsman out of cattails, a native plant.

They're difficult to forge... From what we know, counterfeiters don't bother with anything under a twenty-dollar bill, so we've made our two hour note especially hard to imitate... they are printed on paper that's made here in Ithaca, and they each have a registration number. The number is printed a different colour each time there is an issue. ...And so the bills circulate, effectively creating employment every time they change hands.

Glover's most time-consuming duty is the editing of the goods and services directory, Ithaca Money. The bimonthly tabloid also features articles, cartoons and ideas, and serves as the main communications vehicle between members. More than 200 testimonials and success stories have been documented and published in Ithaca Money since 1991, illustrating how local people put their imagination to work in trading with HOURS.

Effects on participants

For Richard, the effects of participating in the Ithaca system were clear:

I used to make \$6 an hour, I now make the equivalent of 10 that is, one HOUR per hour selling bread at the farmers' market. ...there's a difference between paying for things with HOURS and paying for them in dollars. It's like saying 'we know the same people, we're part of the same thing'. ...You can buy fewer things, but what you buy tends to be for fun, for yourself...I buy wine, I bought a friend of mine a massage the other day, these are things I couldn't have done if it had meant spending dollars.

"Knowing the same people" is a large part of what the Ithaca system - and many other alternative currencies - are trying to encourage. An emphasis is placed on what Sahlins and others call exogenous and non-economic aspects of trade. The monthly picnic is one mechanism, the newspaper is another²⁹.

Most of the people interviewed who use Ithaca HOURS indicated that seeing HOURS in a till or in someone else's wallet at a store was reaffirming. "When I buy things with HOURS it feels different," says Gabriella who had just finished her shopping at the Green Star supermarket, the local collective that accepts HOURS one day a week.

Certain expenditures, such as voice lessons and other non-essentials feel easier. For my daughter's piano lessons I could probably scrape the cash together, and I would, but for voice lessons for me I wouldn't.

Not all trading has overtones of fun and frivolity to it: "HOURS fed my family last summer," said Hannah to Ithaca Money, the system's goods and services directory, "For a while there we had no cash at all." Sue, a part-time student, part-time pie-maker, and full-time mother of two, said

It's really changed the way I see myself. ...I was being described on television as a pie-maker, as an entrepreneur. Wow! And all I did was bake pies and swap them at the farmers' market until one day somebody paid me with an HOUR. Then I started selling pies for HOURS, calling people every week to see if they wanted a pie, and most of the time they'd say yes... Then I decided I was going to let them call me... Before, I thought you know, I'm a student, I was going to get a job in some social service agency after I got my degree... I wouldn't be as involved if this were for fun. I really need the income.

²⁹Croft et al. encourage "Weekly or monthly ...trading sessions at regular venues, [and] regular contact and social get-togethers for new and existing members," claiming that these are two features that successful LETSystems seem to share. (p. 6)

Two of the people interviewed have landlords who accept part of their rent in HOURS. The Alternatives Federal Credit Union (AFCU), although it does not yet open accounts in HOURS, accepts them under the form of loan application fees. Stephanie, who owns a small used-book store in the center of town, explained:

That's how we made the decision to to join the system. We needed a loan to open the store, and we knew we would be able to pay the fee in HOURS... We accept full payment in HOURS for used books. We advertise that we accept 50% in HOURS in the goods and services directory so that we have some way of slowing down our intake if it gets to be too much... We're really happy with the system, it's allowed us to really feel like we're doing something for the community and building up our business as well.

A commercial loan application at the Alternatives Federal Credit Union incurs a fee of US\$300, 100 percent of which is payable in HOURS. Membership fees, annual credit-card fees, overdraft, stop-payment, cheque-bounce fees are also payable in HOURS. Partial payment in HOURS is possible on monthly loan payments. The Alternatives Federal Credit Union has decided to hold up to 500 HOURS. They are accepted by some of the Credit Union's vendors such as landscapers and cleaners, and are also used to pay bonuses to staff members. One of the AFCU's fliers confirms the organisation's unequivocal support:

The Credit Union has participated in Ithaca HOURS since their inception. We've found a multitude of uses for HOURS, so bring 'em in.³⁰

In approximately 40% of the stalls at the weekly Farmer's Market, HOURS

³⁰Alternatives Federal Credit Union. 301 West State Street, Ithaca, NY 14850, USA. Tel.: (607) 273-4666

were accepted as either half- or full payment for such items as bread and pastries, apples, cider, winter squash and crafts. Several stall-holders observed that they are good for business. Tim, a local grower, commented

People who would normally stick to the three-dollar bag of apples will often buy the five-dollar bag if they are spending HOURS. ...If I remember one of my biggest days, I sold about a thousand dollars worth of apples and apple cider, I had about eight or eight and a half HOURS in the box.³¹

HOURS can be found in the hats of street performers and Christmas stockings, and restaurant workers may find a quarter-HOUR under a coffee cup as a tip. Douthwaite, who visited Ithaca in 1993, was told of a restaurant that had been burglarised. The thieves had gone out of their way to take the Ithaca HOURS as well as the cash, even though the two currencies were kept in separate places. Other businesses welcome the scrip for goods which have sold more slowly, or for rental of unused space or equipment.

Naturally, some businesses refuse to accept HOURS. The idea just was "too different." It also struck some as unpatriotic: "What's wrong with the American dollar?" asked one person. "I don't like it," said a stall-holder in a small downtown mall, "I don't trust the idea." Several small business owners who do not accept the local currency identified the decisive factor as the prospect of an increased accounting load, the cost of which they felt would offset the benefits of increased liquidity and turnover (which as the case of the Farmer's market shows is relatively small). The manager of a cafe in a downtown shopping center said:

Having to keep two sets of books would be more work for me,

³¹The vendors who did accept HOURS reported 5% to 11% of the money in their till at any given moment during the day was made up of the alternative currency.

and I already have plenty. ...the advantages of getting more business would be totally offset by the increased time I spend on the books.

To address the issue, a certified accountant who is a member of the system is devising a simple bookkeeping mechanism for entering both scrip and dollars on the same ledgers.

Stall-holders at the Farmer's market who refused to trade in Ithaca HOURS had other reasons. Many farmers live in isolated communities far from the center of Ithaca, which is primarily where HOURS are traded. Others have budgets that they believe cannot accommodate HOURS: one farmer told me she has to ship her livestock to a neighbouring state to be slaughtered at a certified abattoir, and virtually all her other expenses - mortgage payments, feed grinding, fuel and so forth must be met in federal dollars. She said she didn't think she would have much use for the items on the list, which she saw mostly as luxuries. She estimated her amenities budget at about \$50 per year³². One person said that her employer, a wine wholesaler who dabbles in retail at farmer's markets and the like, lived in Rochester, had no interest in Ithaca as a community, and regarded the town primarily as a market.

Most of the people interviewed expressed pessimism about the economy tempered by a proportional optimism about the long-term viability of the

³²The amenities listed were: eating in a restaurant, going to a movie, buying used books and clothes, getting a massage. A quick perusal of her expenses revealed that Ithaca HOURS could displace some of the items she did not consider entertainment, and which she ordinarily pays federal dollars for, but her perception of the currency was that it was "mostly for fun stuff, massages and all that."

HOURS:

The US is dragging itself into the age of GATT and NAFTA, highly-paid jobs in industry are giving way on a massive scale to boring, part-time, dead-end work in the service sector. People are going to have to rely on each other now, and Ithaca HOURS are a part of that. They're a way to make that possible. It makes you feel safer.

As Glover put it:

Government, industry and the big corporations are leaving us behind. That situation is permanent. So, therefore, is our money.

Linkages

The primary motivator, or reason why people accept HOURS, is confidence that they will be able to spend them. These forward linkages constitute a crucial element of the system, and one where members must pour a great deal of time, energy, and thought into the slight shifts and adjustments they need to make in the way they spend money.

When HOURS become stagnant, because they are interest-free and are currently directly exchangeable for US dollars, their tendency in times of dollar inflation will be to lose value. A further, permanent feature of alternative currencies is that they can buy fewer things than federal dollars, and may be perceived as a second-class currency³³. A part-time worker in a delicatessen near the central business district that does accept HOURS said:

No, I don't accept HOURS for working here. I have bills to pay and my landlord doesn't know what they are, and they're harder to spend. I wouldn't be interested... Sure, as extra bonuses or

³³Kay, a massage therapist and member of the UWN Resource Pool in Amherst, said she felt that federal dollars were a real bonus. "They're so much easier to spend."

whatever, I'd take them. I still wouldn't know how to spend them, but ...I'd find out how.

Throughout the history of scrip, as we have seen, a planned and progressive devaluation was what kept a currency circulating, but today a scrip is a relatively foreign notion and even small-scale accumulation of HOURS may make the holder, who exchanged something of "real" value such as time and effort for them, uneasy. Recently the owners of a restaurant, the Moosewood cooperative, stopped accepting HOURS because they were afraid that they would not be able to spend what they took in.

The Moosewood folks only ended up with about one HOUR per person. They just freaked out. You get all kinds: some people will hang on to their HOURS for months and let them accumulate and not bat an eyelid. Others get nervous as soon as they have two HOURS in their wallet.

Not all react as strongly and quickly as the Moosewood restaurant owners, however. The owners of the Oasis supermarket in downtown Ithaca are seeing a steady increase in their supply of HOURS which they can't seem to spend.

Explained one of the owners:

So many of our vendors already accept HOURS at their stalls in the farmer's market that they insist on getting dollars from us.

The system has intervened several times to buy surplus HOURS from Oasis at the exchange rate of US\$10; such interventions must be kept to a minimum, since the only federal dollars which Ithaca HOURS can count on as income are from sales of the Hometown Money Starter Kit³⁴ and from the VISTA stipend that Glover receives through the Credit Union. Exchange will

³⁴ The Hometown Money Starter Kit can be obtained for US\$25 from Ithaca HOURS Box 6578 Ithaca, NY, 14851, USA.

always favour federal dollars, since they are easier to spend, and on the scale of the Ithaca operation, any consistent buying up of HOURS with dollars will be perceived as a “run on the bank” and will undermine the value of the currency.

What it feels like.

When I visited Ithaca, I stayed with Ellis, one of the members of the system, who offered me hospitality without our ever having met. I offered in exchange to wash dishes and make a poster, two activities at which I am very practised. Later on, as we chatted, we discovered that Ellis’ housemate Mary Jane and he were both keen to learn how the subjunctive operates in Spanish, a need which I had no difficulty meeting, having taught high-school Spanish and being familiar with Spanish grammar. They paid me one half HOUR for a private lesson. I spent my half-HOUR the following morning on breakfast at a nearby cafe. I earned another half-HOUR the following day, again with a private tutoring session for Mary Jane, who had an exam coming up. I spent that half-HOUR on fruit and pastries at the Farmer’s Market. I left my last quarter-HOUR as a tip in a restaurant which does not accept HOURS, where patrons were watching a golf tournament on TV, shortly before leaving town. I explained to the waitress that if I left her HOURS I could afford a much nicer tip. She wondered out loud where she was going to spend it, and I handed her a copy of Ithaca Money, the tabloid where goods and services are listed.

The HOUR that I carried around in my wallet during most of my stay in Ithaca gave me privileged access to a part of the community which a transient person would not ordinarily have. I was reminded of Gabriella who had spoken to me at the Green Star supermarket, saying:

It has a different feel to it... not at all like buying something from a mail-order catalogue. It feels friendlier. You feel like you can sort of automatically trust the other person, like this is another local person and we're helping each other out. There's a feeling of independence, of control. I know the guy who prints the HOUR notes. And the extra buying power is really nice.

Criteria for Success:

The Ithaca system can be credited with some major achievements. In terms of **longevity**, which was seen as desirable by everybody interviewed, Ithaca money has been in circulation longer than either the Schwanenkirchen or the Wörgl currencies, and longer than any of the Depression scrips that circulated in the United States prior to March 1933 except for Utah's "Mormon money". Although the system presented structural limitations that might affect its future viability, both Glover and the membership seemed aware of them and were seeking actively to adapt the system. The decision-making structure provides the flexibility to make the changes when they need to be made and to respond quickly to emergencies. Far from being a static and institutionalised intentional community, Ithaca HOURS is a work in progress.

Exchangeability: Glover can get about 95% of what he needs with HOURS.

From Accounting to Zipper repair, over seven hundred goods and services are available through the directory (Ithaca Money, 1994; Meadows, 1994), and, says Richard "many other goods and service providers who accept and spend the HOURS aren't on the list. My employers, for example. They never joined and they don't advertise in Ithaca Money, but they accept 100 percent HOURS and that's how they pay me". Efforts are being made to increase the variety of services offered. To "books, doctors, food, jewelry, and the application fee for our mortgage," Glover was planning to add dentists, through the local chapter of the American Dental Association.

Acceptance: In the case of Wörgl, municipal support was crucial in making the alternative currency viable. Not only just viable, in fact since the Tickets for Services Rendered actually displaced the national currency. Displacing the US dollar is not a goal of the Ithaca system, and the supplementary nature of the HOURS is made more than clear both by the system's literature and by the way HOURS are accepted.

For the time being local taxes are not payable in HOURS, although Glover says there is hope that they may be in the future and he has approached Ithaca's City Hall for preliminary talks.

In the Schwanenkirchen case, a major employer was the main engine. This is not the case in Ithaca, as it is not a one-industry city. No one employer has a monopoly on Ithaca's labour force. Employees in supermarkets and restaurants generally do not accept HOURS as salary, even if their employers accept them

from customers. HOURS can be used as bonuses, or as a raise if a raise in dollars is not an option. Richard was employed as a baker's assistant and accepted HOURS as salary, but only because it meant the difference between having a \$6 an hour job and a one HOUR an hour job. If HOURS are perceived as extra income, they are welcomed, if they are seen as replacing federal dollars, they are of course less popular. As Leah put it,

Low-income people tend to be overcommitted in terms of cash, they might have mortgages or cars or landlords who don't take HOURS.

In its short history, the system has grown and established itself in such a way as to gain widespread recognition as a legitimate community-based initiative (Greco, 1994; Douthwaite, 1994). As the process continues, there is every reason to believe it will become increasingly acceptable as a medium of exchange.

Inclusiveness. Many of the intentional communities of the Eighteenth and Nineteenth Centuries saw homogeneity as an essential condition for their continued existence³⁵. In this age of multiculturalism, variety and difference are seen not only as a strength but as an issue of social justice. It remains to be seen whether today's local currency systems benefit more from being homogeneous and cohesive, or varied and inclusive.

The Ithaca system doesn't discriminate on the basis of age, disability, marital status or sexual orientation. Anybody can advertise in Ithaca Money, and after that, it's up to buyers and sellers to negotiate. Charges of discrimination

³⁵Intentional communities are discussed in Rosabeth Moss Kanter's Community and Commitment. Cambridge, Massachusetts: Harvard University Press, 1972

have been provoked by the policy of discouraging certain goods and services while encouraging others, but these charges would seem to be unjustified. If a centralised local structure is accepted from the outset, a certain amount of central planning must also be accepted. A varied economic base is as essential for the success of a currency as a democratic environment. One of the HOURS founders, who was also involved in the erstwhile Ithaca LETSystem put it this way:

If too many people start offering babysitting without demand for babysitting, you end up with a situation where a lot of babysitters spend their initial HOURS and never earn any back off the system, and too few people end up having to deal with too much alternative currency. So it loses value.

Transient members of the community such as college students are considered bad investments. A former Cornell student, now a long-time resident of Ithaca says it would be altogether too easy for a student “to blow their two HOURS without ever having to accept HOURS in payment for anything, since eventually they leave town anyway.” Massive student defaulting in a university town like Ithaca would bring about inflationary pressures, as more and more currency would be floating around representing less and less goods and services and human energy. Says Glover: “We haven’t approached the student body at Cornell with the idea.”

Although highly integrated in terms of gender, Ithaca HOURS is at the moment a predominantly white, educated, Anglo-american institution. This is of course partly due to the fact that Ithaca is a predominantly white Anglo town featuring a prestigious private university and several colleges. Efforts at outreach

towards African-american and Latino communities have met with mixed results, as have efforts to include the poor although some members are on some form or other of public support. Douthwaite (1994) offers a clue to the reluctance of a seriously ill-off person to gamble with an alternative currency in quoting an Eastern European visitor's comment: "Your members are only getting involved to the extent that they can afford to lose." If HOURS does succeed in moving from a middle-class infancy to a classless maturity and in becoming well-established across its bioregion, people at greater risk may feel safer participating in it.

4. Conclusions

The modern-day community-based alternative currencies that have been examined in this study have existed for less than a decade. They are undergoing a period of rapid growth, experimentation and learning. They have applied data from past models, notably from the 1930s, adapting them to the new situations and philosophical horizon within which they have evolved: in the thirties, the world's resources were believed to be infinite, today they are not; unemployment was problematised, it is now believed to be an unavoidable and intrinsic component of capitalism. Little has been written about alternative currencies, and the members of present-day systems are feeling their way. Theory and practice are growing together.

The questions asked of the organisers and participants in the projects under study were aimed at assessing what the systems did, what their objectives are, and how well they meet their objectives; whom they serve; how and to what extent alternative currencies benefit those who participate; whether or not they contribute to improved quality of life; whether they offer relief from alienation, demoralisation and other distresses of our ending century; whether they are effective in creating or strengthening linkages and networks within communities; how they measure their success, and, if successful, whether the model can be exported to other communities; whether or not they impact the

marginality of members, and whether the impact is beneficial; what can be expected of alternative currencies in the way of longevity, acceptability, stability and reliability; what problems exist and how they are being addressed; what directions future research might take.

As supplemental economic systems for small communities, both Scrip and LETS have exerted positive impacts on the lifestyles, incomes, career expectations, social networks, and general quality of life of their members, from incidental traders to the 95% absorbed. They function as grassroots organising tools and as small enterprise promotion devices. They relieve mainstream unemployment and underemployment, contribute to creating a sense of community among its participants, and respond in positive ways to people who are disillusioned with the profit-motive mentality and uncaring nature of western consumer societies. Social benefits center around an increased reliance upon local skills and energy, and a better distribution of these communities' resources among their residents. There is the beginning of a counter-hegemonic discourse being generated not only at the level of a community's interaction with larger economic forces, but also within the community itself and perhaps even within the household. Fairness is encouraged as an operating principle, personal contact between neighbours is fostered, and the alienation and impersonality besetting particular neighbourhoods is combatted. In all the communities examined people were found who felt that their quality of life and spending power had been positively

influenced, that their social networks had widened, that their sense of belonging where they were had increased, and that, to varying degrees, feelings of helplessness had given way to self-confidence and empowerment. No one who knew much about the projects felt that their effects were negative, although some participants felt that either scrip or LETS was a superior system to the other. Members felt that their particular system enhanced their individual well-being. In the case of Ithaca, furthermore, good progress has been made in solidifying the exchangeability and acceptability of the HOUR in the population at large, which generally felt some confidence in the currency, accepted it in business (particularly on slow days), and therewith paid bonuses and raises that were deserved but not affordable.

Success is measured in fairly abstract terms when one speaks of community spirit. Criteria for what constitutes a successful alternative currency system continue to be primarily qualitative. Legitimising LETS and Scrip with respect to institutions such as tax collectors, welfare and funding structures normally requires quantitative indicators to back up the qualitative information. A quantitative analysis might in the future be the subject of a study involving the assembling of statistical data via a questionnaire, which could take on the character of an action-research project.³⁶ A study which examined levels of an individual's local activity as measured by amount of trade or number of transactions would yield a reliable quantitative indicator of individual

³⁶See Kemmis, S. and R. MacTaggart, eds. The Action Research Planner, 3rd Ed. Melbourne, Victoria: Deakin University Press, 1988

participation in the life of the community. For comparison, new activity versus pre-participation in the system would indicate to what extent self-reliance was being achieved - as it would show, for instance, how an individual's spending or employment patterns had changed, and how imports were being, if at all, displaced in favour of local products, following Geltung's 'basic rule of self-reliance'. The recorded nature of LETSystem transactions would make quantitative research as simple as an analysis of the System's database, although prior activity will be less exact, making comparison problematic.

Other areas of inquiry might include measuring changes in levels of trade and support for small local businesses, and changes in rates of failure for new enterprises, comparisons in turnover rates for businesses operating within the alternative currency system as opposed to businesses which restrict themselves to the national currency. Statistical analyses through local chambers of commerce and trade associations may constitute a good first step in this direction.

The international community's experience of so-called Third World development have demonstrated that no whiz-bang technical gimmick can be uniformly applied on top of existing local cultures without the accompanying implication that the local culture is somehow deficient. It is tempting to see such a complete, coherent package as a LETS or a Scrip system as The Solution, but a word of caution is suggested. A perfect system which is meant to be superimposed on local cultures regardless of local conditions carries with it the

assumption that local cultures will always have a way of accommodating this perfect system, a scrip-shaped hole, as it were, waiting to be filled by a scrip-shaped program. The idea smacks of imperialism, of franchised fast-food chains. This deficiency model might also make it uncomfortable for organisers to adopt if they see community development as a process initiated with a basis in people's strengths and realities, rather than in externally-determined problems and shortcomings. Croft et al are careful to distance themselves from Linton on this point.

Those organisers who have initiated successful systems have published how-to materials that can be purchased by other groups wishing to explore the idea. The enthusiasm for the currency which has been observed in this study suggests that the concept is probably exportable to any area, rural or urban, if there is a hard core of hard workers convinced that they can make it work. Ithaca HOURS, although it has shared its model and ideas with over 150 other communities through the Hometown Money Starter Kit, derives much of its strength and local credibility from the fact that residents perceive it not as an imported Bavarian model from the 1930s, but a homegrown initiative. Glover himself is a native of Ithaca. The underlying principle behind Ithaca HOURS was self-reliance, and it was recognised that that was not easily exported, although some of the technical aspects of mounting a scrip in a community might be. The variety in scrip systems around the US testifies to the fact that only certain

technical principles are required to travel. Everything else, organisation and infrastructure, is up to the local community and subject to local conditions.

LETS appears to be a much more complete package, although Croft et al, Seaton and others insist that "differences in operation are to be encouraged, as they contribute to the ...diversity and success of LETSsystems as a whole to meet local needs." (Croft et al, 1992, p. 32). A number of small departures from the Canadian model are also documented by Croft, but overall, LETS is seen as having "a definition" which should be respected (Seaton, personal comm., 1994).

Reliance on imported technology, as we have learned at the expense of many poor countries since the Green Revolution, can be disastrous. Sometimes, quite simply, it doesn't work as well as the low-tech structures it is meant to improve upon. Linton's US\$25 software is only one of many possible ways of keeping track of members' transactions. In many situations, a notebook, a pencil and an abacus might be more appropriate.

The existence of vigorous local trading systems such as Katoomba and Ithaca's shows that ordinary men and women can, in the absence of a caring and compassionate social contract, make their own. Un- or underemployed people who are stigmatised in the current economic system can not only recover a sense of self-worth - which, as Hall demonstrates, is directly related to the number of situations in which an individual feels some measure of control - but actually build a sense of self-reliance and pride. Katoomba and Ithaca seem to suggest that

there is an alternative to belonging to a demoralised reserve army of unemployed living in a permanent state of anxiety and competition. They show how trading systems can be set up which do not carry the mainstream message that there is scarcity and that our jobs are expendable unless we behave and tighten our belts and consume.

There is clearly a danger that participation in an alternative currency system will *further* marginalise the already marginalised by diverting their energy and efforts away from integrating into the mainstream. Moser warns that development projects which do not address women's strategic needs may exacerbate their subordinate status. While there are certainly those among the marginalised who feel that their condition is inevitable enough that they might as well feel comfortable with it, there are also those who want and struggle to join the mainstream. The latter (and there will be a significant proportion of women among them) will view with distrust any economic development scheme that they fear will institutionalise their marginality or threaten their position in society.

Adopting any sort of measure which diminishes a community's dependence on outside systems has a marginalising effect. Critics of capitalism propose, however, that marginality is one of the mechanisms which capitalist systems employ to keep themselves going, and that in the absence of a strong opposition, it will continue to exist. With the collapse of its only real competitor, alternatives to capitalism as a form of economic organisation have been swept

aside, and its cheering sections have gone wild. But if indeed, as even the soberest analysts have found, capitalism is here to stay, so is marginality. And if there are going to be marginalised individuals in the Affluent Society, they are faced with a choice: be happy and productive at a lower level of consumption, or let the denial and self-delusion push the individual to “try harder” - unsuccessfully, for the most part - to conform to the dominant capitalist mythology, and to do what reserve armies do: march this way, march that way, and then go home to an anesthetised existence of alcohol, Valium and video stores.

If alternative currencies do in fact help create an undesirable two-tiered system of first and second class people operating first and second-class currencies, we must ask whether this is avoidable in the social units of the Twentieth and Twenty-first Centuries. Certainly those on the margins are given the opportunity to live more fulfilling lives in communities that they would create and nurture themselves, rather than beat their brains out attempting to access a structurally inaccessible ‘mainstream’. And it is plausible that a person will advance more easily from second- to first-class status in their own community than in an uncaring Global Market populated by Economic Men.

Whether or not an alternative currency system can contribute to a community’s well-being, combat the poverty syndrome and raise the standard of living in neighbourhoods trapped in extreme poverty has yet to be explored.

Ithaca has a highly educated and relatively well-off population. Would a scrip system thrive in an urban housing project? How would the model have to change to accommodate a highly transient population? Can such a system be successful in a culturally heterogeneous community such as Fairfield?³⁷ The system works well in Ithaca, which is full of talent and has a dedicated and resourceful hard core of organisers. The poor have no less ingenuity or resourcefulness, but they do have a slimmer margin of safety to gamble with. Their participation will no doubt be contingent upon more guarantees of reliability than a new system is in a position to give. A deliberate effort needs to be made to reach the more urgently deprived, and identify their strengths and potential contribution: if even university students cannot inspire enough confidence to benefit from Ithaca HOURS, how can migrant farmworkers or the vagrant homeless be brought into the fold? How will they be included in the decidedly empowering process of creating the system?

The French poet Jacques Prévert once asked what would happen if they declared a war and nobody showed up. Alternative community-based economic systems ask the same question of capitalism: What if, instead of spending our lives making somebody else rich by data file code reformatting forty hours a week until we are blind as bats and paralysed with Repetition Strain Injury, what if we just stayed home? What if we produced what we needed in our own

³⁷Fairfield local government area (LGA) boasted a migrant population from 109 different countries in the 1986 national census. 41% of the total population of the LGA was born overseas.

neighbourhoods, with our own neighbours, in our own time? Non-participation would have a recessionary effect, no doubt. But recession seems to have provided a fertile ground upon which to develop new local economic alternatives which make very good sense to their steadily growing membership.

The philosopher and essayist Alan Watts, not generally looked to for economic analysis, wrote an essay in 1968 called "Wealth versus Money". In this essay he formulated the following metaphor for the Crash of 1929:

One day there was a flourishing economy, with everyone on the up-and-up; and the next, unemployment, poverty and bread lines. What happened? The physical resources of the country - the brain, brawn and raw materials - were in no way depleted, but there was a sudden absence of money, a so-called financial slump. Complex reasons for this kind of disaster can be elaborated at length by experts on banking and high finance who cannot see the forest for the trees. But it was just as if someone had come to work on building a house, and on the morning of [the Crash], the boss had said, "Sorry, baby, but we can't build today. No inches." "Waddya mean no inches? We got wood. We got metal. We even got tape measures." "Yeah, but you don't understand business. We been using too many inches and there's just no more to go around." A few years later, people were saying that Germany couldn't possibly equip a vast army and wage a war, because it didn't have enough gold. ...Money is a way of measuring wealth, but is not wealth itself. (p. 6)

If, as Watts so ably expressed in 1968, there are communities in the world in penury of inches, perhaps we are not amiss in thinking, in the mid-1990s, that it is time to invent the centimeter.

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