Building Community Through Commerce: The Peterborough LETS Experience

David A. Berger
Mount Saint Vincent University

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Supervisor: Dr. Donovan Plumb

Abstract

This thesis reports the findings of a single case study of a local currency system in Peterborough, Ontario. Founded in 1994, The Peterborough Local Economic Trading System (LETS) is one of approximately 800 LETS' found throughout the world and, at one time, was the largest of such networks in Canada. Although interest in the LETS seems to have waned since its peak in the late 1990s, many members still use this currency to trade goods and services while circumventing the dominant marketplace. Community-based currency systems are designed to challenge the capitalist paradigm of globalization by demystifying money itself, re-relegating it to a means of exchange as opposed to a commodity in and of itself. In so doing, members are able to maintain capital within their local community and, potentially, address some of the inequities embedded in the marketplace by reassessing the value of their goods and services. In exploring the historical context of capitalism, this study shows how money has been transformed from a means of exchange to a commodity itself and explores some of the political and social consequences of this transformation. Using a theoretical framework shaped by the economic analysis of Karl Polanyi, the critical lens of Jürgen Habermas, and Michael Welton's advocacy of grassroots social movements as emancipatory learning sites, this thesis explores how members use the LETS as a learning tool to critically examine their social and economic realities and re-embed their economic exchanges within the social fabric of their community. The researcher used Participant interviews and observations from the field in order to explore six themes: opportunities and opportunity costs; similarity and divergence of members' political views; recasting one's own social safety net; revaluing skill; rebuilding social responsibility; and re-establishing trust through reciprocity. Findings suggest that members are often able to use their participation in order to reconstruct their own sense of community through commerce.

However, findings also suggest that members are motivated by a number of different reasons to become involved in local currency systems – namely, economic need or

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political inclination - and that these may come into conflict with one another. Unless the system has a clear mandate and an accompanying capacity to educate its members, irreconcilable conflicts between members may well arise.

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Most importantly, Jacki and Sadie, for continual love, support and encouragement.

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Dedication

To my mother and mentor, Dr. Carol E. Harris – a constant source of intellectual and moral inspiration.

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Chapter 1: Introduction

My Introduction to LETS

In September of 1999 I moved from Halifax, Nova Scotia to Peterborough, Ontario, a move precipitated by personal matters, a need to find meaningful employment, and to explore and help create new communities for myself. Before long, I found myself welcomed into a few of these communities, and I realised that some of the defining characteristics of Peterborough made it an ideal place to call home for a while. Peterborough is a relatively small city (approximately 70,000) that hosts a thriving arts community, a university that has been well-regarded for its commitment to the Liberal Arts, and an outlying farming community which uses the city as a major base for trade. These factors, coupled with the fact that Peterborough is a safe yet accessible distance from Metropolitan Toronto, made the decision to move from my Atlantic home a bit more palatable.

One of the first community organizations that I encountered in Peterborough was the Local Economic Trading System (LETS), an active community-based currency system which was founded in 1994 by a group of community activists committed to the idea of countering the "Walmartification" of the local economy. As was occurring elsewhere in the country, large chain stores were invading the market, offering more opportunities for individuals to choose products but also destroying local competition in their wake. Ontario in particular was witnessing a draconian political change at this time, championed by the Harris Conservatives, that sought to reflect and protect the rights of the consumer above all others (witness the ubiquitous change in political language from

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addressing the rights of "taxpayers" instead of "citizens," thereby introducing an element of quantification to the discourse). By establishing a local currency of bartering, to be used in conjunction with the national currency, the LETS aimed to ensure that, as much as possible, money and business remained within the local economy without being siphoned off to larger economic centres. I had heard of community-based currencies and recalled reading about a similar experiment at the Halifax farmer's market. For some reason, the Halifax currency initiative never really got off the ground, while the Peterborough LETS, with approximately 210 active members, is one of the most vibrant community currency systems in Canada.

As a student of adult education, I found the concept of a community currency intriguing -- here was a non-governmental organization which served as a multi-faceted learning site. People have chosen to engage in the LETS for a variety of reasons ranging from simple economic pragmatism (i.e., they use the LETS as an economic market or business incubator) to the fact that it may reflect an ideological and ethical standpoint which resonates with participants (although they may not need to use the LETS as an economic conduit). Regardless of their impetus for involvement, LETS members actively explore the structure of their community, and the space within it which they occupy.

I was drawn to studying the LETS for several other reasons, one of which was that it seemed to parallel, in some ways, one of the great experiments in Canadian Adult Education -- the Antigonish Movement. Like the community currency movement, the Antigonish Movement sought to empower small-scale fishermen and farmers to wrest economic power from the hands of the economic middlemen of the day -- the merchant class. Through the formation of cooperatives and credit unions, and through basic literacy

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and numeracy education, these people sought to become, in Moses Coady's famous words, "masters of their own destiny" (Coady, 1980). As with the Antigonish Movement, economic empowerment was one of the primary goals of the Peterborough LETS. Moreover, from an adult education perspective, I believe that community currencies resurrect the much-needed notion that education is an inherently political activity. In the present era, when adult education (and most education, for that matter) is thoroughly committed to technical rationality which places the learner's integration into the marketplace as its endpoint, the community currency movement, like the Antigonish Movement before it, is committed first and foremost to meeting the material needs of the people and the need to restructure the marketplace itself.

Yet whereas the Antigonish Movement -- with its tripartite structure of state, university and church -- was a thoroughly modern project, the community currency movement seeks to achieve many of the same goals but does not rely on these grand institutions to provide structure and guidance. It seemed to me that those committed to strengthening civil society through community currencies use the Internet as their primary forum for developing and disseminating ideas between communities and, within local communities, use monthly markets and newsletters. Although academics are increasingly interested in the social and political implications of community currency systems, it is primarily those outside academe -- those who feel disenfranchised by global economics -- who are keeping community currencies alive. Furthermore, in this era of heightened neo-liberalism, political support for a system which seeks to buffer communities from the global economy will not likely be forthcoming from our elected officials. Thus, as Welton has suggested (1995, 1997), perhaps the time is ripe for adult

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educators to play a leading role in fostering active and reflective participation in non-governmental organizations in order to revitalize our civil society.

At the same time as I was participating in the LETS (as a trading member and, eventually, as a member of its board of directors) and reflecting on its implications as a site for adult learning, I began working for Trent University's department of International Development Studies as a workshop leader and sessional instructor. As this gave me the opportunity to speak with a number of young students about community development and the emerging global economy, it seemed clear to many of us that community currencies are relevant and timely projects. In the context of new and increasingly powerful trade agreements between states (ie. The North American Free Trade Act and the European Economic Union), individual nation's capabilities to set their own economic policies are severely delimited, let alone the capabilities of communities within nations. International development can no longer be seen as a set of national policies that Southern nations must adopt in order to become 'westernized.' Instead, I believe those studying economic development must pay close attention to their own local communities and work to foster social and economic justice at home as well as abroad.

The Peterborough LETS provides one such example of a local community-based response to an international economic system. Using Polanyi's (1945) concept of 'embededness', we can argue that one of the defining characteristics of late capital development is the destruction of civil society as individual economic gains take precedence over communal values of caring and cooperation. Regardless of one's motives for participation (be they economic, ideological or both), those involved in the LETS create a market to "re-embed" the economy within the social fabric of their

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communities. The LETS does not attempt to replace the conventional marketplace but to provide a healthy alternative market which runs parallel to the capitalist model. Thus, members create a space in which a community takes shape through barter and exchange, where they can meet some of their material needs, and reconstruct social networks based on pre-capitalist patterns of commerce.

The Purpose of this Study

The central purpose this thesis is to understand how participants use the Peterborough LETS as a learning tool to critically examine their social and economic realities and re-embed their economic exchanges within the social fabric of their community. The LETS requires a fundamental shift in the ways that we normally think about commerce. Instead of being a vehicle through which we can pursue our goals of individual gain regardless of the cost, community currencies require us to think about the impact of our market dealings on the community around us. Furthermore, instead of embracing a market system grounded in a fear of scarcity which, in turn, perpetuates and legitimises greed and competition as communal values, the LETS seeks to create a market based on a notion of abundance. It does so by making a crucial distinction between a community's lack of currency and its lack of goods and services to trade. Thus, the LETS provides a working alternative and a forum in which citizens address some of the real environmental, social and political costs of our free market economy.

The Questions

The major question emerging from the purpose above asks what meanings (i.e.,

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motivations, expectations, satisfactions, disappointments, and so on) people engaged in LETS activities hold concerning economic and social aspects of their involvement in the system. A second question extends the study to ask to what extent political consciousness spurred members' initial involvement in the system and to what extent it was further developed through their involvement.

Design and Methodology

This thesis follows a case study design and uses a descriptive and interpretive methodology in order to produce a qualitative analysis of members' experiences. Founded in 1994 by a local community economic development organization (the Community Opportunity and Innovation Network), the Peterborough LETS hosts regular trading markets for members in local community centres and publishes a monthly newsletter informing members of issues related to the system and new goods or services offered by members. In addition to these monthly updates, the LETS publishes an annual "green pages" for the region which lists all members and what they have to offer the system. The LETS operates from a central office in Peterborough with one paid employee who administers the system and a number of volunteers who meet regularly as a Board of Directors.

In keeping with Silverman's (1993) definition of qualitative research, this study makes use of data drawn from a number of sources and will be concerned with naturally occurring data as opposed to "artificially constrained" settings of more quantitative studies (p. 23). Specifically, I conducted interviews with eleven members of the Peterborough LETS and supplemented this data with my own observations as a

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participant in the system and member of the organization's Board of Directors. The interview subjects were chosen on the basis of their active participation in the system. They represented both genders, and a fairly wide range of political and economic leanings. I also drew on key documents produced by the LETS (e.g. newsletters, by-laws, membership agreements) which provided insight into various issues that members wish to address through their participation in the system.

My use of this research approach is also informed by the critical perspectives of Kirby and McKenna (1989) in terms of approaching an issue "from the margins". They assert that a researcher is not neutral and that he or she brings to the area of study a worldview that influences what is seen and how it is interpreted and described. I aim to adopt a critical perspective in my understanding of events which, in my view, implies a dedication to issues of social and political justice. This has influenced my decision to study the flaws of global capitalist relations and the significance of social relations in the LETS as well as the analysis of the data collected. In keeping with Strauss and Corbin's (1990) description of "Grounded Theory," I also anticipate that fresh perspectives will arise from the data. This creates a two-way conversation, which will extend throughout the life of the study, between the questions asked and responses given.

The main themes that I wish to address through the interview process are directly related to the research questions outlined above. In interpreting and analysing the responses given, I will draw on a theoretical framework to be outlined at the end of my literature review. This framework is based on Polanyi's (1945) notion of "embeddeness," which encourages an approach to economics that renders it subordinate to its host society, and Welton (1995) and Milani's (2001) notion of a renewed role for adult

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education, which would place it at the forefront of a global movement to revitalise civil society.

Limitations and Delimitations

One limitation of this study is that my period for collecting data in the field is restricted to two months. There is also a limit of eleven members contacted for interviews during this period. In terms of delimitations of this study, my fieldwork only focuses on a single case study–the Peterborough LETS system which currently has about 210 active members. Given these criteria, I do not expect that my findings have universal relevance for all participants in LETS schemes (of which there are at least 750 throughout the world). However, I believe that this research provides some indication of how members in this community feel that they are personally effected by the pressures of global commerce and are committed counter these pressures by creating a community-based currency system.

The second chapter of this thesis consists of a literature review that will describe the social nature of economics prior to the development of capitalism (Polanyi, 1945, 1968; Firth, 1939; Wood, 1999), the subsequent separation of the social and economic realms (Dobson, 1993; Milani, 1996; Solomon, 1996; Korten, 1995; Pannu, 1996; Gunn and Gunn, 1993; Seyfang, 1994), and the development of the LETS as a local response to the global forces of capitalism (Robert and Witt, 1995; Helleiner, 2000; North, 1999; Walker and Goldsmith, 1998; Pacione, 1997; Lee, 1996; Perdue, 1997; Ostrom, 1993; Meeker, 1995; Ingleby, 1995). This chapter closes with a more detailed account of the theoretical framework that provides the basis for my data analysis (Welton, 1995; Milani,

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1996).

Once the theoretical context for this study has been established, the third chapter explores the design and research methodology used for gathering data, placing this work within the realm of participatory research. This section also addresses the key qualitative issues of validity, reliability, and whether or not one can generalize based on this study. Chapter Four will provide a brief introduction of the participants interviewed for this study. Chapter Five will consist of a presentation and analysis of the data collected and the final chapter will present any conclusions drawn from this study.

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Chapter 2: Contextualizing the Local Economic Trading System

Two emotions are said to dominate the world of money: greed and fear of scarcity. Any language that expresses only these two emotions would be strained by ideas of community, cooperation, conservation of shared resources, or even the true passion in our lives. – Bernard Lietar (2001, p. 1)

Community-based currency systems are designed to challenge the dominant capitalist paradigm of globalization. They do so by attempting to demystify money itself, re-relegating it to a means of exchange as opposed to a commodity in and of itself. Money is now universal and usually taken for granted—conceptually, at least—as we use it daily to carry out even our most basic of functions. Yet, as the above quotation by one of the designers of the Euro suggests, profound consequences accrue to those who allow the world of money to dominate their lives. The educative challenge addressed by alternative currencies lies in how we retain shared values, such as cooperation and conservation, while maintaining the flow of goods and services that is central to our lives.

This chapter is divided into three sections. The first briefly examines the origin and development of our monetary system through the emergence and development of capitalism. This is a complex issue that can easily be explored in great depth. However, the particular focus of this section will be to examine the social consequences of capitalism's inherent system of values using Polanyi's (1944) theory of the "great transformation" to reveal the historical context of this change. This will lead to an examination of local alternatives in the form of community currencies and one example in particular, the Local Economic Trading System. The second section explores two threads of the alternative currency literature: a more utopian view that sees local currencies as a panacea for many of the challenges to healthy communities and a more

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critical, less romanticized understanding of local currencies more tempered in its claims. The final section brings these threads together and sets the theoretical framework for subsequent data analysis.

Section A: From Global to Community Based Currencies

Early Uses of Money

Unlike modern money, different kinds of money within subsistence economies were used for special purposes. Early money was not multipurpose, but was used rather specifically for single purposes in order to cancel debts (that were of a non-economic nature) between individuals and communities. Different kinds of objects were employed in the different money uses; moreover, the uses were instituted independently of one another (Polanyi, 1968, p. 168).

Polanyi provides one of the most useful frameworks to understand money and its several functions as it first emerged in "primitive" economies (1968). He offers four categories of money use, or what he also refers to as 'accounting and payment practices'. Money here is defined as quantifiable objects used to fulfil special functions. The first category presented is *payment*. Payment is the discharge of social (religious, political or kinship) obligations through the handing-over of quantifiable objects. There is no exchange, as money (a quantifiable object) is used to pay a debt. The obligations here do not commonly spring from economic transactions and usually are used to fulfil more than one obligation (p. 167). Payments are regularly made in connection with the institutions of marriage, family, or community such as the obligations of dowry.

The second category that Polanyi describes is money as a *standard of value and*

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unit of account. This is the equating of amounts of different goods either for the purposes of barter or in any other situation involving the need to keep a record of transactions. The use of money to determine a standard helps to measure or account for the value of quantifiable objects. This process involves attaching numerical values to the various objects so that their summations may be eventually equated. Examples of this are seen in the earliest temple economies of Mesopotamia, as well as the early Assyrian traders' practice of clearing of accounts units using written symbols or verbalizations (p. 168).

The third category, money as a *store of wealth/value,* refers to the hoarding of quantifiable objects for future disposal. In this, people prefer not to consume or otherwise dispose of quantifiable objects, but to defer their use for the future. Within the context of primitive society, hoarding or storing wealth had its origins largely in the need for payments. This involved the storage of goods at a central location so that they might be distributed later for consumption. For example, in stratified societies like those of Micronesia and Polynesia, the high chief, as representative of the first clan, received staples and treasure for later redistribution among the population as a demonstration of generosity (p. 200).

Polanyi's last category presents money as a *means of exchange*. People seek to possess objects that may later be used to satisfy their desire for other objects. People acquire units of quantifiable objects (tobacco, grain, gold) through direct exchange in order to acquire other objects through another act of exchange. Once exchange-money is present, it readily lends itself as a store of wealth. In early societies, this use of money was primarily for external trade. Foods, salt and iron were favoured articles for indirect

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trade. The internal use of money as a means of exchange was greatly restricted.

As we shall see, early concepts of money as connected with the fulfilment of social obligations are fundamentally different from our contemporary understanding. Although many economic anthropologists reject the orthodox view that 'economic' life is separate from the social sphere (Sahlins, 1972; Douglas and Isherwood, 1996; Zelizer, 1994), by and large, modern money is understood to have divorced these two spheres. As Seyfang (2000) suggests, the contemporary use of complementary and non-conventional monies can perhaps be understood as a re-emergence of these traditional, varied and long-lasting forms of socially-embedded currency.

The Emergence and Development of Capitalism

The intellectual roots of our modern market-driven economic structure can be traced back to Adam Smith's *The Wealth of Nations* (1976 [c 1776]). Smith proposed a "self-regulating" market paradigm, in which he argued that our economic relations should allow the market mechanisms to be the sole determinant of the fate of human beings and their natural environment (Dobson, 1993, p. 5). Smith viewed market-exchange relationships as independent of social obligations, operating on the basis of self-interest. He believed that the unfettered pursuit of private wealth would result in unlimited public good. Further, he assumed that market-exchange relations would produce social forms of behaviour that prevented conflict because of people's interdependency. These assumptions perhaps would have some merit if the workings of such a market exchange economy were solely made up of small buyers and sellers (as Smith presumed). It is important to note that Smith was strongly opposed to any kind of

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monopoly power. He repeatedly condemned corporations or governments for suppressing the competitive forces of the market (Smith, 1937, p. 123). Ironically, Smith's ideas for an unregulated market exchange system have been co-opted by corporate libertarians to rationalize unrestrained corporate greed (Friedman, 1980; Hayek, 1989; Frum, 1997).

Seyfang (2000) identifies two fundamental principles that provide a theoretical core for this orthodox view of economics. First, this view separates economic values and activities from other aspects of society, lifestyle and personality. Accordingly, this dualistic approach describes, "on the one hand, an assumed economic utilitarian rationality that is expressed in the marketplace and, on the other, non-commercial, socially oriented behaviour practiced in private households between friends and in 'irrational' altruistic behaviour" (p. 230). The second core principal is that money was invented to facilitate more efficient commerce. Thus, the appearance of money in a society is considered a defining moment in its modernization: "a catalyst for trade, economic growth, individual liberation and the development of civilization" (p. 230). In keeping with this notion of continual efficiency, the orthodox history of money follows a logical sequence of improvement – specific-purpose and localized monies were replaced by general-purpose money. Simmel, writing at the beginning of the twentieth century, forecast an even greater qualitative homogenisation of money as society became more complex and sophisticated (Seyfang, p. 231).

Today, market-driven economic relations have become an unbridled force shaping society, giving birth to massive and impersonal corporate monopolies that are

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structurally impervious to local social considerations.[1] Polanyi suggests that the separation of economic and social relations occurred when money became all-purpose as opposed to being used for special purposes. In pre-modern societies, the different forms of money use, as described earlier, are characterized by a separation of functions. Each accounting or payment practice is fulfilled a special purpose or function. By contrast, modern money is characterized by the fusion of functions and fulfils multi-purposes. Multi-purpose money, used as both a store of value and as a means of exchange, has steadily undermined local economies and, in the process, eroded the social fabric of community life.

In his critique of our "obsolete" market mentality, Polanyi further argues that the twin motives of relieving hunger and gain that govern the actions of individuals under capitalism are based on a flawed interpretation of economic anthropology. In doing so, he discredits the myth of the "individualistic savage":

> Neither the crude egotism, nor the apocryphal propensity to barter, truck and exchange, nor even the tendency to cater to one's self was in evidence. But equally discredited was the legend of the communistic psychology of the savage, his supposed lack of appreciation for his own personal interests. (Polanyi, 1968, p. 65)

Indeed, Polanyi argues that what may have appeared as communistic values were simply the result of an economic system that was usually arranged not to threaten any individual with starvation. The same holds true not only for primitive economies, but for all economic systems before the Industrial Revolution in the West. "Whether we turn to ancient city-state, despotic empire, feudalism, thirteenth century urban life, sixteenth

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1 For example, consider the Transnational Corporations use of Exculsive Economic Zones throughout the Developing World to exploit cheap pools of labour (Klien, 2000), or the frequent backlash in North

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century mercantile regime, of eighteenth century regionalism – invariably the economic system is found to be merged in the social" (p. 66).

Beginning in sixteenth century England, these communal values were directly challenged by the Enclosure Movement which sought to wrest common lands away from the landless peasants and grant control to the feudal lords (McQuaig, 2001). Over the next few centuries, peasants and nobility would continue to struggle over this key issue. However, perhaps the most abrupt changes to the socially embedded economy followed the passing of a set of laws in Nineteenth Century England. The first of these was The Poor Law Reform (1834) that created a national market for labour. Secondly, The Bank Act (1844) established the principle of the gold standard. Thus, the making of money was removed from the hands of government regardless of the effect upon the level of employment. Next, reform of land laws mobilized the land, and repeal of the Corn Laws (1846) created a world pool of grain, "thereby making the unprotected Continental peasant-farmer subject to the whims of the market" (Polanyi, 1968, p. 67). These three acts translated the basic tenets of liberalism into law – a labour market, the gold standard, and free trade.

Wood (1999) argues that by glossing over the import of these laws, liberal economics tends to encourage an historical aphasia in our society. Instead of recognizing that the market became capitalist when it became compulsory, Wood argues that the "Commercialization Model"(as she refers to it) perpetuates a myth of capitalism as part

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American communities to the invasion of big 'box' stores (www.sprawl-busters.com is a web-site dedicated to tracking and providing solidarity in these struggles (last accessed Dec. 2003)).

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of human nature. Thus, capitalism was "liberated" from age-old constraints when, for one reason or another, opportunities for trade expanded:

> The commercialization model made no acknowledgement of imperatives specific to capitalism, of the specific ways in which the market operates in capitalism, of its specific laws of motion which uniquely compel people to enter the market and compel producers to produce "efficiently" by improving labour productivity – the laws of competition, profit maximization, and capital accumulation. (Wood, 1999, p. 15)

Polanyi (1944) maintains that the motive of individual profit associated with market exchange was never the dominant principle of life until the modern age. He directly challenges Smith's assumptions about "economic man's" natural propensity to "truck, barter and exchange," arguing that this "propensity" had never before Smith's own time played the dominant role he assigned to it, and that it did not *regulate* the economy until a century later (Wood, 1999, p. 20). As was illustrated in the above discussion of forms of early money, there have always been other ways of organizing economic life than through the mechanisms of market exchange. In particular, we noted "reciprocity" and "redistribution," as well as "elaborate reciprocal obligations determined, for instance, by kinship, or the authoritative appropriation of surpluses by some kind of political or religious power and their redistribution from that centre" (Wood, 1999, p. 20).

Polanyi further argues that this 'self-regulating market economy' can only ever be an ideal because the key elements of economic activity, labour (which is nothing more than human activity), land and natural resources (which is nature itself), and money (a symbol of value) can never become true commodities (manufactured for sale). This exchange of false commodities, Woods claims, leads to the creation of a distinct economic motive, distinct economic institutions and relations separate from non-

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economic relations (Wood, 1999, p. 21). Because human beings and nature are treated fictitiously as commodities in a self-regulating system of markets driven by the price mechanism, society itself becomes an adjunct of the market. Thus, the history of capitalism "has been one of struggle between neo-liberalism, committed to the realization of the ideal of the 'self-regulated market economy', and the defenders of 'society' who have sought to regulate the way in which labour is employed by capital, the exploitation of nature, and the money market" (Harris, 2000, p. 342).

Modern Uses of Money

Bosma-Donovan (1999) notes that while the modern economy may produce a fragmented, impersonal and disconnected culture, it is also a culture of unprecedented individual freedom and choice. This is so because money translates the real, concrete value of goods and services into a universally interchangeable symbol of value. In this context, money is treated as a tool to help us facilitate the conversion and measurement of the sharing or transferring of goods and services. The problem emerges, however, when money becomes an end of economic exchange and not simply a *medium of exchange* (Dobson, p. 26). As money changed from a symbol of value to being accepted as value itself, "it eventually took on the characteristics of the commodities that it first exemplified" (Dobson, p.20). The storage of value function allows money to be hoarded by the few at the expense of the many, contributing to national and international competition for scarce money (Linton, 1987).

As multipurpose money assists in the separation of value from its original source and in the accumulation of value by a few, those who have more than they need amass

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considerable social, economic and political power and therefore can attract more money (Milani, 1996, p. 30). Solomon (1996) observes that central banks collect funds from all regions in the country, and lend these funds to investors, resulting in development of key regions or communities in order to maximise their financial returns. As a result, this migration of money deprives economically stressed communities and countries of their buying power. In this way, local communities increasingly lose political control over their ability to sustain themselves.

For the past 30 years, this flawed characteristic of multi-purpose money, supported by new technologies, has exacerbated the structural destructiveness of capital accumulation on a global scale. In 1971, the Bretton Woods standard of a 'fixed' exchange rate, in which the US dollar was linked to a gold standard and all national currencies followed suit, was succeeded by a 'floating' exchange rate, in which the perceived strength of the US economy set the standard for other currencies, regardless of a universal gold standard. The growing free trade in money encourages money-farming ('growing' money from money) on a more global scale where the goal is short-term rather than long-term investment (Korten, 1995, p. 188). It is estimated that only 5% of foreign exchange transactions now relate to physical trade, the remainder being trade in money (Robertson, 1989). This change renders the global economy increasingly volatile by openly encouraging money market speculation which, in turn, makes local economies vulnerable. Recent examples of this phenomenon would include the collapse of the Mexican peso in 1994, and the "Asian Flu" precipitated by the collapse of the Thai baht in 1997.

Much has been written about the negative economic effects of externally

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controlled investment in local economies (Robertson, 1985; Gunn and Gunn, 1993; Solomon, 1996). It is claimed that there are only small and temporary benefits as internationalised capital will always move on to find cheap labour resources. McMichael (1996) argues that cross-national commodity chains compromise both national and regional boundaries. Thus, as the cross-national interdependence of communities and regions grows, strengthened by the global infrastructure, national economic integration declines:

> Global networks of exchanges expand at the expense of national or local networks. This national situation is somewhat analogous to the fate of many small businesses in small towns as they disappear in the path of large national retail chains (such as Wal-Mart in the United States); the chains are able to link a series of towns and replace locally attuned services with standardized routines. If we continue to examine and measure change only on a national or local level, we will misunderstand its wider sources and directions (McMichael, 1996, p. 113).

Furthermore, Solomon contends that a centralized monetary system accelerates this process of disintegration by siphoning off local wealth and value into a central and increasingly global, financial vortex:

> Money deposited in local banks in small towns, rural areas, and inner cities quickly moves to larger, urban financial centres to finance "less risky" loans to large corporations and governmental ventures. Small banks move deposits in the direction of less risk and higher interest rates. (1996, p. 31)

In particular, within transnational corporations, when profits are repatriated out of the host economy, local enterprises suffer, and only limited links are made with the surrounding economy. Wages become the main source of economic benefit to the host economy (Seyfang, 1994). Christopher and Hazel Gunn (1993) offer a striking example of this process in their case study comparing an international fast-food franchise and a locally owned and operated restaurant. They asked how much surplus value (profits) left

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the community in each case. Their findings indicated that 75% of the profits from the fast-food franchise left the community, whereas virtually all of the profits from the locally owned business stayed in the community.

Multi-purpose money has not only facilitated the external control of value generated in local economies, but has also allowed for the increasing commodification of our ordinary, daily, social relationships. Barter has become a rare means of exchanging goods and services in our society, especially as money can provide a more efficient means of exchange by helping us to avoid more time-consuming processes of social interaction. This trend has tremendous implications for community and economic life, as more and more aspects of our lives are converted for sale for the purposes of profit-seeking. Bosma-Donovan (1999) comments:

> Within a global monopolistic economy, as value from these activities is continually siphoned out of households and communities, we not only lose value created, we become strangers. When there are fewer economic threads that directly connect us locally, then people's exchanges within the market are reduced to more 'naked' economic relations, shaped solely by profit-seeking motivation. This moves us further away from more integrated economic relations where social obligations or considerations are factors in the exchange relationships. The structure of our economy becomes built on symbols used for measurement rather than what people do for each other (Bosma-Donovan, 1999, p. 20).

Indeed, the process of commodification has been recently encoded into international law under Chapter Eleven of the North American Free Trade Act. This section grants corporations the right to take governments to court if these governments infringe on the corporation's right to make a profit. Thus, nations within the Trade Act have little legal power to prevent corporations from setting up local operations, even if these operations are deemed dangerous to the physical and/or social health of the community in question.

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McQuaig (2001) notes that this represents a complete shift in the relationship between law and capitalism – whereas the legal system and the church in Medieval Europe punished those who tried to make a profit at the expense of society (such as for the crime of usury), our modern legal system is being used to enshrine greed as right that supersedes all others. With this understanding of mainstream currency systems, we can begin to shift our gaze towards currency alternatives.

Disembeddedness

Polanyi's analysis of the "great transformation" (1957 [1944]) of our society during the development of capitalism has provided a theoretical tool for examining the nexus of economy and society which has proven relevant to many disciplines. Thorne (1996) describes "embeddedness" as the idea that "economy is embedded *within* social relations, and this factor allows analysis of 'economic' phenomena (for example, exchange, trade, money) with attention to power and space"(p. 1362). However, Polanyi argues that one of the defining characteristics of late capitalism is that social relations become increasingly irrelevant within economic systems as a widening profit margin becomes the end goal of market exchanges. Capitalism "disembeds" the economic from the social because "exchange institutionalized through the nonsocial market virtually replaced economy-society integration based on non-economic motives (reciprocity and redistribution)" (Thorne, 1996. p. 1362). Thus, economic globalization occurs at great expense to social relations as 'citizens' are transformed into 'consumers' and governments assert that their primary role is to defend a system of unfettered market exchange. In essence, the laws of capital now dictate key decisions about our society that

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were once understood to be firmly within the mandate of our elected public officials.

Polanyi argues that this separation of economy and society is a result of the modern market economy as, previous to its development, "gain and profit made on exchange never before played an important part in human economy" (cited in Thorne, p. 1363). Furthermore, this phenomenon within the modern market was understood as what Thorne has termed a "sociohistoric blip," for "man's [*sic*] economy, as a rule, is submerged in his social relationships". (Polanyi, cited in Thorne, p. 1363). To understand the historical development of this phenomenon, Thorne draws on Waller and Jennings (1991) who have identified two distinct phases of disembedding, occurring in the 17th and 19th centuries respectively. The first saw a distinction of the state (public) from the family or household (private), and the second the removal of economic production from the family as labour became commodified during the Industrial Revolution.

Maruyama (1988) suggests that this separation of economy and society was inevitable once a monetary system was unified under a single national system. This unification required "the breakdown of the community life by absorbing the relationship between human beings and nature into the national market, in other words, by commoditizing labour-power." (p. 69) Also fundamental to this shift was the belief that individual self-interest and competition would become the driving factors of the new economy. Polanyi argued that this was not, as classical economists might argue, an inevitable phase of the self-regulating market economy but a learned phenomenon.[2] "Mercantilism destroyed the outworn particularism of local and intermunicipal trading by

2 I am often surprised at the strong response that this idea elicits from certain students when I have presented it in International Development courses. That students often strongly resist this notion that

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breaking down the barriers separating these two types of noncompetitive commerce and thus clearing the way for a national market which increasingly ignored the distinction between town and countryside as well as that between the various towns and provinces" (Polanyi, 1957, p. 65).

Using this perspective of capitalist development, community-based currency systems such as the LETS can play a vital role in re-embedding the local economy within social relations (Thorne, 1996; Maruyama, 1988; Dobson, 1995; Helleiner, 2000). If participants in the system limit the boundaries within which their currency system functions, both in terms of its physicality and its commitment to issues of social and economic justice, they can counter the sense of alienation that is often reinforced through their participation in national economic systems. Thus, advocates of the LETS are "seeking to restore a sense of collective social purpose or 'embeddedness' to the functioning of money, a characteristic that national currencies and other forms of money appear to have increasingly lost in this age of globalized financial markets and 'depoliticized' money" (Helleiner, 45). The LETS is claimed as a technology that empowers atomized, fragmented, and excluded communities by rekindling a sense of capacity to make change and promotes economic inclusion through transparent financial relationships or through 'reembeding' economic relations into a form of social regulation controlled by those excluded from mainstream financial relations (North, 1999, p.70). In essence, local economies can play a role in *renewing* a civil society destroyed in part by larger economies.

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humans in other centuries may have held more altruistic economic values than us reinforces how intrinsic liberal economic values can be to our social identities.

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If the past five centuries of human civilization have been largely dedicated to the development of capitalism, we have also witnessed an evolution in resistance to this development. The escalation and legal enshrinement of capitalism have also given rise to a culture of resistance presently known as the "anti-globalization" movement, although Polanyi argues that this resistance movement is as old as capitalism itself (Harris, 2000, p. 341). Using forms of passive resistance, critical inquiry, Freirian popular education techniques, and new technologies such as the Internet, this movement of activists from both North and South are organizing to counter global corporatization at every step. As we shall see, alternative currency systems can play an important pedagogical role in this movement and constitute a different form of passive resistance in their own right.

Local Currencies and LETS

Local Currency systems have existed in various forms for many years. During the Great Depression of the 1930s, scrip was often issued and exchanged for goods and services when federal dollars were scarce. Examples include wooden money in Tenino, WA; cardboard money issued in Raymond, WA with a picture of a big oyster on the back; and corn-backed money in Clear Lake, IA (Meeker-Lowry, 1995, p.3). However, early local currencies existed only temporarily, usually in response to brief episodes when money had been scarce. Supporters of local currencies today, by contrast, are "part of a more sustained transnational movement that aims to use this monetary structure as a tool for permanent social change" (Helleiner, 2000, p. 36). Indeed, in a study of two UK LETS, Seyfang (2001) revealed that one third of the membership felt that as a result of their participation, they had 'contributed to a more localized economy...[and] live a

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"greener" lifestyle'. (p. 991) Powell and Salverda (1998) estimate that there are currently one thousand community currency systems (CCS) operating in North America and Europe alone.

Powell (2002, 620) argues that these currency systems are a concrete embodiment of key abstract debates as they lie at the juncture of economics, political science, sociology, geography, anthropology, cultural, environmental, and gender studies. First among these debates is over the nature of markets as "CCS pose serious challenges to the standard assumptions of *homo economicus* and the way we value, exchange and consume." (p. 620) Second, CCS force new discussions over the role of the state and it's crumbling monopoly over both the provision of social services and the money supply.

The two most common forms of local currency are the LETS, based on a principal of mutual credit, and fiat money systems such as the Ithica, NY, HOURS initiative which prints its own notes. The vast majority are in Canada where the system was first developed; the UK, where Linton introduced it at The Other Peoples' Summit in 1985; and Australia, where LETS systems have become such a important part of economic development that local government agencies have become advocates of the system as a means to integrate (or reintegrate) the dispossessed into the economy.[3] To alternative currencies and experiments in cooperation can be added "a multitude of community-led empowerment mechanisms and financial tools, from community development trusts, credit unions, and community-supported agriculture in the North to Grameen-style

3 The biggest, and arguably most successful LETS, is in Australia – in the Blue Mountains of New South Wales, centered on the town of Katoomba, east of Sydney. The Blue Mountain LETS was started in February 1991 with the help of a committee of five people. Since then it has grown to a membership of about 1,800 people, who between them have 1,100 household accounts. In all, locally provided goods and services, worth an equivalent of $270,000 are traded every year. (Walker and Goldsmith, 1998, p. 219)

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microlending circuits in the South" (North, 1999, p. 70).

Helleiner contends that local currencies have been developed as a particularly innovative way of steering consumptive behaviour in ways designed to challenge three goals of neoliberals: their promotion of an expanded scale of economic life, their effort to 'depoliticize' the economy and its management, and their advocacy of individualistic identities (Helleiner, 2000, p. 37). In place of these objectives, local currencies are meant to promote a more localized sense of economic space, to stimulate a capacity within local communities to manage actively to serve political goals, and to provide a more communitarian sense of identity. He suggests that "if votes at the ballot box have been unable to redirect economic policy, perhaps people's 'votes' in the economy – that is, their consumption choices – can promote different values than neoliberal ones." (p. 35) According to Paul Glover, founder of the HOURS system, this is what prevents a local currency from becoming like any other establishment currency - "local currency activists generally seek to fundamentally transform society, rather than make it endurable" (Meeker-Lowry, 1995, p. 10).

The LETS was developed by Michael Linton, a transplanted Brit living in Courtenay, BC, who found himself unemployed during the recession of the early 1980s. An electrical engineer by training, he too suffered from the timber recession and the relocation of a nearby US Air Force base that crippled the local economy. The main principle involved in the scheme Linton devised to resolve this situation is quite simple. If the formal economy no longer provides people with the goods and services that they require, then people must provide them for each other, payment being made in an informal currency that is only valid within the local area.

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To establish a LETS scheme, a directory of services provided by network members is put together and trading takes place between members using this local currency in the form of a local chequebook (or, as is the case in Peterborough, by registering transactions with an administrator who maintains the system on a central database). Accounts are kept and start with an opening balance of zero. To commission work, a credit is simply created to pay for that work through the writing of a cheque, backed by a commitment from the issuer of the cheque to earn, at their later convenience, credits from someone else that will return their account to zero. As credits do not have to be earned as they are spent, some members will inevitably go into 'debt' while others simultaneously earn. The person commissioning the work has their account debited, and the person doing the work's account is credited by the same amount so the totality of credits paid in and out of all network members' account balances out at zero. Also, a virtual currency builds on one-to-one barter in that reciprocal exchange between partners for each trade is not required. For instance, trader one can get trader two to fix her sink, and earn the currency back by providing trader three with childcare and trader four with singing lessons. All network members' balances and turnovers are publicly available, and members are expected to take their accounts back to zero before they leave the network to prevent defection by a member in commitment before they have provided reciprocal services to network members for services previously received. North notes that these later facets are designed to ensure trust between members of the network (North, 1999, p. 70).

Having explored aspects of both traditional and alternative currency systems, this chapter will now present two views of the LETS common in the literature, which I shall

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term the "panacea approach" and the "critical approach". Powell explains this division as being between those who see the community currencies as a way of *perfecting capitalism* by generating economic activity in the interstices of the mainstream economy, and those who argue that community currencies represent nothing more than *petty capitalism*, strengthening marginalization by bringing together the dispossessed. (2002, p. 621) A balance of these two views suggesting that the LETS represents both a complement and an alternative to capitalism will be necessary in order to understand attitudes towards the system revealed in Chapter Four.

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Section B (i): "Panacea Approach" - Exposing The Root Economy

The late political economist Fernand Braudel has provided an important contribution for many proponents of the LETS through his analysis of different layers of the market at work in a capitalist system (Dobson, 1995: p. 35). By separating capitalism into distinct spheres that serve different functions in our society, Braudel dispels some common myths of the capitalist system. Braudel rejects both Liberal and Marxist contentions that capitalism represents the inevitable evolution of social organization from disorganized to specialized, opaque to transparent, and fettered to liberated transactions. Instead, he posits that the history of capitalist development is wrought with tension between those in the market realm and those within the capitalist realm. In diverting our attention away from the logistical and ethical trappings of "high finance," community currency systems reveal the intricate web of exchanges that exist in our lives that we usually take for granted. This provides us with the opportunity to turn our attention back to Lietaer's "ideas of community, cooperation, and conservation of shared resources..." *through* market interactions, not in spite of them (2001, p. 1).

Wallerstein (1991) notes that Braudel differed from dominant economic theorists in two important ways. First, most Liberals and Marxists argue that capitalism involved above all the establishment of a free, competitive market. Braudel saw capitalism instead as the system of antimarket (*contremarche)* in that capitalism suppresses freedom and competition. Secondly, both Liberals and Marxists have argued that capitalists are great practitioners of economic specialization. Braudel believed instead that the essential feature of successful capitalists is their refusal to specialize. By turning capitalism 'on its

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head', he focuses our attention on areas of our economy which, although always present, are often obscured while we turn our gaze to the higher echelons of capitalist exchange.

Braudel presents us with an analogy of capitalism as a house with three stories: a ground level of material life ("root" economy); a second story that he usually calls economic life ("market" economy); and a top story that he calls "capitalism" or sometimes "true capitalism". The root economy is often referred to as the informal economy – the world of human activity that has little or no economic value because capitalism fails to recognize its value. Waring (1988), Henderson (1981), and Hart (1995), among many others, have strongly condemned capitalism for failing to consider this realm of activity which would include child rearing and subsistence agriculture – a realm of labour to which women are generally relegated. The market economy is a competitive zone of small profits and is concerned with specialization in production. The small agricultural producers who set the stage for Smith's *Wealth of Nations* provide a typical example of the market economy. True capitalism differs from both of these realms in both scope and volume of production. It concerns itself with only "the unusual, the very special, or the very long distance connection...it [is] a world of speculation...[and] exceptional profits" (Wallerstein, 1991, p. 355). Whereas the market is competitive, true capitalism resists competition through its unlimited flexibility. By resisting specialization, the true capitalist avoids being trapped in one arena by past investment, past networks, and past skills.

Of the three levels, only the market economy is transparent and visible and, thus, it provides the basis of our economic principles. The root economy is opaque as it is

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difficult for observers to document and analyze it. True capitalism is also opaque but this is because capitalists want it so. It is a zone in which "certain groups of privileged actors are engaged in circuits and calculations that ordinary people know nothing of" (Wallerstein, 1999, p. 355). Indeed, Braudel argues that, unlike systems of horizontal communications that exist at the level of market economy, capitalism is by nature secretive. "The monopolies of true capitalism are the product of power, cunning, and intelligence – but power above all" (Wallerstein, p. 356). The stock market crisis of 2002 illustrates this point quite nicely. It reveals that stock leaders such as ENRON do not act in their own stock-holders' best interests, let alone the interests of the general public. It is important to note that although true capitalism functions largely outside of the public eye, all levels of the economy are supposedly guided by the same core values of individualism and competition. As these values permeate the root economy, "the 'local' is increasingly 'globalized' in ways that prioritize decontextualized, short-term perspectives and cosmologies over conceptions of social life that derive from a more ecological, long-term sense of time that values the future and past as equally as the present" (Helleiner, 2000, p. 40).

Local Currencies: Protecting the Root Economy

Witt and Swann (1995) argue that the growing local currency movement provides a positive way to respond to this alienation from the natural world (fostered by an expanding global market-place) and to restore the possibility of regional economies based on social and ecological principles. "Since production methods are highly visible in a simple barter economy, transactions link us inextricably to a particular place and

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time" (Witt and Swann, 1995, p. 33). Ostrom (1993) strengthens this argument in adding that small-scale communities are more likely to have the formal conditions required for successful and enduring collective management of the commons. Among these are "the visibility of common resources and behaviour toward them; feedback on the effects of regulations; widespread understanding and acceptance of the rules and their rationales; the values expressed in these rules (that is, equitable treatment of all and protection of the environment); and the backing of values by socialization, standards and strict enforcement" (pp. 16-17).

Bowring (1998) argues that localized currencies have obvious ecological significance as they draw primarily on local resources. The major resource they depend on is time. Since labour-intensive services make up the bulk of local currency trading, the values that are created in these systems are unlikely to have a major impact on non-renewable energy and materials. The exchange of local resources and the development of a less energy- and commodity-intensive lifestyle also imply a growth in regional self-sufficiency and therefore a reduction in environmentally destructive transportation (p. 102).

Three other aspects of local currencies illustrate the ecological value of these schemes. First, insofar as products, tools, property and equipment are offered for second-hand sale or for hire, the sharing and recycling of industrially produced goods reduces the need for their mass duplication. Secondly, local currencies normally involve considerable trade in affordable repair and maintenance work. Such services help reduce environmental costs by prolonging the longevity of goods that would, at early signs of malfunction, normally be abandoned and replaced. Thirdly, they encourage the active and

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productive use of people's free time in contexts largely removed from commercial influences and institutionally defined needs. In this way, "they restrict the exposure of individuals to client and consumer propaganda, contribute to their practical autonomy and self-direction, and consequently reduce their desire for gratuitous and wasteful forms of consumption" (Bowring, 1998. p. 102-103).

However difficult the root economy is to quantify and trace, it is always present, and it provides a foundation for the other two levels of economy. As local currencies tend to function at an individual or family level, they draw the activities of the root economy into the fore. Skills and labour exist in virtually every household yet they are rarely exchanged among households except as gifts. In assigning this work a monetary value, "a new monetary instrument is able to give legitimacy and recognition to these activities in a way the mainstream economy does not" (Helleiner, 2002, p. 44). Perdue (1997) contends that an explicit dimension of the ideology of local currencies is the revaluation of skill, and a separation of skill from a dependence on jobs in the formal economy:

> This has two strands. Firstly, it claims to empower individuals by acknowledging their skills. Secondly, it claims to empower at a communal level, by allowing people to gain access to each other's skills, usually hidden from view as unmarketable, or inaccessibly priced (Perdue et al., 1997, p.658).

Since many of these activities have traditionally been considered 'women's work,' some local currency advocates call attention to the benefits they may provide in fostering greater gender equity (Seyfang, 2001).

By legitimizing and concentrating on the activities of the root economy, local currencies can also help communities avoid bearing the full brunt of periodic recessions.

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Many economies stagnate not for want of goods and services but simply for want of money. As Dobson writes of the Great Depression:

> All the same materials, all the same factories, all the same farms, all the same people, all the same skills, were still available, and all still in place. But the economy was still paralyzed, and people could not even get necessary things, because there was no money. But money is not value; it is only the measure of value. To say that people cannot exchange value from one another because there is no money is like saying you cannot build a house because you have no feet and inches (Dobson, 1995, p. 62).

Through the introduction of a local currency system to facilitate exchange within the root economy, money becomes re-inscribed as a mere measurement of skills in a community rather than a thing within itself. Proponents argue that this mechanism will help put the skills and needs of the community first, providing "a method of exchange that enables these skills and needs to be put together irrespective of the prior existence of enough value to pay for the needed services"(North, 1999, p. 70). Indeed, Bowring notes that there is a "basic optimism" which underlies community currency systems such as the LETS – "everybody has socially useful resources which, although superfluous to the needs of today's high-tech, functionally specialized economy, can be exchanged for mutual benefit in their community" (Bowring, p. 95). Thus community currency systems can be used to bring the activities of the root economy into the fore and circumvent the more destructive nature of true capitalism. The objective of the local currency movement is to recreate the world of "currency pluralism" described in the first section of this chapter – a regime that existed before modern homogenous and exclusive national currencies were created. "[Its] strategy in other words, is one that does not directly confront the global economy but rather seeks to create parallel spaces alongside it in which alternative ways of living can be created and flourish" (Helleiner, 2000, p. 41).

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Section B (ii): "Critical Approach" - Potential Limitations of LETS

As with all social movements, there is a tendency within the LETS movement to treat it like a panacea for all economic ills. Advocates will often focus on key environmental and social justice aspects of local currencies without acknowledging potential limitations of the systems. Although there still is an active, largely academic discussion forum for alternative currency systems on the internet (hosted by the *International Journal of Community Currency Research*), journal articles on the movement seem to have peaked during a short span of the mid-late 1990s and petered out soon thereafter. Whether or not this reflects a general academic disillusion with LETS is a matter of speculation (indeed, it may merely reflect the fashionable nature of many academic pursuits); however, the primary criticisms raised about the LETS deserve to be brought to light.

Bowring (1998) argues that many of the limitations derive from the insistence that LETS should be integrated with the mainstream capitalist economy, their complementary function facilitated by the use of trading units in value to those of the national currency. He further argues that "if we are really to applaud the ecological benefits of LETS – and especially the way they encourage an ethic of resourcefulness and self-reliance which, in reducing the perceived value of conventionally paid labour, *reduces the dependence of workers on the owners of capital* – then we cannot in the same breath promote LETS as a local economic development tool with potentially neutral macro-economic merits" (p. 103). It is precisely this close tie with national currencies that allow owners of production to replicate systems of exploitation within the LETS. The owner of the business can

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appropriate even the small surplus values produced by labourers participating in the LETS. Other authors have also used this critique arguing that formal inequalities between skilled and unskilled workers are being reproduced and consolidated in the LETS economies, as are gender inequalities (Williams, 1995; Lee, 1996).

Although individual members do the vast majority of trade in LETS, there are a number of incentives for businesses to participate in the LETS. For instance, the LETS may provide a cheap source of advertising and a healthy public relations image, allow businesses to widen their customer base by accepting LETS units during fallow periods of trade, and increase liquidity and freeing up of capital that would otherwise be spent servicing expensive bank loans (Bowring, p. 104). In the unlikely event that a local business where able to conduct most or all of its trade in LETS, exploitation of workers paid in LETS dollars would not be impossible, though limited markets would mean limited profits.

Bowring further argues that tying LETS to national currency removes its immunity to inflation. Poorer members will see their purchasing power depreciate if mainstream traders feel that participation in LETS means sacrificing conventional earnings for an inferior money (p. 106). As local economies cannot achieve the rates of productivity – and low labour costs – common in national and international industries, they are incapable of supplying the volume of goods, and therefore of meeting the range of needs and wants, which the global division of labour makes possible. In the long term, the perceived disadvantages of LETS to existing wage-earners will fuel the inflation of wealthier member's prices, as sellers of labour, goods and services, especially when their acceptance of LETS payments leads to a reduction in their cash income. Thus, they will

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demand a surcharge to compensate for the inferior value of the currency. The unemployed, on the other hand, will have weak grounds to raise the price of their labour: they have nothing to lose but their time.

Colonization of the Lifeworld

Habermas' distinction between the two realms of human interaction – *system* and *lifeworld* – suggest further, and perhaps more serious, limitations of exposing the root economy through new currency systems. Contrary to the somewhat utopian claims of LETS proponents outlined above, Habermas warns of the dangers inherent in an application of economic rationality to all realms of life. Habermas' framework makes a distinction between "the realm of intersubjective interaction and social learning par excellence" (Welton, 1995, p. 5) constituent of the lifeworld from the domain of the state and the economy that he terms the system. It is within the lifeworld that humans participate in various institutions[4] in which our character and identity is formed and reformed. It is within this realm that humans also develop their capacity for *communicative action* through which they can build the trust and consensus to lay a firm foundation for democracy. As Welton (1995) notes, however, the lifeworld must be valued and nurtured or it can be easily colonized by the technical rationality that shapes the system at great cost to humanity:

> Within Habermas' modernization narrative, the economic system (steered by money) and the state-administrative apparatus (steered by power) turn back upon contexts of communicative action and set their own imperatives against the

4 In this regard, Welton (1995) makes the distinction between institutions of socialization (family, schools); social integration (groups, collectives and associations); and cultural reproduction (religion, art, science). (p. 134)

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> marginalized lifeworld. The colonization of the lifeworld "sets in when the destruction of traditional forms of life can no longer be offset by more effectively fulfilling the functions of society as a whole. The functional ties of money and power become noticeable only to the degree that elements of a private way of life and a cultural–political form of life get split off from the symbolic structures of the lifeworld through the monetary redefinition of goals, relations and services, life-spaces and life-times, and through the bureaucratization of decisions, duties and rights, responsibilities and dependencies." (Habermas, 1987, quoted in Welton, p.143)

The neo-liberal turn in political economy (from approximately the mid-1970s to the present) has exacerbated this shift through the ascendancy of economic values. The economic system has pried itself loose from the constraining effects of the political system, and the consumer role has been enhanced at the expense of the worker and citizen roles. Thus, Habermas argues that the economic system has subjected the "life-forms of private households and the life conduct of consumers and employees to its imperatives, consumerism and possessive individualism, motives of performance, and competition" (cited in Welton, 1995, p. 146).

Gorz further argues against the application of economic rationality to the realm of the lifeworld in his *Critique of Economic Reason* (1989). He argues that one of our primary challenges as citizens is to resist system logic that inevitably posits the system as subject, and leads us to "see the living, thinking subjects as the instrument [the system] employs" (p. 137). Gorz warns that those who study the functions of economics and society usually approach these from the functioning of the social system, and thus can only comprehend the functionality of the individual activities, not the *meaning* they have for the individuals who perform these tasks. This type of instrumental thinking leads us to "naively conclude that men and women (along with even children, and Nature) 'work'

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for the system, whatever they do and that their reality resides in this 'function'." Therein, claims Gorz, lies one of the roots of totalitarianism and barbarism (p. 137).

One of the obvious weaknesses of this system logic is that it fails to account for work not carried out solely for the purpose of commodity exchange. Gorz argues work done for exchange on the market cannot be regarded as being of the same type as the activity of the painter, the writer, the missionary, the researcher, or the revolutionary, "who accept a life of privation because *the act itself, not its exchange value, is their primary goal*" (p. 137-138). For Gorz, it is not enough for an activity to be performed for exchange on the market (with a view to receiving remuneration) for it to be work in the economic sense of the word. We must therefore define certain limits to the economic sphere by distinguishing between commodity activities - performed for the purpose of remuneration, and non-commodity activities, for which remuneration is not – or cannot be – the primary goal (p. 139).

Given these limitations of system logic, it follows that our task is to "re-learn that we are the subjects, to learn that sociology and economics have limits, and socialization too; re-learn to *make distinctions within the notion of work* in order to avoid the error of remunerating activities that have no commercial objective and subjecting to the logic of productivity acts which are only properly consonant with their meaning if the time they take is left out of account" (p. 137).[5] The challenge for those working in a LETS system is therefore great. In so far as it opens the activities of the root economy to system logic of market exchange, the LETS can serve to quantify many activities that should be

5 Bowring (1998) advocates a time-based currency system such as the Ithica Hours scheme to counter these concerns within the alternative currency movement.

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protected by the lifeworld. The consequences of such actions, if taken to their extremes, would be quite absurd:

> The night the mother spends at the bedside of her sick child should then be paid at night-nurse rates; the birthday cake grandma baked charged at the price it would cost in a confectioner's; sexual relations paid for at the price each of the partners might get at an Eros Centre; maternity at the price charged by a surrogate mother (p. 136).

For Gorz, the 'grassroots community' that provides the membership base for the LETS plays a crucial role in protecting the lifeworld, but not through a local currency system. Gorz argues that this community constitutes the intermediate micro-social space between the private and the pubic, macro-social spaces:"

> It can open up the private sphere to a space of common sovereignty, shielded from commodity relations, where individuals together determine for themselves their common needs, and decide the most appropriate actions for satisfying them. It is at this level that individuals can (once again) become masters of their own destinies, their own way of life, the content and scope of their desires or needs and the extent of the efforts they are prepared to put in to meet them. (p. 160)

For the grassroots community to provide such a critique of the 'capitalist consumption model' it would have to avoid any affiliation with currency systems designed to bring lifeworld activities into commodity relationships.

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Section C: Theoretical Framework

This framework draws on two key theories in order to conceptualize people's participation in the LETS within a critically conscious practice of adult education; namely, Welton (1996) and Milani's (2002) call for reflective and politicized practitioners who understand adult education's vital role in nurturing civil society. With this concept in mind, we can begin to explore the process of social learning inherent in LETS systems. This forms a framework that will be used for my purposes in designing the study, formulating the questions to ask participants, and in bringing form to an analysis of participants' words.

Adult Education's role in renewing Civil Society

To place this process of re-embedding within an educative context, I draw upon adult educators who argue that the discipline has a clear mandate to help rebuild civil society. Often this can be understood in light of historical projects in adult education as opposed to more technically rational applications in the field (such as retraining in the field of Information Technology). Adult educators once played a vital role in fostering social action as can be seen in the work of pioneers such as Fathers Coady and Tompkins of the Antigonish Movement, Myles Horton and Eduard Lindeman. (Welton, 1995, p. 128). These educators aimed to foster critical competencies which would help learners engage in situations which had previously been quite baffling. For instance, small-scale farmers and fishers were encouraged to form credit unions and consumer cooperatives in order to break the economic stranglehold that the merchants had had on them. In doing so, practitioners were aided by strong networks of solidarity which existed in civil

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society. For instance, Welton argues that a vibrant civil society was key to the success of the Antigonish movement as this "provided the cultural precondition enabling the...movement to motivate its followers to create co-operative forms of work and consumption" (1999, p. 30).

Milani (2002) argues that innovative work is still being done through adult education but that it now occurs primarily outside of institutional settings. According to Milani, human survival depends on transforming our education and economic systems along ecological design principles. This challenge encompasses primary, secondary, post-secondary, and adult education, but adult education occupies a particularly strategic position as it is more embedded in civil society and "civil society is far ahead of the established educational system in engaging in this crucial transformative learning" (Milani, 2002, p. 1). Although Milani himself is a faculty member in Environmental Studies at York University, he contends that very little innovative eco-education occurs in mainstream institutions primarily. His work, like most employment, is ultimately "geared towards the destruction of communities and the environment" (Milani, 2002, p. 2). In the case of Environmental Studies, Milani laments the single focus on environmental protectionism as opposed to engaging with and developing viable alternatives to environmentally destructive practices. He believes that the work that regenerates most effectively is done on a voluntary basis, "...as community service, or social activism, or in the informal economy as what the mainstream economy considers simply forms of consumption: self-help building, gardening, preventative healthcare,

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etc."(Milani, 2002, p. 2).[6]

Milani draws from Livingstone (2001) to argue that the "knowledge-based" economy of global capitalism is actually far from it. The existing capitalist information economy is still resource-intensive and geared to displacing human labour with technology. Moreover, it is civil society that is truly knowledge-based, "suggesting latent but unrealized potentials for truly regenerative economic development" (Milani, 2002, p.3). Thus, Milani claims that the current cultural and educational capacity of society provides a base for a different kind of economy. But the specific skill sets and even attributes cultivated by our educational system must be qualitatively transformed. This suggests a strategic role for Adult Education. Milani is quick to point out that as an established discipline, Adult Education is no more aware of ecological alternatives than any other discipline. However, in the marginalized realm where it engages with communities and seeks to transform civil society, Adult Education is far more innovative than its disciplinary counterparts. Milani and Livingstone argue that to transform the university and make it relevant to the true learning needs of our society, we must look to the work already being carried out through Adult Education.

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6 Again, my experience as an instructor within the department of International Development Studies leads me to concur. Although I try to seize all opportunities to encourage students to reflect on the impacts of development in their own communities, I believe that the methodologies that are used and the analysis that takes place in community workshops supportive of the anti-globalization movement are often far more transformative than material offered at the university. And whereas I receive a salary to teach about human inequalities in development, the vast majority of community workshops are conducted voluntarily by community leaders out of a sense of civic duty.

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Local currencies can play a vital role in the development of stable, diversified regional economies, giving definition and identity to regions, encouraging face-to-face transactions between neighbours, and helping to revitalize local cultures. A local currency is not simply an economic too - it is also a cultural tool (Swann and Witt, 1995, p. 8)

The LETS philosophy is based on the belief that trust is reciprocal, that the experience of trusting and being trusted can be mutually beneficial, and that trust can be expanded with greater use. Walker and Goldsmith (1998) contend that this developed sense of trust and responsibility towards each other can explain why there have been remarkably few defaults in the LETS (p. 218).

Additional money is created by the users (via demand for goods and services) without affecting the value of the currency (as there is no inflation). Interest charges and payments are disallowed, preventing any tendency toward unequal distribution of capital and further concentration of wealth through debt farming (Perdue, 1997, p. 655). An additional interesting implication of having no interest payments is that people are encouraged to "spend" their positive balances more quickly than they might if the balance was earning interest (in the latter case, saving is encouraged). This is seen as a positive thing, especially in economically depressed regions, because it can have stimulating impact on economic activity. This helps counter social trends inherent in global capitalism, including decreasing household size, increasing distance between relatives, and attenuation of neighboring relations within cities, which have "served to inhibit the operation of informal relations in which disadvantaged households could exchange goods and services for partial or no payment within the 'moral' economy of their own family or neighborhood" (Pacione, 1997, p. 1179). Walker and Goldsmith note that these functions

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once fulfilled by families and communities for free - which they refer to as the "Kitchen Table World" - have been "taken apart, function by function, and sold back to people, who missed the things that these once provided" (p. 217).

In this way, local currency systems require us to take account of social learning, which Ingleby describes as "the process underpinning the individuals integration into society" (Ingleby, 1998, p. 1). Whereas modern capitalism is increasingly oblivious to the generative capacity of individual communities, Ingleby argues that success for local currency systems depends on our "capacity to rebuild *communities of meaning* – that is, shared ways of interpreting the meaning of events and things" (p. 1, emphasis added). Thus, LETS not only represent something new, prospective members have to get involved in the active search for local information and direct contact with the coordinators of local groups, and membership is, by definition, active and participatory (Lee, 1996, p. 1379). Members cannot remain anonymous; their names, their telephone numbers, and the nature of their involvement – defined in terms of what services or products they can offer to the system – are published in the regularly revised directory. A participant in an early Canadian LETS put this into perspective for Walker and Goldsmith with the following observation:

> Just about every time I trade through the LETS system, I get to meet someone personally. I have got to know an extra 100-150 people in this way. To me, that wealth of relationships is *synonymous* with economic well-being (Walker and Goldsmith, 1998, p. 218, emphasis added).

This is indeed a stark contrast to mainstream economic exchanges that encourage

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anonymity and disregard for local characteristics of economies.[7]

North (1999) adds that there is another element of social learning which members must taken into account when trading. This is the respect that they must develop towards one another as members of what Perdue (1997) refers to as "an extended milieux" (p.1). If people want services, they are likely to find that their requests are not met if they attempt to treat their fellow LETS members as employees of tradespersons to be ordered about. As traders do not have to earn before they spend, they need not accept work if not treated as they would like. Therefore, for trade to be successful, attention must be paid to the quality of the relationship and the enjoyability of the job or it will not be done. Members call this changed relationship between employer and employed "relationship trading" (North, 1999. p. 81).

Both Ingleby (1998) and Willams (1995) note that LETS now attracts people from a wider array of backgrounds than before. This means that LETS stand to incorporate more than one "community of meaning, and complimentarily, potential for conflicts of meanings (Ingleby, 1998, p. 3). Williams *et al.* (2001) provides one of the first overviews of how *members themselves* view the project in which they are engaged. According to their work, 25 percent of UK LETS members participate primarily for ideological purposes – 'acts of protest and resistance to the 'mainstream' where ideals can be put into practice'; 49 percent view LETS as an economic vehicle; and 23 percent as a social vehicle. As Habermas (1976) and others in the field of education observe,

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7 Pacione (1997) adds: "Despite local examples of successful community-based struggles against the values of the global political economy, the weight of evidence appears to indicate that while favoured growth regions might be able to extract some regulatory control from supra-local actors, the general effect of globalization is to reduce the power of local-regional states to promote progressive economics and social change" (p. 1180).

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conflicts of meaning are a condition for *active* social learning[8]: i.e. the potential to generate new, more democratic communities of meaning. However, Meeker-Lowry (1995) also warns us of the potential dangers of encouraging a community of conflicting meanings:

> People starting currency systems must be very clear about what they are doing and why. If a goal is to change the system and move away from valuing people's time and labour in dollars; if a goal is to build relationships within the community based on mutual respect and reciprocity then members have a responsibility to take steps along the way to ensure these goals are being achieved and not left behind in the excitement of printing money and expanding individual spending power (p. 10).

This commitment to active social learning is echoed in Perdue's (1997) claim that "LETS is not a policy tool but a form of life politics" (p. 655). In Swann and Witt's observation cited at the head of this section, LETS is a cultural and economic tool. Hence, the central significance of LETS is as "a social network that links 'alternative' people in novel ways, contributing to their shared milieux" (p. 655).

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8 Habermas (1976) identifies two modes of learning: active and passive. Passive learning refers to learning that is mediated by an unquestioned form of authority. In contrast, active learning is predicated on self-reliance. Here all claims are potentially subject to question. Active learning takes place in the context of our real life experience, by way of critical discourse with others and ourselves. Assumptions are questioned, and retained or dismissed on the basis of practical argument.

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Chapter Summary

This chapter examined the socio-political history of money, illustrating some of the social implications of late capitalism and experimental currencies such as the LETS that seek to provide an functional alternative for commerce. Theorists who have examined the LETS were divided into two categories, those who embrace the system to counter the socially destructive nature of capitalism ("panacea approach") and those who warn against the dangers of introducing an economic logic to relationships that derive their meaning from their non-economic nature ("critical approach"). Adult Educators who approach the discipline in terms of its capacity for political transformation suggest that the LETS may provide a fertile ground for members to critically examine their market relationships and learn about a meaningful alternative system. At heart is a conscious effort for citizens to transform their communities through a different approach to market exchange. The active social learning aspects of the LETS are crucial to each network's survival. As few, if any, participants are able to rely on a LETS to meet their ongoing material needs, the non-economic motives for participation in the system must be promoted by the system's administrators. Key factors such as community-building, establishing trust among members, and redistribution and reciprocity as economic goals need to be highlighted as the cornerstones of the LETS. These themes will be revisited in the proceeding chapter of data analysis.

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Chapter 3: Methodology

This research project took the form of a qualitative case study of one LETS system – the Peterborough LETS. There are a number of LETS currently active in Ontario, so a comparative study would have been possible. However, given the financial and temporal limitations of this study, I felt that a more productive and potentially contributive approach would be to examine Peterborough's system from a number of different vantage points. My perspective was shaped through interviews with key informants from the LETS, field notes from participant observations of the markets (the primary venue of exchange for the system), and reflections on my involvement as both a trader within the system and a member of the organization's board of directors. The intended purpose of the research was not only to address the research question defined in Chapter One, but also to provide members of the system with an opportunity to reflect on the meaning of their involvement, and to provide some analysis to help address recurring challenges that they face. This process of data collection and my positioning within the LETS is in keeping with ethnographic research traditions that encourage an understanding of the natural experience involved in ordinary personal involvement (Stake, 1978: p. 5).

The Nature of a Case Study

Merriam (1988) defines a case study as a "detailed examination of one setting...that aims to uncover the interaction of significant factors characteristic of the phenomenon" (p. 10). As opposed to quantitative studies, the paramount objective of

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qualitative research is to understand the meaning of an experience. Thus, instead of disaggregating component variables of a research project, qualitative studies aim to understand how all the parts work together to form a whole. Merriam further identifies four essential properties of qualitative study: it is *particularistic* as it focuses on a particular situation, event, program or phenomenon; it is *descriptive* as the end product is a rich, "thick" description of the phenomenon under study; it is *heuristic* in that it seeks to illuminate the reader's understanding of the phenomenon; and it is *inductive* in that generalizations, concepts, or hypotheses emerge from an examination of data grounded in the context itself (pp. 12-13).

Within qualitative research, the notion of "objectivity," prevalent in strictly quantitative study, is generally rejected outright. Qualitative research assumes that there exist multiple realities that form a "highly subjective phenomenon in need of interpreting rather than measuring" (Merriam, p. 17). Often this is not merely a methodological principle but a political one as well, as claims of neutrality and objectivity can be used to mask the inherent political nature of research, thus legitimating privilege (Lather, 1986: p. 64). Meek (1987) argues that subjectivity must become part and parcel of the study: "the purpose of fieldwork is to capture some segment of an elusive reality which would be true to the world of the observed as seen by the particular perspective of the observer" (p. 190). As such, the researcher "mediates between method and 'reality', imposing socially created categories and concepts on what is a totalistic and chaotic world" (p. 190).

To carry out this mediator role, the researcher must become immersed in the group or community in question, recording accounts of member's perceptions, and

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observing details of their actions. It is the researcher who "interprets, classifies and renders intelligible" the actions of the observed, serving as his or her own research instrument. Thus, as Meek puts forth,

> The best that can be achieved through observational research is a dialogue between the theories and conceptualizations of the observer and the material events. (Meek, 1987, p. 197).

The fieldworker filters and translates what s/he observes according to his or her own values and beliefs, shaped by past experience, temperament and intellectual background. Meek argues that it is only this last element of conceptual and theoretical baggage that actually separates the researcher from the "informed layman" (p. 196).

My process of involvement in this setting extends back to shortly after I moved to Peterborough in 1999. I had heard about the LETS while visiting the city prior to relocating and my awareness of this system shaped my appreciation of the community as a whole. Indeed, my preconception of the LETS was that it was part of a socially and politically progressive movement to re-examine our relationship to money and that any community capable of sustaining a vibrant LETS system must be quite healthy. I registered as a trader within my first few weeks here, offering my services as a musician, guitar teacher and small-scale entrepreneur with a recording of original music for market. Before starting this research project in earnest, I had participated in a number of trade markets where I had met quite a few of the LETS members.

Within a few months as a trader, I was invited to join the organization's Board of Directors (which I have now served for two years). This membership proved to be a rich source of information for my research as it provided continual opportunity to grapple with many of the organization's ongoing challenges. My participation in these different

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forms has profoundly affected my understanding of the LETS and helped shape the direction of this inquiry.

Part of my ethical commitment to this research inheres in the contributions I am able to make to the sites where I collected data. This led to my ongoing participation in the system's development and, ultimately, in the writing of this thesis which I trust will contribute to a deeper understanding of local currencies and the reasons for members' involvement in this system.

Design of the Study and Sources of Data

Perhaps more as a result of circumstance, than as a matter of intentional design, I gathered data and conducted my initial literature research for this study concurrently. Also, I completed the interviews before I had teased out all of the theoretical strands of the literature. This presented a couple of key challenges. First, I found myself constantly grappling with somewhat more mundane aspects of the system's functions and the mechanics of a volunteer board of directors that was often willing to sacrifice productivity for process. Although the commitment to democracy is paramount to the health of a volunteer board, the process can often be slow and arduous. Secondly, when dealing with the ongoing challenges of system logistics, I found that it was difficult to maintain a holistic perspective of what the system actually can contribute to our community. Fundraising is a necessary preoccupation of most boards today, especially given the ream of funding cuts imposed by the current neo-liberal government in Ontario. The temptation to redefine one's mandate to fit the often narrow eligibility criteria of funding bodies is hard to resist. A board largely preoccupied with survival strategies will

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rarely have the luxury of self-reflexive analysis that I hoped for in this study.

On the other hand, the process of collecting data and sifting through literature concurrently contributed to a deeper understanding of the phenomenon in question. As Scott (in Harris, 1991: 78) suggests, theory is not merely confined to the beginning or end of a research project when questions are framed and data analysis occurs. Rather, theoretical propositions constantly shape and reshape the whole of the research process. Indeed, observations in the field led me to constantly re-examine the literature and, on a few occasions, sent me in search of new ways to make sense of reoccurring challenges. According to Harris (1991), this evolutionary process is not uncommon in naturalistic studies where the researcher seeks an understanding of the subjective realities of others. What I sought through this process was a dialogue between my own theories and conceptualizations and the material events - what Meek refers to as "a continual casting and recasting of interpretations in light of knowledge of the material events, themselves vague, changing, unfolding and contradictory" (Meek, 1987, p. 197).

The richest source of data for this study came from interviews I conducted with various members of the LETS. On the advice of a key informant who worked as the system's administrator, I was able to identify ten participants in the system, all of whom were active traders and were involved with the administration of the system. In order to gather a diverse range of data, the key informant and I sought to identify participants – five men and five women -- representing a wide range of backgrounds. Once permission from each informant had been obtained over the telephone, we agreed to meet at a location of their convenience to conduct the interview. Permission was asked to tape our conversation and freely granted in each case. Having a recording of the conversation

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helped to preserve, as Anderson and Jack (1991) maintain, a "living interchange for present and future use:"

> We can rummage through interviews as we do through an old attic – probing, comparing, checking insights, finding new treasures the third time through, then arranging and carefully documenting our results. (p. 11)

In each case, I explained the ethical considerations for the study, obtaining written consent from the informant before we began. Perhaps the most important of these considerations was my guarantee to maintain confidentiality through the use of pseudonyms as this allowed informants to be comfortable and frank in their responses.

Although more participants could have been interviewed through other means - for instance, a structured survey – I felt that a semi-structured interview process would be better suited to an engaging conversation with the informant. In keeping with Merriam's suggestions (1988), I began each interview with a list of fairly open-ended questions but felt free to stray from these questions if an interesting avenue of conversation arose. This format allowed me to respond to the situation at hand, to the emerging worldview of the informant, and to new ideas on the topic. Most importantly, I tried as much as possible to avoid appropriating what the informant was saying by being an attentive listener. Although I was seeking confirmation of my main hypotheses, I did not want to overly analyze what was being said at the time or "steer" the conversation in the direction that I thought it should follow. That being said, it is important to keep in mind that informants often give the responses that they think the interviewer would want to hear.

Participant observations provided another source of data for this study. These take place in a natural field setting, unlike interviews that occur in a place designated for that purpose. Furthermore, as Taylor and Bogdan (in Merriam, 1988, p. 87) note, interviews

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represent a secondhand account of the world versus the firsthand experience of observing. Thus, when combined with interviews, the participant observation allows for a holistic interpretation of the phenomenon being investigated (p. 102).

On three occasions, I observed LETS markets as a researcher participant, trading in the markets and interacting with the other members, but observing and noting as much significant detail as I saw fit. Although I did seek the expressed consent of the system administrator who organized the market, for the most part my work went unnoticed by the other members. That I was known by many members as a trader made my integration into the setting seem quite natural. Thus it was easy for me to follow Merriam's advice to "establish a rapport by paying homage to the participants' routines, establishing what the observer has in common with the participants, helping out on occasion, being humble, and showing interest in the action." (Merriam, 1988, p. 91).

In each case, I noted specific details such as the physical setting, the number of participants involved, the activities undertaken and the duration of interchanges. Fortunately, many of these factors were predetermined by the nature of the marketplace – there are set hours for the market and, generally speaking, only about half of the members registered attend. Other more subtle factors were also observed, as well, such as trading practices that would be quite uncommon in the general marketplace (e.g. "upward bartering" where buyers may suggest a higher price than was suggested by the seller).

The third source of data used for this study was a journal where I recorded ideas, hypotheses, and observations of board meetings. This was the data source that required the most vigilance to maintain as the setting for collecting this information was not limited to a specific time and place. However, it was through this process that I was best

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able to track the development of my ideas, and provide a more introspective counterbalance to my interviews and field notes.

Validity and Reliability

Validity and reliability are important criteria of any research project, whether it is a qualitative or a quantitative study. Merriam (1988) presents the following distinction between the two criteria: validity deals with the question of how one's findings match reality, whereas reliability refers to the extent to which one's findings can be replicated. (p. 170) However, in qualitative studies, both criteria are problematic and warrant further exploration.

Validity is problematic as it deals with perceptions of 'reality' – a concept fraught with multiple interpretations. As reality can never be fully grasped or defined, validity must be interpreted in terms of interpreting the investigator's experience. Merriam suggests six basic strategies to ensure this type of internal validity: Triangulation; member checks; long-term or repeated observations; peer examination; participatory modes of research; and identifying the researcher's biases. Triangulation is achieved in this study through the use of three separate sources of data – interviews, field notes, and journal entries. Member checks took place as I reviewed written transcriptions of interviews with participants, to ensure that my interpretations of their intended meanings were accurate. Field notes were gathered over three market sites. Although this was not an exhaustive study of members' activities, I believe it was adequate given the limitations of this study. Peer examination was not a formalized part of this study but I did have an opportunity to discuss my developing ideas about the LETS with various members of the

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system. As much as possible, my biases were revealed in the preceding two chapters. The one aspect of Merriam's validity checks that was beyond the scope was to have engaged in participatory research. Although feedback and advice was sought by members in the initial design of this project, participatory research implies that the research question itself comes from consultative approach with members and that they are engaged in all phases of the research cycle (Merriam, 170).

Reliability refers to the extent to which one's results can be replicated. Since the term *reliability* in the traditional sense seems totally inapplicable to qualitative research, I preferred to think of the findings in terms of "dependability" and "consistency" (Lincoln and Guba, 1985, p. 288). That is, rather than demanding that outsiders get the same results, I wish outsiders to concur that, given the data collected, the results make sense; that is, that they are consistent and dependable.

Of the techniques that Lincoln and Guba recommend to ensure reliability, identification of bias and triangulation of data have already been discussed. However, they also recommend that researchers leave an audit trail. In order for an audit to take place, the investigator must describe in detail how data were collected, how categories were derived, and how decisions were made throughout the inquiry. Essentially researchers should present their methods in such detail "that other researchers can use the original report as an operating manual by which to replicate the study" (Goetz and LeCompte, 1984, p. 216). My audit trail, embedded in Chapter Five, was established in this study through keeping a thorough record of where, when and how data was collected.

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Data Analysis

Based on the literature review, and my own conceptual framework, four themes emerged from my analysis of the data: building community; establishing trust through reciprocity; revaluing of skills; and possible conflict in member's motives. With these themes in mind, my intention was to shape the interview questions so that they could reflect on these themes. As is noted below, however, these themes were modified significantly during my process of analysis. Please see Appendix A for an outline of the questions that was used for all interviews.

Once the interviews had been conducted and transcribed, I reviewed all transcriptions and colour-coded "bibbits" according to one (or more) of the themes listed above. This process is in keeping with the recommendations of Kirby and McKenna (1989). The purpose of a bibbit is to highlight a piece of data from a particular source so that it can be easily removed from its original form and be used with other bibbits to address a particular theme or category. In certain cases, this seemed a rather arbitrary process as many bibbits were relevant to two or three different themes and the categories of Trust, disjoint, and revaluing of skill were highly integrated, depending on how I chose to consider them. As well, there were many instances where I identified a bibbit because my intuition led me to believe that the participant had shared a potentially useful insight although I was not sure at the time how to make use of it. Although the categories mentioned above were useful in helping me to sift through the transcripts, I found that when I tried to weave the data together in a single narrative, new categories emerged which seemed more relevant. This process was made all the more challenging because of the somewhat haphazard way in which I had gathered the original data. The first category

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in particular – building one's sense of community – seemed to be too encompassing to serve as a separate category. Thus, a number of different categories were eventually used to help make sense of the data collected.

The first category was the member's use of the LETS as a conduit to establish meaningful relationships through an exchange network. Did members use the system as a tool for social learning and as a means of transforming their community and, if so, how? What had they learned about Peterborough since becoming members? Did their participation put them into to contact with others who shared similar values, thereby expanding their capacity to effect change? Furthermore, what were some of their reflections, if any, on the potential (or perhaps necessary) clash between economic exchange and our capacity to care for one another?

The second theme that I wanted to explore was the possible disjoint in motives for participation in the system. Did members participate out of a sense of need or out of an ideological commitment to the transformation of society? Can these motives work together or are they necessarily at odds? If members were drawn to the LETS because they believed it reflected a particular ideological stance, had their participation in the system changed this belief?

The next two categories – *Recasting One's own Social Safety Net* and *Revaluing Skill* – explored the member's ability to use the LETS in time when the traditional marketplace was not capable of meeting their needs. Closely connected with this is the capacity of the system to help us explore and express different values than those developed in the traditional economy. For instance, did the system provide a means for members to develop new skills or negotiate a more equitable price for a good or service

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than they could have demanded elsewhere? Did the system merely replicate the values that were already being reinforced through the mainstream economy (for example, the chronic undervaluing of household labour)?

Rebuilding Social Responsibility sought to look beyond member's individual needs and to explore ways in which they could contribute to the LETS community. Does the system encourage members to treat one another differently than they might in the traditional market place?

The final theme used was the system's capacity for establishing trust through reciprocity. What experiences had members had in building relationships of trust as opposed to more unequal relationships in the traditional economy where consumers expect to be taken advantage of? Does participation in the LETS require a shift in how we value or relate to one another as trading partners and how does this learning process change our trading relationships outside of the LETS, if at all. Do members feel that they were able to "get out" of the system as much as they "put in" and was this a concern? Borrowing Polanyi's concept of "embeddedness," had members been able to establish meaningful relationships with one another through market exchanges and re-embed the market within their social realm?

These six themes served as a structure to guide my navigation through the collected data. Once the participants have been introduced in the next chapter, we will revisit these themes and weave our way through their observations.

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Chapter 4: Introduction of Participants

Interview process

This introduction of the subjects will be treated as a separate chapter from the data analysis as it serves to illustrate the scope of participants involved in terms of their different motives and understandings.

Interviews were conducted in two sets of interviews over a three year period (2000–2003). This time-span was not part of the original design of the project but, in retrospect, provided for a more informed, conscious interview process. Part of the reason for the time lag between the two sets of interviews is that I had to revisit the literature in order to try to explain the inconsistencies in the data that I had collected (i.e., between the "critical" and "panacea" approaches). Eleven interviews were conducted in total as I thought that one of the interviews was not substantive and therefore would be omitted. However, when I came back to this script with a more fully-developed approach for data analysis, I realised that it contained useful insights after all. The addition of this interview to my pool of data meant that I still had a slightly skewed gender imbalance–seven female participants and four male. On the other hand, this imbalance was probably representative of the gender imbalance within the system itself.

The first nine subjects were interviewed within a few weeks of one another in 2000 and were identified with the help of a key informant (the system administrator). They were chosen on the basis of their various volunteer works within the system and their long-term affiliation with the LETS. It was felt that this choice would reflect both the participants' ideological commitment and their practical experience as traders. The last two subjects were chosen to help in understanding key shifts in my own

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understanding of the LETS as a researcher and trader. This shift occurred after I had grappled with the theoretical material in Chapter Two for some time. Accordingly, the last two interviews were conducted in 2003. Both subjects had high levels of involvement in the system, but at different phases of its growth–one had been hired to set it up and the other was the current system administrator. The tenor of these interviews was quite different than the previous interviews as my own ideas about alternative currency systems had matured.

I had prior knowledge of all participants except for two and had come to know them through various committees on behalf of the LETS or through the markets. Most of the interviews were conducted in participants' homes so that they were not too inconvenienced by the process. This also gave them a certain amount of control over the process. Although there were scripted questions for the interview process, they were never followed in a systematic way but used instead as rough guides for the conversations. This allowed for an easier conversation that reflected the nature course of our ideas and exchanges.

According to my research notes, I had to go through a few of these interviews before I knew which questions to pose in order to illicit information that was relevant to my research question. I also changed the process of gaining consent after the first few interviews–instead of reading out the letter of consent (which proved quite awkward and time consuming) I left it for each participant to read themselves and sign.

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Introduction of Participants

1. Clara
Interview conducted March 28, 2000 at participant's home

Clara was one of the first people I met who was involved in the LETS. She had moved to Peterborough with her young family (husband and one son) only a few years previously. Clara was a member of the Board of Directors and it was she who I first approached with the idea of studying this system. She helped me understand some of the dynamics of the community and introduced me to key players. As my first interview participant, I asked her for feedback on the process as we went along and encouraged critical feedback when warranted.

Clara has a background in Human Resources and Marketing and taught business and communications at a college in Northern Ontario for a number of years. She also worked as a private business consultant for seven years. This background in conventional business gave her a certain "predisposition to economic systems"– such as cooperative schemes - balanced by a "natural interest in 'alternative' things."

Clara first learned about the LETS through a friend in Toronto who was a participant in their short-lived experiment. However, she acknowledges that she had been involved in barter relationships for a long time in order provide child-care. She is quite prolific in the Peterborough LETS, trading a wide array of items ranging from Avon products to children's toys. She estimated that in the year prior to our interview she had traded about $10,000 in Green. She is one of the few people interviewed who includes the LETS as part of her household income. She tries "not to distinguish too much between Green dollars and ordinary dollars" and feels her "capacity to purchase goods

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and services is the same in both the 'real' Canadian economy and the LETS system."

2. Barbara
Interview conducted March 29, 2000 at participant's home

Barbara was one of the only LETS members interviewed who I had not met previously. She was identified by the system administrator as one of the top traders in the system and consented to be interviewed in her home once I had introduced myself over the phone and explained the nature of my research. As I mention in my transcription notes, I believe the interview was good for her to get some issues "off her chest" about the LETS. She was involved when the local was still quite small and felt that the administration was being done poorly. Barbara's comments about members, both trader and board members, lead me as I sifted through the data to develop a rather sceptical view of the "findings" from this interview. Her stance was somewhat vindictive as if I was providing an opportunity for her to truly speak her mind about certain individuals in the system. On the other hand, I may have just interviewed her on an "off" day.

This interview was important, however, as it helped me to hone my questions. One in particular, was intended to encourage people to reflect on the nature of friendships developed through the system. However, the way it was framed made it seem like I was looking for tales of romantic connections. This lead to a rather uncomfortable and confusing exchange until I realised that my question had been misconstrued. This interview was also key because it was the first instance I had come across someone using the LETS for entirely different reasons than I would have assumed. Throughout the course of our discussion, there was no mention of the potential meaning of alternative

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economics, except in so far as it could provide a means to avoid taxation.

Barbara was an early member in the system and joined as a way to incubate a small business for preserves. She mentioned that she had operated a small business as a jeweller prior to becoming a member and that part of the attraction for conducting her new business through the LETS was that she could use it to avoid the hassle of collecting taxes (strangely enough, she was the only person I spoke with who mentioned anything about tax loopholes). She had lived in Peterborough for most of her life and now relies on the LETS quite heavily to provide essentials for her food and child care. This level of need, partially fuelled by her power within the system as a high-volume trader, may have led to the level of resentment noted above.

3. Robert
Interview conducted at my apartment, April 3, 2000

Robert was a man in his mid-50s who was fairly heavily involved in the LETS with his wife. They both shared a desktop publishing company and conducted roughly half of their business in Green dollars. They were also involved as members-at-large with the system's board of directors and Robert had previously been the newsletter designer for the organization. They had been members since 1996, when the system was only a year old.

This was the only interview that took place in my space as Robert lived out of town (Buckhorn, approximately 30 kilometres from Peterborough) and offered to come to me as he commuted daily to town. Another aspect of this interview that stood out was that he had previously been interviewed by researchers about the LETS and seemed quite

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comfortable and keen to be interviewed again. His particular interest was the marketing and publicity for the system and he had considered opinions on the matter that he wanted documented.

Previously to becoming a desktop publisher, Robert had been a cost accountant for General Electric (the region's largest employer), a woodworker, and the owner of a flower shop. He grew up in Peterborough and had lived in many surrounding communities before settling in Buckhorn.

4. Sarah
Interview conducted on April 5, 2000 at participant's place of work

Sarah and I joined the Board of Directors at roughly the same time and she had been a member for a year previous to this. She originally came from Northern Ontario but had attended university in Peterborough and settled here with her first husband in the late 1980s. She has subsequently left that marriage, married a local chiropractor, and works in his practice as an administrator. Both she and her husband now encourage barter because they find it gives them more time to be with their four children.

Sarah learned about the LETS from another board member whom she had met at a social function and joined the system as a way of promoting a business in alternative health (therapeutic touch and reiki) and stained glass. As a relatively safe setting for business-incubation, she learned fairly quickly that there was a glut in alternative health practitioners in Peterborough but a strong demand for stained glass artisans. This may have been quite a costly lesson had she not had the benefit of the Green economy for protection.

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Sarah remembers a strong tradition of barter among her community in Northern Ontario and makes an interesting distinction between exchange relationships among women – particularly when it came to child-care – and more "trade" barter that the men in her community would participate in: "I think I grew up with more of that than you see our generation do [today] because we're busier or we're just a little bit more closed off...and the whole idea of neighbourhood when we grew up was quite different." Sarah sees the LETS as a return to the traditional values of her youth when people were more likely to sacrifice material possessions for time.

5. Susan
Interview conducted in participant's house, April 6, 2000

Susan was a young mother who balanced her own child care with a home-based business that offered ecologically-sensitive early childhood products. She had come to Peterborough to study at Trent University a few years previously and decided to stay in the region upon graduation.

Susan had been a LETS member for two and a half years before I interviewed her. She had been long aware of the LETS before getting involved, having learned about it for a Canadian Studies paper that she had written about alternative currencies. Susan had been attracted to the LETS for ideological reasons more than as a result of economic need. She seemed to be quite disillusioned with the LETS and focussed more easily on the system's limitations than its potential benefits. "I'm probably going through one of those growing phases of the LETS membership now...I'll probably pick up but right now I'm not particularly enthusiastic about the whole thing."

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Susan did not have much experience with barter as she came from an urban area of Toronto. She is of the opinion that, like her, most people who get involved with the LETS do so for ideological reasons and, as a result, struggle with the economic aspects of the system: "typical of most people who joined the LETS, when I joined I didn't really have a concept of what I had to offer." However, once she began to distribute cloth diapers through the system, she found that it was a very useful way to test the market and advertise to a target audience of socially-conscious consumers, even if "it hasn't brought in very much business in reality."

6. Janet
Interview conducted on April 11, 2000 at participant's home

Janet is an alternative health practitioner (polarity therapy) who moved to Peterborough twenty-three years ago from Burlington, ON. She is a single mother of two teenage children and owns her own practice that she operates out of her house. As with Barbara, I had not met her previously to contacting her for this interview.

She was able to use the LETS for a number of key purposes: as a business incubation sight for her school and practice of polarity and cranial-sacral therapy and for accessing labour to help her with renovations. She was quite fortunate in this as she would not now be able to use the LETS for the same services that she used when she joined. Her need was quite strong as she joined the LETS in a time of real transition in her life – her marriage had ended, she was establishing a new business, and she had just purchased a house. Janet was able to tap into the LETS when it was quite strong and had many tradespeople involved – thus she was able to renovate an entire floor of her house

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through the LETS. These tradespeople would subsequently have, in all probability, been alienated from the system as it would not be able to meet their own needs. Their skills would have been in such high demand in the LETS that they would not have been able to spend anywhere near the amount of Green Dollars that they would have accumulated.

Although she was able to access the LETS to meet specific needs at the time, she has remained involved for primarily ideological reasons. For Janet, the LETS represents an older tradition of "energy exchange" – being involved in one another's lives and caring for each other. She notes that these are the very relationships eroded by the mainstream economic exchange.

7. & 8. Stanley and Jennifer
Interviews conducted at participants' home, May 25, 2000

Stanley and Jennifer are a young couple with two children under the age of six. They had both been involved in the LETS for a few years and were quite involved in committee work on behalf of the system.

I had intended to interview each of them separately but it was easier for them to be interviewed concurrently as they would not have to plan for child care. This resulted in quite a different interview scenario than I had encountered with other participants but one that I felt was informative nonetheless. The rapport established was certainly complicated by having two people answer the same questions. Jennifer responded more often than Stanley and the natural tension of communicating with one's partner seemed to come into this conversation as well (for instance, questioning looks exchanged back and

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forth and mild censorship of each other's responses). There was also some additional distractions caused by the demands that young children often place on their parents' attention. However, this setting was certainly tolerable given that it was the only convenient way that I could include their participation.

Stanley works at the local community college as a technology advisor and has also been a member of small technology consulting group. Jennifer is a part-time student in the nursing program at Trent University and also works at the Trent Centre for Community Based Education. She has been a member of the board of directors for the Centre for Opportunity and Innovations Network and currently serves on the board for the LETS. Both had limited experience in barter –Jennifer is from a neighbouring rural community – although neither had been members of a formalized trading scheme. They have offered a number of goods and services on the LETS, ranging from eggs to desktop publishing, and purchased a great deal of clothing for their children through the system.

Jennifer notes that the best thing about the LETS is that it's a "good interface between the economic system and social justice alternatives." Thus, she sees that it provides a way to participate in both systems without sacrificing ones' values.

9. Ian
Interview conducted at participant's studio, March 31, 2000

I had met Ian outside of the LETS setting before realising he was involved in the system and approaching him to be a participant in this study. Ian is originally from Windsor, Ontario and moved to Peterborough in the late 1990s because he recognized and wanted to participate in what he calls its "good sense of community." Ian has an

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eclectic working background and is self-employed as a massage therapist and sculptor. In keeping with the spirit of barter in the LETS, Ian agreed to be a participant if I agreed to submit myself to a cranial sacral massage, a technique that Ian was experimenting with as part of his evolving practice.

Ian's interview was the one that I was not going to originally use as I felt it was not substantive and it was pared down quite a bit further than the other interviews when I transcribed it. However, once I had a better idea of the themes I wanted to explore in my data analysis I revisited this interview and found some interesting insights that were indeed quite relevant. For instance, in comparing the success of the Peterborough LETS to a failed initiative in Windsor, Ian noted what he thought was a clear correlation between a person's economic prosperity and their lack of involvement in the community outside of work. He also offered some insight into the capacity of the LETS to make goods and services available to all members, regardless of one's economic or class status.

10. Colleen
Interview conducted at the LETS office, December 4, 2002

Colleen was a long-term member of the LETS who was working as the system administrator when I interviewed her. She was an ideal participant to speak with as she had first joined the system from an ideological perspective (as opposed to one of need) and now had to cope with its daily administration. Her exposure to other members with different motives and perspectives led her to develop a sophisticated understanding of the strengths and weaknesses of the system. She was eager to express her ideas.

Colleen was ultimately responsible for maintaining member's accounts and

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making certain that the newsletters came out on time. Although there were members to help with the administration of the trade fairs (primarily board members), Colleen did a great deal of this work as well. Typical of many community organizations, the LETS suffered from a deficit of paid staff so that the person who should have been responsible for organizational development had most of her time taken up by administrative duties. Colleen was hired under a federal job creation program through the Canadian government and was therefore limited in the number of hours she could work.

She had been a member since 1996 and joined at a juncture in her life when she was making a number of significant changes – she had recently left a marriage and was studying part-time. She joined the system as a way to sell hand-crafted baskets although, as she notes, this changed: "I think you join with certain ideas of what you are going to do but the LETS seems to open up opportunities of other ventures. I think what I signed up doing I have rarely done, but other things have happened."

11. Paul
Interview conducted June 29, 2003 at his home

Paul was my last subject and was recorded in an interview almost two years after I had begun data collecting. There were a number of compelling reasons that made him an interesting subject for this study (which explains my willingness to re-engage in the process of subject interviews).

I had known Paul many years ago in High School but had lost touch with him until he recognized me at an anti-war rally in February of 2003. After speaking with him for a while, we realized that, although he is a number of years my senior, our lives had

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taken remarkably similar paths. We had both studied International Development in university, had both worked overseas with the same local development organization (and, on our return, both served as local coordinators for the organization in our respective communities), and had both turned to the study of education in an attempt to integrate our political philosophy into our working lives. Peter is now an outdoor educator and an English teacher at a local high school and, with his wife of then years, has two young daughters.

Aside from these personal factors, what made Paul a compelling subject for this study was that his thoughts about the LETS seemed to mirror my own. Here was an opportunity to speak with someone who had reflected deeply on the LETS and, for some reason, had pulled away from the system. After working with the local board of directors for two years, I had some theories about why the LETS might become alienating to certain community members and this was a prime opportunity to test these thoughts. Not only could I gather data from Peter, similar to that from other participants, I could also share some of my thoughts on the strengths and weaknesses of the system and see if they resonated with him. I used the same set of questions that I had with my other subjects, but allowed for a bit more freedom for this conversation to assume its own natural direction.

Paul was hired by the Centre for Opportunity and Innovation Network (one of the founding partners of the LETS) to develop educational resources for the system and publicise it to perspective members when it was first established. He had first come across the idea of the system when studying different forms of cooperative-based money and lending schemes in Developing countries as an undergraduate student. His research into the subject and conveyance of key ideas into popular education tools for the

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Peterborough LETS were crucial elements in the launch of this experiment. Paul was an active trader for a number of years – although admittedly for ideological reasons instead of personal need – but has not traded within the system for a number of years. As a trader, he offered many different skills: physical labour, writing services, tutoring, cooking, and child care, while not losing sight of the educational capacity of the system by "making a very conscious effort in trying to encourage and engage people in [thinking critically about community economics]."

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Chapter 5: Building Community Through Commerce–The Peterborough LETS Experience

For the LETS to function as a viable alternative to the traditional economy, members must be willing to engage in a fairly steep learning process. Instead of seeing each other as competitors in a marketplace increasingly overrun by "big box stores," the LETS markets provides an opportunity for vendors to exchange goods and services in a secure, cooperative environment. As I have suggested in Chapter Two, many members of the LETS use their participation as a means of re-embedding market exchanges back into society. It was anticipated that data would reflect this process of re-embedding through the types of transactions noted, the qualitative aspects of the exchanges (in that there should be an element of community celebrated through the exchange as opposed to being destroyed) and an increased awareness and appreciation for our community through our participation in the system. I also expected to encounter a certain amount of frustration and disillusionment with the system as people try to work through or simply avoid aspects of the system that are in conflict (i.e. the continual struggle between "lifeworld" and "system" values described in Chapter Two).

Many participants in the system are drawn philosophically to it as a way to reclaim the power taken away from them by an all-encompassing economic system that has a colonizing effect on other, non-economic morals and values. The LETS functions as a political space in which participants can ensure that their money and power remains within the community and does not get siphoned out to serve the interests of large-scale capitalism. However, not all members share the same political and philosophical objectives and this can lead to conflict within the system. This chapter will explore data

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collected in the course of my research, organized through the following broad categories: opportunities and opportunity costs; similarity and divergence of members' politics; recasting one's own social safety net; rebuilding social responsibility, reestablishing trust through reciprocity, and the tension between "wants" and "needs". A limitation of analyzing data within these categories is that many themes overlap. However, these are the broadly emerging themes and issues that, for me, bring coherence to the evidence.

Opportunities and Opportunity Costs

The organizational structure of the LETS functions strictly on a non-profit basis and encourages participation from all members to help with administration of the system. However, finding a willing pool of volunteers is a constant struggle (as is the case with most non-profit organizations). When I first became involved with the system, there was one part-time staff person who was responsible for most aspects of administration and whose funding came from a grant from Human Resources Development Canada (through its Job Creation Partnership Program). The LETS office was housed without cost in the Community Opportunity Innovation Network (COIN) building, a local Community Economic Development organization that had helped put the LETS together in the mid-1990s. By the time this chapter came together, the system had lost its staff funding and was reliant on administrative support from volunteers to keep it going. Encouraged by COIN to become more self-sufficient, it had moved its office twice and now was open only two days a week. The monthly newsletters with classified advertisements, the seasonal markets and the annual directory of members – the "Green Pages" – were still

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being produced on a regular basis. Whenever possible, the system will pay for administrative labour (office staff, publishing and newsletter delivery) with Green Dollars which helps take some of the financial strain off of the system. Jobs paid in Green Dollars will have a high turn-over of employees as there is a limit to how many Green dollars a single member or family can use (one of the natural challenges of a small market system). On the other hand, one of the mandates of the organization is to encourage skill development among its members so the Board sees the high volume turn-over as a benefit to the community, as well as a challenge to the organization. Members who believe in the potential of the system to facilitate positive social and economic change are generally the ones who take care of the administration of the system and leadership of the organization's Board of Directors. This level of dedication and commitment is perhaps insignificant compared to the quasi-religious zeal generated through multi-level marketing schemes like "Amway." However, one would be very hard pressed to find an individual involved with the LETS for purely selfish motives. System members usually learn to express different values through the LETS exchange than would be possible through the traditional market place. Common entrepreneurial goals are likely to be supported through the LETS as well (for instance, market testing of products and advertising). Indeed, much of the original financial support for the system came from grants that focused on the system's capacity to reintegrate the dispossessed back into the economy by providing skills training and an accessible marketplace. However, as we saw in Chapter Two, this capacity is contentious as the LETS may serve to simply repeat or reinforce traditional inequalities witnessed in the traditional economy.

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In an early interview, Jennifer summarized the learning process for members in the system as a "good interface between the economic system and social justice alternatives." When asked for further clarification, she stated, "it's a way to participate in both systems without sacrificing your values" the implication being that when we engage in the traditional economy, we are often, if not constantly, required to stifle our morals in order to attain material gains. It is this process of reconciliation that many members find most challenging about the system and, perhaps, most alienating. Often the daily pressure of providing for one's family takes precedence over what might be seen as important but not essential political convictions.

Colleen points out that people now seem much busier than when she was first involved and therefore the "work" of balancing both systems becomes ever more daunting. She also implies that this is a shift as the LETS has aged – the initial excitement of participation has been replaced by the knowledge that the LETS requires effort: "I think family life gets involved and there was probably a lot of promotional activities that happened when everything was new - when the LETS was a hot thing and everybody wanted to find out about it." Indeed, this waning interest in the Peterborough LETS seems to be reflected in other LETS systems as well. Anecdotal evidence suggests that a great many of the British systems that began around the same time as Peterborough's (mid-1990s) are now either inactive or, like our system, substantially reduced in activity. Even academic interest in the systems seems to have peaked by the late 1990s which, perhaps not coincidentally, was when the more critical studies of the LETS surfaced.

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Janet also notes a general shift away from the type of community participation required by the LETS: "people are staying away from communities...You get tied up in your mortgage and the demands of raising your kids." Ian also observes this perception he has encountered that community involvement has become a luxury. When describing a failed attempt to start a LETS in his hometown of Windsor, Ontario, Ian noted that people were not particularly receptive to the idea: "It's a big auto town and people make $45/hour and get double time...they've got lots of dough and can afford to buy whatever they want and after screwing nuts on a car all day, they're tired. So, because of people's economic prosperity, there tends to not be the need for community involvement."

This observation is quite revealing about the type of societies that we choose to construct in the West. Being prosperous often means sacrificing meaningful relationships with others as we become trapped in cycles of debt or devote all of our time to production. If we do not allow ourselves time to foster meaningful connections with one another, if we allow our economy to "disembed" itself from society, than we will actively choose a path of isolation. One of the reasons that the LETS is sustained is that members believe this drive for efficiency and, ultimately, isolation can be countered through a market, not just created by one.

Colleen, the system administrator, notes the effort required by members, but she also observes that the traditional economy requires that participants work, although perhaps in less obvious ways:

> It takes work to be a member. People have to pay to be a member. People pay to go to COSTCO and that's just the weirdest thing - people want to drive half an hour and pay to be a member but they wouldn't become members of the LETS where they could get better quality stuff and be helping their neighbors.

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This observation reflects a point of view often encountered in LETS members. Colleen is committed to simplifying her life by rejecting mainstream values of consumerism. In my interview with her, I countered that perhaps people's participation in a system like COSTCO is reflective of a more deeply spiritual void in our lives that we try to fill through over-consumption.

The work involved in participating in the mainstream economy – the stress, the traffic, the isolation that come from trying to navigate through a poorly staffed 'box store', turning 'consumer choice' into a fetish – is dwarfed by the strange thrill of having an endless array of products at our disposal. In an odd way, we feel empowered by this capacity to choose one product from a vast array of almost identical ones. We also tend to get overwhelmed by the process of having to make hundreds of decisions every time we enter a store – unless our brand allegiances have become firmly entrenched. Colleen refers to the shift away from this type of consumption as being part of a "Simplicity Movement:"

> People are so geared towards immediate gratification. Why should I look through a book and call somebody when I could just go wander through the mall. And buy a lot of other crap that I don't need just because I happen to be at the mall. But it's not always any cheaper and then you have to deal with the stress of that building and the lights and the people.

Janet expands on this notion, adding that this movement not only reflects consumer choice but also the ways in which we choose to treat other people:

> There's a humanity in the LETS that isn't in the [market economy]. People are being oppressed. You know, one woman over at "Zellers" was saying to me the other day "I have to get this thing to swipe through, I can't just [enter it by hand], or they'll mark against me." I looked [around me at] the light and the air quality, and I looked at all the choices of too many different crappy-made articles and I thought, "that job would kill me, I would die. My heart and soul would shrivel up."

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As with Janet and Colleen, Sarah observes that the LETS is a "sub-community of people who are working towards a good cause." The extra effort involved in using the system seems to be worth it when weighed against the dehumanizing experience of mainstream commerce described above. Susan remarks on this trade-off in describing a decision that she and her husband made to have an item built through the LETS:

> Instead of going to a shop and saying "that one," I had to think about it because I had to give him the plans and I had to make it simple but effective so it can be inexpensive. So certainly you take a lot more ownership for every job that you do. Our spice rack is the simplest thing on the planet, but every time we look at it, we [take pride in it].

The LETS challenges us to reconsider our notion of "work," especially in a society that encourages us to sacrifice meaningful human connections for convenient, predictable consumption habits. As the above comments suggest, perhaps we need to reassess our values as citizens and neighbours, and resist thinking of ourselves and each other as merely consumers. However, as Paul notes, this is much easier for those who are not solely dependent on the system and thus "do not really care if their contributions outweigh what they are getting back."

A major cost of trading in the LETS is that although Green dollars are on a par with Canadian dollars, in reality they cannot be used to purchase identical baskets of goods. Susan notes that she can

> gain Green dollars fairly easily, but don't spend them the way I'd spend cash because most things that I'd buy I can't get with Green, so I tend to spend my Green on things that I wouldn't have bought in the first place. So really, when I make Green dollars they are not as worth as much as Canadian dollars.

In conversations with members, I have referred to this as the "doily factor" – a tendency to purchase goods and services simply because they are offered on the system, not

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because of any real need for these things. I have found myself at LETS markets purchasing items that I would never have purchased outside of the system just so I could support a particular vendor.

Although the LETS promotes the idea that one Green dollar is equivalent to one unit of another currency, this does not work in practice as the LETS offers a much smaller basket of goods. This is perhaps the primary barrier for businesses who want to support the system: if their services are in demand, they will often find that they have quickly amassed more Green dollars than they can spend. This situation could be reversed if there was a way that they could offset their operation costs through the LETS (e.g., if the city were to accept Green dollars as payment for electricity costs) or if a critical mass of businesses were involved in the system so that they could trade with one another. Without this level of support, the LETS is far more attractive to small-scale, home businesses than larger businesses that have to generate income to offset staffing and overhead costs.

Similarity and Divergence of Politics

Many participants commented on the ability to use the LETS to build solidarity with those who had similar social and political concerns. Sarah observes that "what you find with the LETS is sort of a sub-community of people who are working towards a good cause." Perhaps some of these members, like Susan, joined the system to access a network of others in similar circumstances:

> The people who I've connected with through the LETS...seem to be those types [who ask] "what do I want my life to have meant when it's over with?" "What do I want to leave behind? What can I contribute?" So it's not just "What can I

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> contribute to the LETS?" It's "What can I contribute?" - period. I've connected with a lot of people in that respect. What kind of role model do I want to be for my kids?

Similarly, Stanley observes that the his involvement has given him

> a feel for who are people in the community. It gives me a little sense of the type of people in the community too – there's a group of people who have a belief in alternative economic systems.

Clara also noted the importance of the LETS in helping her readjust to a new community after a major life-change:

> I joined almost two years ago now - shortly after I came to Peterborough. And I've found that it's been wonderful for meeting people. I've met a marvellous network of very nice...very concerned, and conscientious people in the community and it has been the starting point for building many friendships in the last two years. I would identify myself in the community as a LETS member and I would really call the LETS part of my community.

I was also drawn to the LETS under similar circumstances. My first impression of the system was that it was a novel approach to working through a number of complex, frustrating situations.

A challenge for the LETS is that, in a society largely focused on facilitating mainstream forms of consumption, it takes a great deal of effort to participate in an alternative system. Recognizing the effort involved in maintaining an active membership may be what leads Janet to note that "you have to be predispositioned [to become a member]...I don't know that the LETS can convert you." Certainly such a predisposition to reflect values other than those associated with material gain would make it easier for one to do the work necessary for active membership in the system.

I have often observed, however, the excitement and curiosity generated when people discover that there is a social movement alive in Peterborough that is attempting

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to grapple with these types of fundamental issues. I notice this, in particular, when I have the opportunity to introduce the idea of community-based currencies with university students who are starting to question the logic of the traditional market. The thought of a critical mass of people in "the real world" who have created an alternative marketplace can be extremely appealing to students who feel overwhelmed by an oppressive economic system. Perhaps the learner needs to have a 'predisposition' or curiosity about alternative markets, but once they realise that there is already a vibrant system in their own community, the potential for community involvement, and for market resistance, creates an excitement that can inspire someone to take action.

Even Robert, who tended in our interview to be more comfortable focusing on the business aspects of the LETS, commented on the importance of the LETS in forming a conscientious community:

> It's really hard to stop and realize, but there's a lot of people that we see on an ongoing basis that [we've met] through the LETS. Some we do business from, some we just know.

Susan, too, notes that the LETS is useful in helping her maintain contact with people who shared similar economic and social concerns, even if they are no longer active traders:

> I've made a number of friends through the LETS that now I see pretty much outside of the LETS. It's been a nice, natural thing to tie people together because there are quite a few different types of people that join the LETS. As a common feature, it is useful for maintaining the tenuous relationship that usually happens at the beginning when you first meet someone. There are a number of people who I built up a relationship with by doing business. We did that enough and chatted enough while we were doing that, that now we don't really deal much with the LETS together but we're just friends.

In addition to the formation of friendship links, other participants recognize a common political thread among all members. For instance, Janet comments that she:

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> met some more creative people and people who were more interested in the environment. So that was great. I found, basically, the people that I more enjoy hanging out with [in the LETS]...I really enjoy the gatherings...the trades for more holiday times and special events because there is a lot of joy and I feel that that versus a regular community event is so different...I might find some joyful exchange in some community events if I went because I'm that type of person anyway... but I'm guaranteed to find a joyful exchange with the LETS because that's just the kind of people they are. Let's face it; it's not really straight, conservative, average people. They want to help each other live in a different world.

For Janet, more meaningful friendships are built on political solidarity. Others, like Clara, note that there is actually quite a divergence of political leanings at play in the system, but that this rarely seems to lead to conflict:

> I can't really speak for everybody because I don't know everybody in the LETS and I might have initially thought that the LETS would have been really left-wing. But I've come across some very right-wing people too. And that's OK. I think there's a nice, inclusive quality that accommodates everybody and people tend to be quite open-minded and willing to listen to one another.

Similarly, Janet notes that, although the system may have been initially driven by "progressive" people,

> it started attracting more of the "regular" people. But isn't that a beautiful way to exchange energy because you become who you are with in life. So if you are mixing energies [or philosophies], people who may not have thought of certain things will probably become a little more creative in their approach. I tend to like people like that because they have a lot of experience in the work they've done and they really know how to show up and be there, so there's this mix of talent or ability or perception, which I find quite good.

On the other hand, the political chasm between members can also seem insurmountable at times. Colleen poses a crucial question when describing a new member who joined the LETS for social reasons: "She buys most of her stuff at WalMart. And it was just, like, two sides of the canyon. How do those two ever come together?" These observations of political disjoint are in keeping with Williams' (2001) findings, described in Chapter

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Two, that the LETS in the UK seems to attract members from diverse political backgrounds. As can be seen from the above examples, the identification of and association with others who share similar political ideologies - or at least are receptive to different perspectives - are important considerations when building a community. Sometimes this is encountered within the LETS system, but not always. This disjoint can be disheartening and alienating for those attracted to the system on a ideological level as opposed to those who are drawn to the system out of necessity.

Recasting One's Own Social Safety Net

The LETS can serve as a network to connect with other members in the community and help those in need. Just as importantly, many of the members who I interviewed reflected on the capacity of the system to help them through their own periods of hardship, both economically and socially. The isolation and division inherent in much of the traditional market place is thus countered in an alternative market setting. For example, Barbara was greatly comforted by the sense of social responsibility among members when she faced a personal tragedy. Her comments seemed particularly interesting, considering that she also seemed to harbour many grievances against the LETS. The following conversation reveals one of the ways in which the LETS community can provide an important support network for its members:

> Barbara: When my father died a couple of years ago...well, prior to that, he was very ill with cancer, and there were a lot of times when I couldn't trade as much as I had before. People would call me and want stuff, but they *understood* that. And they'd say, "We're sorry what happened, but it's really nice to have you back." People would phone and people would ask [about her father] and when he died, people would send cards. Everybody is genuinely concerned about everybody else and it's really nice.

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> David: So again, there's that sense of responsibility [to one another].
>
> Barbara: Yeah...*social* responsibility...some people were angry that I couldn't, you know, do twelve cases that week. But those are the people that have the money to go to A&P [local grocery chain] if they want. It's just *fun* for them -- not really a big deal. But the people who were really into it and really *cared* about me personally -- and not just what I produced -- were willing to wait.
>
> David: So maybe the LETS is kind of replacing what used to be a more "neighbourly" concern for one another.
>
> Barbara: It's a bigger neighbourhood now. My neighbours didn't even know what was going on. But the people on the LETS knew – it's like one big neighbourhood. The members know what's going on with everybody else.

The above conversation touches on a theme that recurred in many conversations, namely, an almost nostalgic recreation of community values that have been eroded with the growth of modern capitalism. Janet finds "the LETS is a little closer to what that exchange in goods and services was about from old times than it is now with big business. Our economy shapes our society in that we become more and more compartmentalized, more and more rational and scientific and that takes us away from our traditions that we grew up with."

Two of the participants interviewed described their use of the LETS as a support system when they were in need and marginalized by the mainstream economy. For instance, Clara describes a precarious situation that she and her family were in last year:

> My husband and I have had a lot of financial difficulties since moving to this community. We lost a great deal on [the sale of] our house in Northern Ontario and I was going to the food bank a couple of times last summer. When I found out that people were doing food in the LETS, I spent a lot of Green Dollars last Fall on getting canned goods and I was able to get around 10 frozen chickens through a LETS member. I also found someone who was able to do child care for half Green Dollars and all of those things made a tremendous difference to us.
>
> I have a husband who works at a reasonable level by Canadian standards and it

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> has been really, really difficult – we wouldn't qualify for other programs. At Christmas time we were seriously faced with bankruptcy that could have potentially made us homeless. We were able to mobilize our knowledge and skills through the LETS and other ways through the community and avoid it. I think especially since I've been underemployed, that's been a great help.

It is significant that Clara considers her family relatively "wealthy" by Canadian standards and, also, that she would not be eligible for social assistance from the government. Perhaps the LETS serves as protection from the traditional marketplace for other members, as well, when their needs are not recognized by the government. That Clara and her family were able to use the LETS to obtain food and child care suggests that the system can provide a valuable function in satisfying the needs of the traditionally undervalued "household" economy.

Janet, too, notes that trading always occurred within the economic sphere that women considered their own:

> Especially thirty or forty years ago, women weren't part of the [market] economy but had their own economy. So women's work wasn't given a dollar value but there was a lot of trading, exchange and barter that was going on behind the scenes. That wasn't named so much, was it?
>
> David: No, I don't think so. I think it was a way of life.
>
> Janet: It was a way of friendship.

Clara case presents the most dramatic example of a member using the LETS for survival. However it was not the only one. Janet also spoke of using the LETS to rebuild her house when she did not have the financial ability to do so through other means. She was recently divorced from her husband at this time, and the LETS providing the primary caregiving for her two teenage children – a considerable strain on her own financial resources. Clara also recounts the story of a woman she knows on the LETS who has

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recently become eligible for a disability income:

> She's not able to work regularly but she can sew and she'll even cleverly call around when she really needs money at the end of the month and is waiting for her next cheque and she'll ask "do you need any sewing? I'll work for Green or Canadian [dollars]" and I try to support her by going and finding something.

These three examples illustrate some of the ways that LETS members have been able to use the LETS to survive when they found themselves alienated from the traditional economy. Clara's last comment also leads us to a common finding in the data – that the LETS was able to provide a means for members to help one another, not only themselves.

Revaluing Skill

Closely connected with the above theme is the system's capacity to allow members to re-evaluate and re-shape their own marketable skills and to provide them with a safe environment in which to test new business ideas. As was suggested in the Literature Review, many interview participants commented on this useful opportunity that the LETS affords them. Susan, for instance, noted that

> Typical of most people who joined the LETS, when I joined I didn't really have a concept of what I had to offer and soon after I joined, I started selling cloth diapers as a distributor. So the LETS seemed like the ideal way of advertising. It hasn't really brought in much business, but it was a good way to get started and to test the market.

Since sharing this information with me, Susan has passed on her business to another LETS member who now sells a wide array of environmentally sensitive infant products. Clara is another member who has been able to try out a number of different business

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ideas through the LETS. As can be seen in the following exchange, Clara has discovered that she has a natural entrepreneurial spirit:

> I've been able to trade so many things, you can't imagine (laughs). I've done resumes for people, I've done small business consulting, I have sold Avon products which are beyond the traditional array of make-up and bath products. I sell videos, clothing, a whole array of herbs and vitamins, toys, gifts – a really broad spectrum of products and I've been able to sell them through the LETS system.

In a similar vein, Colleen notes that "you join with certain ideas of what you are going to do but the LETS seems to open up opportunities for other ventures. I think what I signed up to do I have rarely done, but other things have happened – like I got hired to harvest garlic once."

One of the key ways that the Peterborough LETS encourages the revaluing of skills is in acknowledging the sphere of "women's work" that is usually grossly undervalued in the traditional market. Susan remarks that this is easily seen among the small scale craft producers: "We're wonderful sewers and knitters and crafters that traditionally have never been paid for our time and energy for doing these great things and I like to see that more acknowledged in the LETS." Sarah notes that having a venue to sell her stained glass work is extremely valuable in helping her build self-esteem (presumably because this opportunity rarely exists in the mainstream market).

> There's nothing better than feeling good about something that you've done. In my case, when someone walks away with a piece of stained glass and I know they're happy with it, you feel wonderful. You see that pride – certainly in the markets – so I think it instills that sense of well-being in people.

Susan adds that participation in the LETS often allows members to recognize the marketable skills that they have but may never have realized and taken advantage of. In particular, it is those who are usually dispossessed in society who can benefit the most

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from this opportunity.

> I think that when people just get together and they talk, ideas start coming out of the offers come up – "Oh, I can do that for you". A lot of time individuals do a full skills inventory or discover what their transferable skills might be. I know a number of LETS members who are on fixed incomes, be it disability incomes, welfare, family benefit type things, and they really do improve the quality of their lives by their participation in the LETS as I feel I do. If we can provide more opportunities to be supportive to each other I think that would be very valuable.

As Robert adds, the LETS "gives people a bit of a testing ground to see if something will actually work before they put money into it." However, the disadvantage of having a 'testing ground' is that there are serious repercussions in terms of customer dissatisfaction and poor public perception of the system, should a venture prove unsuccessful. Janet comments:

> I like for people to have a stage to try their stuff out. [However] if I need something done I want it done fairly soon and done well because that's the way I serve people and have built my business up so much. That would be the one thing I would encourage people to be as responsible to each other as they would expect a professional in the more straight economic exchange community to be. Most of them are and I'm not really judging the ones that weren't. They were just trying out something that they really didn't have down. And that's where [some] people have lost interest in the LETS.

Furthermore, Colleen adds that this can alienate the professional members who do not necessarily wish to be associated with business novices.

> *Colleen:* There was a plumber, an electrician and a carpenter on the LETS and those people have sort of backed off.
>
> *David:* Because they were swamped with Green dollars?
>
> *Colleen:* Yes, and people not understanding the professional nature of their work. Calling them and saying " My roof leaks and I need you to come fix it today" and not understanding that you are talking to a contractor who books three months in advance.

Regardless of these challenges, interview participants generally agreed that the

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LETS can provide an important economic function in allowing members to test and re-evaluate their skills. Paul suggested that there is most likely a strong correlation between members' active participation in the system in relation to their position within the "natural cycles of the economy:"

> I think people may not articulate it in this way but I think people were realizing that the traditional economy is fairly arbitrary in how it rewards skills and a lot of very talented people are shut out of the traditional economy during recessions. Again, I don't know how conscious people were of the relationship between, say, inability to perform in the mainstream economy and being attracted to the alternative economy. Part of that's survival.

This comment sheds an important light on the previously explored theme of "Recasting One's Own Social Safety Net." One of the primary reasons that interest in the LETS has been waning in the past couple of years could be that people are, for the most part, feeling less economically vulnerable than they were when the Peterborough LETS was flourishing in the mid-1990s.

Rebuilding Social Responsibility

In addition to members' use of the LETS to strengthen their own social and economic security, many participants also commented on the sense of responsibility that they have towards the members that they trade with. As Susan observes, there is recognition among members that "it's not in either of our best interests to shaft the other person...there's a real responsibility that we take for the other person." It is not difficult to contrast such an exchange to exchanges in the traditional marketplace where both buyer and seller try to protect their own self-interests.

For many participants, the LETS provides a valuable learning opportunity as they

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often trading with people who had much greater needs. Barbara, for example, had lived in Peterborough for her entire life but had no real exposure, or understanding, of the poverty around her until she became a member:

> It really opened my eyes to a lot of things --the grassroots community, a lot of poverty in Peterborough -- and I was really surprised at that, because I had never experienced that in my life. I was some sort of big "you know, I'm on the LETS" [self-inflated tone]. Well, some people have to trade to *eat. I*t was a completely unknown phenomenon to me. It really changed my mind --my view on Peterborough -- completely.

Similarly, Sarah noted that her participation in the system "opened her up to new realities .... It certainly put me in contact with a new group of people that I hadn't had much contact with before...people who are struggling."

Peter, the member who was hired to initiate the system in the first place, acknowledged that this capacity to bring people together from different economic backgrounds was one of the educative aims of the LETS from its inception:

> I think that LETS has a diversity of engaging people in the "lichen" -- or however you want to look at the 'economic food chain,' exploded and eroded by capital. If you want to look at how to rebuild that, LETS is neat because it does bring people from really different economic realities together. Social agencies can become quite insular and lack that expansive apparatus. The LETS is there for *pulling* people into contact with one another.

As Peter contends, trading with people who are at an economic disadvantage seems to create and reinforce a sense of social responsibility among some LETS participants.

Participants in this study also commented on the tendency for members to buy items, not because they were meeting their own needs, but because they felt sorry for members who didn't have anything particularly compelling to trade. Colleen noted that she would:

> look at [her husband's] box and the end of the day and he has all this *crap,*

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> because he's gone to all the people's tables at the end of the day, and he'll buy stuff from them just to have some sales. People do that. He always finds someone to give it to.

Although her husband's actions are understandable, given that he might want to encourage other members to trade within the system, his action hardly seems sustainable. If Colleen's husband engages in trade out of a sense of pity instead of as a way to meet his needs, he may eventually suffer from "compassion-fatigue" and perhaps lose his capacity to look out for marginalized members in this manner.

Some members take pride in the willingness of people to be inclusive towards others who would otherwise be marginalized in society. Colleen describes a gentleman who interacts with children at the Christmas LETS market. She refers to a friend who "thinks he's crazy but [she] thinks he's fine, he's harmless, he's 'whacko' but he's harmless and fun with the kids. So the people who are misfits, the people who need a place to fit in have a place here." Indeed, Paul suggests that there is a likely correlation between people's "inability to perform in the mainstream economy and their attraction to the alternative economy." However, he also warns strongly against the LETS' ability to maintain this inclusivity:

> You come to the LETS as a social movement and whom do you want to reach? You want to reach the most marginalized. So the marginalized person comes to the LETS and is asked to take a huge leap of faith. An exploited person, someone who's been habitually undervalued, you are asking them to trust a community of people. The 'fibers' or the 'lichen' needs to be rebuilt much more systematically. I think that's where LETS falls down.

This observation is in keeping with the arguments made by Bowring (1998) in Chapter Two. There is no real assurance that the systems of marginalization that occur in the mainstream economy will not be simply replicated in the LETS, although the reduced

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scale of the market may make these patterns more explicit and less palatable.

Not all participants emphasized the re-embedded nature of LETS exchanges. Stanley, Jennifer's partner, noted that the LETS had given him a "feel for the people in the community," although he believed that any exchange through the system was still an economic, and not a social, transaction: "Even with the trade markets, you can do a bit of socializing. But the intent is not to do that *per se,* but to be a marketing tool and to facilitate economic exchanges." As well, Robert only made passing reference to social responsibility in our conversation, although I tried to solicit this information specifically. The reluctance of both of these men to discuss social aspects of the LETS could well be an issue of their gender.. If so, their reticence would point to the essentialist argument that women value relationships more than men or, at least, are less comfortable in discussing the importance of relationships. With such a small number of respondents in this project's sample, however, I pose this as a possibility only.

Reestablishing Trust through Reciprocity

The capacity to build trust among LETS members is an intrinsic element of the system. Community currency systems based on printed currencies exist throughout the world but LETS avoids running the risk of commodifying money by using a virtual currency. Thus, the process of trading is entirely contingent on trust established and honored among members. For instance, if I accept another members Green Dollars for one of my recordings, I have to trust that they will contact the LETS administrator to have their Green Dollars transferred to my account. Common business accounting would advise me not to accept another person's "IOU" as a payment for my services, but in

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essence the LETS operates entirely on an "IOU" system. That the LETS has remained as an active system for such a long time in our community speaks to much more than a healthy community; it speaks to the social needs that were once an intrinsic part of commerce. The globalization of currency and trade strips individuals of these social interactions through commerce. My data leads me to believe that, contrary to the neoliberal ideology of the day, this process is neither wholly positive nor inevitable.

One of the recurring themes in this study's literature review was the potential for the LETS to rebuild trust eroded by a market economy that encourages us to think of one another as competitors. When prompting participants to reflect on the Peterborough system's capacity to encourage trust, however, many chose to focus more on instances of abuse of this trust. This may have been a result of our natural inclination to 'accentuate the negative' and also a reflection that these members may have had some other disappointing experiences with the system that were not revealed. As was suggested by the critical analysis in Chapter Two, we are perhaps inclined to allow the antisocial tendencies of the traditional market economy – as its underlying logic is so pervasive – to creep into systems that were designed to be alternatives. Colleen suggests this most clearly when she suggests why she her own business may be floundering:

> See, that's why my business doesn't work personally. I try to operate my business on a LETS principle but I'm working in a market economy where I'm *supposed* to take everybody. I'm *supposed* to sell the biggest thing.

This quotation neatly summarizes the internal struggle that entrepreneurs face in applying high ethical standards on their work at the price of being able to compete effectively in a system that does not necessarily value these ethics.

Barbara and Colleen, who have both served on the system's board of directors,

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commented on the frequency of members leaving the system before they had cleared their debts. As they both note, this eventually erodes the fundamental principal of reciprocity. Barbara observes that "there have been people that have signed up on the LETS and gotten their $250 Green that have run it up [i.e. they have accumulated this amount of debt in the system] and left town. So the LETS is stuck with that and it hurts the system." Colleen adds that some members do clear up their accounts when they leave the system by settling their Green debt with Canadian dollars. The, "majority of folks", however, say 'Well, they are Green dollars' and just walk away." This erodes the initial trust that allows the system to "assume that people who are going to join do so in good faith."

Participants also noted three other common failings of the system that eroded their sense of trust. The first was the actions of unscrupulous members who join LETS only to take advantage of the built-in market. For instance, Stanley says that he has "a big problem with people who put their names on the LETS as a way of getting clients and say they won't take Green dollars or take minimal Green dollars [less than 30%]. That's happened to [Jennifer and me] twice." A second common problem was that of members who did not have the sufficient skills to carry out the tasks that they had advertised. Janet noted that

> Folks want to try out some of their skills that are not yet all formed and hang out lots and lots of shingles in the LETS. Then they find out that they don't really know how to do what they say (laughs) and that they're not really available because they are just trying it out. You want people to have a stage and a forum to do their stuff and practice but with a sense of being accountable for it.

Paul suggests that the administrators need to put more energy into facilitating contact between members, and highlighting the fundamental philosophical differences between

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the traditional market place and the LETS:

> [As opposed to] a system that basically atomizes people and turns them into production/consumption units, it is difficult to say "here's this new system – come on in and play" when you have people who don't trust or don't feel confident in their skills.

The third element that can erode trust is what Paul refers to as "the commodification of the neighbour principal." He observes that he could have made several hundred Green dollars by helping put drywall up in his daughter's bedroom and that he could have charged his friend in consulting him on how to re-caulk a window. "But that's just us being boys, right? The commodification of that is difficult because you are trying to create space outside of the economy and that's an internal contradiction." Again, Habermas' theory of the struggle between system and lifeworld points out that applying strict economic rationality to a fundamentally social exchange is likely to undermine the spirit of trust and camaraderie which created the relationship in the first place.

Both Paul and Barbara commented that many of these problems might be addressed through a more vigorous screening process for members. For instance, in the following exchange, Paul observes that it takes time for people to understand the systemic nature of barter in the LETS:

> Paul: It's not a barter system, it's a goods/services exchange. There's no [or very little] direct barter involved. People get barter because they control barter
>
> David: and it's that loss of control that weakens the trust.

As a system administrator, Colleen acknowledged that the lack of screening and training for members potentially sets the stage for dangerous situations:

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> Who accepts liability for the things you buy? And what about child care? That's a really big one – if we've got people listing child care and they turn out to be pedophiles because we don't require police checks for our members.

This is perhaps an extreme scenario but it does serve to underscore the different ways in which trust can be quickly and dramatically eroded in the system if the administrators do not properly screen and educate new members. As Barbara observes, "if people come up with their membership [costs], then it's OK."

Not all of the observations about trust and reciprocity focused on challenges; some also focused on the ways in which trust was reinforced and shared through system exchanges. Clara notes that

> I never feel ripped-off or hard done by when I participate in the LETS because I always feel that I've asked a fair price and I have been compensated. I find the LETS is large enough that you really can get a large basket of goods and services in exchange for any work that I do or for any goods that I sell.

This trust is also revealed in the amount of flexibility that a seller will have in determining the proportion of Green dollars accepted in a trade. Robert observes that

> It depends on the customer and what they can afford. With some customers, I work 100% [Green] for them and they work 100% for me. I have other customers that I work 100% for just because they can't afford Canadian dollars.

Sarah also adds that personal accountability is perhaps more crucial in local currency systems. Participants have to learn to trust one another and to deserve the trust they are afforded through their membership in the system.

> I think that I have learned to trust the process and trust the people involved in the process. When it comes down to it, you are trusting "good faith" and I have learned that the faith is definitely there. The nice thing about this "give and take" is that just as much as you trust another person, it forces you to act on your faith because you are promoting yourself.

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Trust is an underlying basis of all economic systems. However, one of the common perceptions revealed in the study's literature review is that as commerce becomes increasingly focused within what Braudel termed "true capitalism" (i.e. the opaque realm of high finance and multinational corporations), we learn that we cannot rely on the marketplace to guard our own best interests. Regardless of the rhetoric of good customer relations, we expect businesses – where the profit motive is paramount -- to deceive us in any way that they can. The LETS was designed to be a closed system in which personal relationships between producer and consumer would permit a renewed level of trust – harkening back to a time when we expected that all transactions would operate at this level of civility and reciprocity. As we have seen in this section, it is possible to renew our sense of trust through commerce but it will not occur without a concerted effort. The system must screen its member applicants and provide some basic rules for conduct for all members to ensure that courteous and professional standards are upheld within the system.

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Chapter Six: Conclusions

This thesis consisted of a single case study of the Peterborough LETS, a community currency system that seeks to establish a parallel market to our traditional economic system. In so doing, the LETS aims to provide communities with a buffer from some of the socially and politically destructive aspects of modern capitalism. Drawing from Polanyi's theories outlined in Chapter 2, the LETS seeks to re-embed market exchanges within the realm of social relations. From an Adult Education perspective, participation within the LETS can provide members an opportunity to critically reflect on the changing nature of capitalism and to construct a market system that is more reflective of their own deeply-held values such as trust, reciprocity and their ability to protect and help one another. In essence, the LETS can provide a powerful tool through which members can create their own sense of community that is no longer in direct conflict with these values. However, it is crucial to note that conflict abounds within the system as well. As was alluded to in the literature review and revealed in the data analysis, both active system members and "arms-length" academics recognize that there are many different perspectives on the educative capacity of the system and that it can be used to reflect conflicting values as well.

The primary question that this study posed was: What meanings do members of this system hold concerning economic and social aspects of their participation? In other words, were members able to use the system in order to critically examine and change their economic relationships? This primary question lead to a number of key secondary questions. If, like myself, they had been drawn to the system because it appeared to

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represent values that were at odds with mainstream capitalism, had they indeed been able to find expression for these values? What political consciousness spurred members' initial involvement and to what extent might it have been further developed through participation?

The main source of data for this study was a series of eleven loosely structured interviews conducted with key informants. In addition to these transcribed interviews, I also drew on my own observations as a participant and member of the system's Board of Directors, as well as various documents produced by the Peterborough LETS (newsletters, directories, bylaws, etc). Initial analysis of the primary data that I collected lead me to reevaluate the categories that I had planned to use for data analysis and to delve further into the literature that was emerging at that time. A more careful consideration of some of these critiques helped me to better understand some of the contradictions that I had encountered and to sift through new categories for analysis. Data was then analyzed under through the categories "opportunities and opportunity costs"; "similarity and divergence of politics"; "recasting one's own social safety net"; revaluing skill"; "rebuilding social responsibility"; and "reestablishing trust through reciprocity."

In terms of the opportunities afforded by the system and the opportunity costs borne by it, it was revealed that the system is administered primarily through the work of key, dedicated volunteers and that the daily operation of the system is primarily the responsibility of one part-time staff person. Periodic tasks that are crucial to the system like compiling the "Green directory" and the newsletter are carried out by members who agree to receive payment in Green dollars. As funding for the system is insecure, the Peterborough LETS is continually looking to streamline its operations, placing a good

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deal of pressure on the few members who share the task of leadership but especially so on the system administrator. On the one hand, this provides a rich opportunity for skill development for these key individuals but, on the other, the pressure of maintaining the system is quite intense and can quickly lead to "burnout" and resentment. Moving beyond administration, it was noted that the system provides a means by which members can participate in a market system without sacrificing their values (as is, presumably, demanded of them by the mainstream marketplace). Observations from some of the long-time members suggest that participation in the system now required much more effort on their part. It was not clear whether this qualitative change was a result of their personal attitude towards the system (in that it had either lost its novelty for them or that they had discovered that the system was more diverse then they had anticipated) or a result of changes in the local community so that people had less time for community involvement and were becoming more isolated.

When exploring members' political motivations for participation, it was revealed that there were both grounds for building solidarity and for recognizing fundamental differences. Many participants commented on their ability to use the LETS to identify "like-minded" people within the community once they had relocated here. My own experience was quite similar in this regard. However, one participant observed that the LETS cannot "convert" members – they have to be open and have a political predisposition to seek out this community. While economic need and social isolation may lead members to join the system, it seems that most of the members who I interviewed in 2000 are no longer as active in the system as they were at that time. This could well be because there was a perceived political and philosophical coherence that, over time,

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proved much more complex and contentious then they had first imagined. If this is any indication of a broader trend, it is likely that members join the system to fulfill a particular need but that once that need is filled, they leave. This theme will be explored further in the following section.

The next two themes – "recasting one's own social safety net" and "revaluing skill" – can be examined together as they both relate to members' capacity to become more "grounded" in the community through participation. Some members commented on the highly valuable connections that they made through the system that sustained them in times of great economic or emotional need. These examples of kindness and generosity could be what keeps members involved in the system long after their own needs are met. Members also noted the capacity of the LETS to provide a market for the type of gendered activities (i.e. "women's" work) that were generally not valued in the traditional market place. It is also key to bear in mind, however, that many analysts who have studied the LETS question if it does not merely duplicate many of the imbalances of the traditional marketplace. In terms of skill development, members observed two different aspects. On the one hand, they could use the system as an important means of developing their own skill-set in a safe environment and that the connections forged often provided unforeseen avenues of skill development for them. On the other hand, from a consumer perspective, members often had to lower their expectations in terms of the quality of product or service that they received through the LETS as they helped other develop their skills. This leads to crucial questions as to the real value of the LETS dollars that the system encourages us to consider being on par with Canadian dollars.

The last two themes explored, "rebuilding social responsibility" and

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"reestablishing trust through reciprocity" show how valuable the system can be in exposing members to the economic diversity of the community. One participant noted that although she had lived in Peterborough all of her life, she did not realize the extent to which many community members were mired in poverty. Another noted that having a market where you trade with members and learn directly about their struggles can create a greater sense of social responsibility for members. However, he also noted that social responsibility for each other must be maintained on a careful, ongoing basis and that the inability of the system to ensure this was a crucial weakness.

While participants readily shared their thoughts on the positive aspects of the LETS, they also freely posed questions about the system that remained unanswered. Often the same member expressed both a deep appreciation of the system's community-building capacity and frustrations with its failings, combining both the "panacea" and "critical" approaches outlined in Chapter Two.

Embedding the Study in a Field of Larger Issues

This study spans the past five years, during which time my understanding of economics and community development has changed considerably. The LETS was one of my primary entry points to Peterborough and thus helped shaped my appreciation for this city. In its attempts to create a new economic system that would help buffer its members from the ravages of capitalism, the LETS reminded me of the Antigonish Movement of the 1930s and 1940s. In both cases, citizens were given an opportunity to critically reflect on economic structures that held them in check and encouraged them to build solidarity

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in struggle against these structures. Yet, whereas the Antigonish Movement was a thoroughly modern experiment that tried to mobilize the leading institutions of the day to help the "common fellow," the LETS is fundamentally a "bottom-up," grassroots movement. Given the history of the Antigonish Movement, One might expect that the East Coast of Canada would provide fertile ground for an alternative currency such as the LETS, but the idea did not seem to catch on in the 1990s when it did elsewhere in Canada. Perhaps the long history of economic struggle in the East accounts for the lack of enthusiasm for alternative economic systems. In Ontario and British Columbia where the system has taken root, economic disenfranchisement is more of an anomaly than a way of life.

A large part of what attracted me to examine a local currency system was a fascination with the extent to which economic (or "technical") rationality shapes our ethical decisions. As adult learners, how do we learn to critically examine and challenge this pervasive rationality that encourages us to think of ourselves as competitive profit maximizers? It is very difficult for us to synthesize and communicate the different ways in which market economics shape our communities and yet there is little room for doubt that clear economic rules and norms profoundly shape civil society. Part of what we consider to be the transition to adulthood in our society is our ability to learn "the rules" of our economic system. And yet economics is such contested subject matter that it remains for many of us perhaps one the last acceptable vestiges of mysticism.

I was fortunate to have had the opportunity to discuss international and community development issues with hundreds of university students while writing this thesis. My work in the department of International Development Studies at Trent

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University has provided me with a much deeper understanding of the learning process that we engage in as we begin to unravel our system of economic rationality. Students are often incredulous that the control of our financial system is so far removed from their/our hands. We can do very little to invest in our own communities without having that investment siphoned away. 'Delinking' from global financial systems and turning our focus to systems of localism seem to be the most logical (and most daunting) solution at hand. Another common reaction that I notice in discussions with students is their vehement defense of economic values that shape their understanding of their place in society and how they regard others. Fostering critical awareness of these values and encouraging students to consider their political implications can be seen as quite threatening as these values are so deeply rooted in student identities.

The messages that reinforce our economic values come from many different sources (such as mass media, family, public institutions, religious institutions) and are difficult to trace or unravel. Much of the data that I gathered from participants of this study reflected similar - albeit thankfully tempered – processes of critically questioning what it means to be members of our community, and the extent of our power to shape and share an alternate value systems based on trust and reciprocity. To use Habermas' theory introduced in Chapter Two, how do we prevent the colonization of the lifeworld by the system? Or, as Polanyi asked, , can we re-embed the economy into society so that exchange once again fulfills a social function as opposed to promoting gain for its own sake? Is it possible to turn a currency system "on its head," as it were, and use it to reinforce a radically different ethical framework?

By the time I began to study the LETS, it seemed as though it had already passed

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its "glory days" and that enthusiasm for the system and its potential was waning. This was reflected not only in my own observations as a Board member and the other data that I collected - it also was indicated in the critical literature of the late 1990s and early part of this decade (Bowering, 1998; Williams, 1995; Lee, 1996; Gran 1998; Caldwell, 200; North, 1999). As we saw in Chapter 5, members' motivations for participating in the system are complex and often self-contradictory. This complexity perhaps reflects their deepening critical awareness. After the novelty of the idea wears off, the maintenance of a movement such as the LETS requires a great deal of energy and dedicated leadership. It also needs to develop the capacity to recognize and embrace a pluralistic mandate and to encourage its members to respect such pluralism. Members may use the system for many different reasons – as a safe "test ground" for a product they want to develop, as a meeting place for "like-minded souls" (to paraphrase from Janet), or, as Colleen puts it, to find expression for the values of the "simplicity movement." These are only examples of the different motivations that may be at play amongst members. But whatever these motivations are, if members feel that their reasons for participating are not shared by others, it is likely that they will feel alienated from the system.

Although many theorists write about technical rationality in the sense of the techniques needed for effective and efficient action towards a given goal (e.g., Habermas, 1971), Ferdinand Tönnies and Max Weber in the 19th and early 20th century provided analyses of thought and action within different kinds of community that hold particular relevance for the Peterborough LETS.

Tonnies (1957), in his sociological writing on the nature of societies, distinguished between the traditional and the purposeful. He spoke of traditional

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communities (*Gemeinschaft*) as rooted in long-established patterns of family ties, religion, place, and behaviors. In contrast, he saw newer societies form around particular purposes. These purposeful collectives (*Gesellschaft*), he noted, tended to form round a specific interest and, when their purpose were fulfilled, disbanded to re-form for the next special purpose. Most of us, living far from our parents homes and in nuclear families, spend the majority of our social time in such groups.

Weber (1978), building on what was by his day a well-established concept of evolving forms of community, distinguishes between technical or formal (*Zweckrational*) and substantive or values-based (*Wertrational*) rationality. He points to the gradual drift, within western societies, from substantive thought and action, rooted in traditions, religion, and social bonds, towards the formal – the technically rational. Purpose provides the major characteristic of the technological society (also see Brubaker, 1984). In this purposeful society, people tend to gather together for specific purposes or interests and to disband when the purpose is fulfilled.

As the findings of this study show, the LETS provides several such purposes for its membership. As Tonnies and Weber point out, however, once the particular purpose of a member has been met, that member may remain in the organization in order to realize another facet of his purpose. On the other hand, members once having successfully met their goals, may move away from the LETS to join another social learning site, taking the experience they have gained in the LETS and applying it elsewhere. This is perhaps where the imbalance between members who are drawn to the system by financial need and those drawn by philosophical or political interest is most stark. When those who do not need the system for day-to-day survival have found their

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purpose met, they can and do move on.

It is also possible that enthusiasm has waned because the economic need for an alternative system does not seem as profound as it was in the 1990s. Alternative currencies seem to develop when the mainstream economy collapses such as occurred in many North American cities during the Great Depression and, recently, in Argentina after the economic collapse of the late 1990s. However, our current era of economic globalization is quite recent, only reaching back to the mid 1970s. Perhaps the changes in our economy are occurring so quickly that we do not fully understand their implications.

As current trends of increased disparity between the wealthy and the poor continue, perhaps we will learn to recognize that such a disparity is not an anomaly but an intrinsic element of an economic system that we - as individuals and as local communities - have little control over. As we have seen in the preceding section of data analysis, the values at the core of globalization are in conflict with many of our traditional social values. Increasingly, we will be pressured to either accept this new ethical framework or to constantly forge space in which we can freely express what would now be considered "extra-economic" values. One of Polanyi's contributions is to encourage us to pay attention to the different forms of resistance that accompany the various stages of capitalism's development. They are always present but usually lurking in the margins. The more that we learn to consider alternatives, the more we will see that they are continually present. As we lose our power to maintain and express our traditional values, perhaps we will once again see a renewed interest in the use of alternative economic systems to represent them once again.

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Appendix A

Interview Questions

1. Background information - please tell me a bit about who you are...
2. How did you first learn about the LETS system?
3. Had you participated in barter exchanges previously to joining the LETS?
4. Do you feel that there are advantages to formalizing a barter network such as the LETS? Are there disadvantages that you can think of?
5. [IF NOT COVERED SO FAR] When did you join? What led you to this decision?
6. Can you describe the services or goods that you have offered since becoming a member?
7. What sort of goods and services have you bought from other LETS members?
8. Can you describe the types of personal relationships you have made with other LETS members?
9. Do you think that your participation in the LETS has changed your concept of this community and where you fit into it?
10. Can you describe different learning experiences that you have encountered through the LETS? [About community? About Political Action? About social groups, etc.?]
11. Can you describe learning situations that you've encountered through your participation in the LETS?
12. Are there other areas that you would like to see addressed through the LETS?
13. Do you think that the philosophy of the LETS is compatible with any particular political philosophy or do you see it as a non-partisan organization? [If no], do you think the LETS presents a form of resistance to the usual way of doing things? [How? Please tell me more about this....]
14. Are there other issues concerning the LETS that you would like to mention at this time?

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Appendix B

Consent Form

You are being invited to participate in a study entitled **Educating Ourselves for Social Action: The Peterborough LETS Experience** that is being conducted by David Berger. David Berger is a graduate student with Mount Saint Vincent University in the Department of Adult Education. This research is part of the requirements for a degree in Adult Education and it is being conducted under the supervision of Dr. Michael Welton.

The purpose of this research project is to explore and document participants' experiences of learning through the Peterborough Local Economic Trading System (LETS), a community association which promotes its own local currency. It is the hypothesis of the researcher that this non-governmental organization has the potential to serve as an excellent learning site for members to examine and shape the communities that they live in.

An objective of this study is to "give back" to the participants by providing a forum for reflection on what they may have gained from their participation in the LETS. It will also provide an opportunity for feedback to the organization on changes that the participants would like to see implemented. Unless you choose otherwise, it is my intention that feedback to the organization will be presented anonymously. A second objective for this research is to present a document to the LETS office of member's experiences that may serve the organization in its future proposals for operational funding.

Research of this type is important because although much research and analysis of LETS systems currently exists, there has been very little focus on the educational aspects of their activities. Namely, how can the LETS be used by participants to understand their communities and actively shape these communities? This research aims to contribute to our understanding of this issue.

You are being asked to participate in this study because you were identified by the LETS administrator as a potential participant on the grounds that you have been active, long-term member of the LETS community. If you agree to voluntarily participate in this research, your participation will include a one-on-one interview with the researcher.

There are no known or anticipated risks to you by participating in this research. Your participation in this research must be completely voluntary. If you decide to participate, you may withdraw at any time without any consequences or any explanation. If you do withdraw from the study, your data will also be withdrawn should you so wish.

The potential benefits of your participation in this research include providing an opportunity for you to reflect upon and share experiences within the LETS system. This may lead to changes in organizational programming to reflect participants' suggestions

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reflected in the study. Furthermore, this project may lead to academic papers which would aim to enhance the state of knowledge on this subject.

In terms of protecting your anonymity, only the primary researcher will have access to data given and you will be assigned a random pseudonym which will be used to identify their data in the report.

Your confidentiality and the confidentiality of the data will be protected by the fact that only the primary researcher will have access to data collected. At the completion of this study, data from this study will be disposed of via paper shredding and the magnetic erasing of tapes.

Your signature below indicates that you understand the above conditions of participation in this study and that you have had the opportunity to have your questions answered by the researchers.

_____ _____

Signature of Participant Date

_____ _____

Signature of Researcher Date

Please feel free to contact the researcher or his supervisor at any time.

Researcher: David A. Berger

Supervisor: Dr. Michael Welton
Department of Adult Education
Mount Saint Vincent University
Halifax, NS
telephone: (902) 457-6147
email: michael.welton@msvu.ca

A COPY OF THIS CONSENT WILL BE LEFT WITH YOU, AND A COPY WILL BE TAKEN BY THE RESEARCHER

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Appendix C

Participant Telephone Script

Hello. My name is David Berger and I have received your name from _____ (Director of Development at the Peterborough LETS) who suggested that I might give you a call.

I'm a graduate student in Adult Education at Mount Saint Vincent University and am currently conducting research for my Master's Thesis. I am focussing on the Peterborough LETS and its potential to serve as a learning site in which its members have opportunities to examine and question their role within their own community.

I'm hoping to set-up some interviews with members who have been with the LETS for a number of years and wonder if you might be willing to take part in this study?

(...assuming that they state their willingness to partake, I will ensure that participants:

a. understand that the interview will take only a maximum of 1 hour of their time;
b. understand they are entitled to full anonymity should they so choose and that I will assign them pseudonyms when transcribing and analysing their interviews;
c. grant consent to audio-taped interviews;
d. realize that there is no monetary incentive to participate in this project; and that they
e. understand that I will consult with them after our interview and before the final writing of the report to give them an opportunity to approve or change my representation of their interview.

Thank you very much for agreeing to meet with me. I look forward to our conversation.

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