**Local Exchange and Trading Schemes: A Useful Strand of Community Economic Development Policy?**

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**Abstract**

We identify LETS as a social movement rooted in the alternative milieux of greens, feminists, New Agers and so on, comprising those committed to experimenting with new ideas and identities. LETS have the potential to strengthen these milieux and thereby reinforce civil society within a locality, enhancing the benefits from a web of personal networks and extending them through weak links. LETS might also act as seed beds for new skills and practices which spill over into wider social and economic networks. Thus, by promoting networks which facilitate flows of information and innovation, and thereby building the capacity for responding to social change, LETS could contribute to Community Economic Development. LETS form part of a cultural rather than technological innovation milieu. Our fieldwork in Stroud, Bristol and environs suggests that, given the typical member's preference to remain distanced from the state, it is likely that a hands-off approach would be most successful in realizing the potential of LETS. To tie such schemes to specific policy goals would ignore the symbolic meanings attached to membership of them.

**Introduction**

Local Exchange and Trading Schemes (LETS) involve trading in locally established currencies. Such schemes have been widely advocated in popular media and political programmes as a policy tool for regeneration of local communities. However, given the relatively guarded conclusions drawn from academic research on LETS (Thorne, 1996; Lee, 1996; Williams, 1996a, 1996b), it would seem timely to question why such schemes might be advocated as a tenet of Community Economic Development (CED) policy. (See Patel *et al.*, 1996, for example.) In a similar vein, we need to examine why some within the LETS movement question the acceptability of CED support. In considering these questions, we first provide a working definition of CED and review its objectives. Then we examine the objectives of LETS as espoused by participants with varying degrees of involvement. For LETS to be judged as a useful strand of CED policy, there would need to be a significant `fit' between its objectives and those of LETS. We would also need evidence that the stated objectives of LETS were being delivered through the existing working model. Furthermore, we would need to find a likely acceptance of local government involvement by LETS members.

Our fieldwork on LETS, as part of a much larger project examining Networks of Renewal in the South West, included face-to-face interviews with LETS members in Glastonbury, Bristol, the Forest of Dean and Stroud. This approach was supplemented by a mail survey to the 300 active trading members of the Stroud LETS and a focus group with members of Avalon LETS, Glastonbury. Although still very limited in terms of size and diversity of membership, and still small in terms of average turnover, LETS survive and continue to proliferate. We examine in some depth one particular potential benefit of LETS that could be contributing to this longevity, namely LETS as a social movement contributing to the cultural development of the individuals involved and, possibly most importantly, the development of local and regional civil society, crucial to underpinning economic development.

However, recognizing potentially novel benefits of LETS can only be a part of any justification for such schemes to be considered as a useful strand of CED policy. In our deliberations we raise further questions which need to be explored, *viz* are typical LETS members, and the associated network infrastructure, whom (or what) CED aims to develop? If so, are LETS the most cost-effective means of achieving this aim? Without CED support, would these benefits occur anyway, through autonomous action and might CED intervention actually inhibit the attainment of the potential of LETS?

**Community Economic Development (CED)**

According to Bingham and Meir (1993), the academic literature on the economic development of localities and regions has utilized a number of differing, and often competing, theoretical standpoints. Although a gross oversimplification, in order to situate CED amongst these theories it is easiest to consider just two distinct policy categories, namely top-down and bottom-up policies. The former may be exemplified by a pattern of technological innovation and diffusion dependant on a large enterprise forming an innovative `hub' with numerous smaller firms as `spokes' diffusing technology radially (Gray *et al.*, 1996). This leads to the emergence of a shared skilled labour pool, which is a key resource in developing an innovative milieu within a geographical region, with high mobility of labour between the hub and the spokes. (There may, of course, be more than one hub in a region). This hub-and-spoke model is linked to the top-down policy of attempting to attract inward investment in order to generate a cycle of economic regeneration.

An example of the second category, the bottom-up policy approach, is a model which suggests that networks of small businesses are the innovators, but that these businesses are not simply economic agglomerations of small firms achieving economies of scale by locating adjacently in the same industrial district. Instead, what is central to the success of particular regions is the social embeddedness of economic relations and technology in the region (Polanyi, 1992), via social networks (Granovetter, 1992), a shared community of values or trust (Lorenz, 1992) or `untraded interdependencies' between local traders (Storper, 1993). For example, it is argued that the economic miracle of the Third Italy combines extended family relations with the adoption of new technologies, a form of flexible specialisation.

This social embeddedness argument has been one factor in the promotion of policies supporting more organic bottom-up economic development, focusing on support for small-scale or `community' enterprises and initiatives. This theoretical stance underpins the thrust of CED. CED is a particular, bottom-up, policy angle on the wider notion of local and regional economic development. CED has been defined as:

"The collective term for a number of strategies and activities which have as their aim an improvement in the economic and social health of a community." (Henderson, 1991), and as:

"Development which will lead to the involvement of communities in activities which improve and sustain their economic welfare and quality of life." (Patel *et al.* 1996)

It would appear though that only particular communities should be targeted. Patel *et al.* state that the regeneration process (of which CED is a part) will be ineffective unless it alleviates the:

... key problems faced by marginalized groups such as black communities, lone parents, disabled people and refugees. (Patel *et al.*, 1996, p. 9)

Given that LETS are often seen as a solution to the problem of a lack of `real' currency, it is interesting to note that one aspect of marginalization during the late 1980s and 1990s has been a withdrawal of financial institutions from poor areas in developed countries. One response to this in the USA has been the growth of alternative institutions of accumulation such as credit unions (used by one person in five in 1986) and community banks. This contrasts with the 0.1% (in 1986) of the British population who used this source of finance. In the UK, credit unions have remained heavily concentrated in Catholic communities of Northern Ireland and in the Republic of Ireland (Leyshon & Thrift, 1997) although McKillop *et al*. (1995) note the rapid increase in the number of credit unions in the UK in the early 1990s with a growth rate of 12% in 1992 alone. Parallel alternative institutions, such as Bond committees, performing a similar function to credit unions, have appeared in the Pakistani communities in the UK (Herbert and Kempson, 1996).

However, if we focus on the notion of CED support for LETS, a degree of ambiguity is evident. Whilst we acknowledge that these marginalized groups may be indirect beneficiaries of CED resources targeted at other groups, a sort of `trickle-across effect', the membership profile of a typical successful LETS contains very few from such marginalized groups, with the exception of lone parents. One LETS we examined had an equal opportunities policy stipulating what kinds of restrictions individuals could make on their trading, such that a member could decide to trade only with women, but not only with white people. However, the scheme had only one black member in an area where 24% of the population was from ethnic minorities. This reveals the distance between the rationalized policy position and the ability of LETS to connect to social networks that do not share their background and core values.

Patel *et al.* (1996) outline the objectives of CED as:

· Enhancing the competitive advantage of the area

· Integrating local community and economy/neighbourhood within the surrounding economy

· Fostering environmental sustainability

· Fostering economic sustainability

· Fostering social sustainability

· Increasing the bargaining power of communities

· Improving the community's capacity to engage in economic development and regeneration

As can be seen from Table 1, there are many and varied tools available to policy makers concerned with CED. It would seem that certain tools, such as Community Development Trusts, have the potential to achieve more of the objectives than do Credit Unions or LETS. Even so, LETS are advocated as worthy recipients of CED support.

**Insert Table 1 near here**

**LETS, Social Movements and Alternative Milieux**

In our fieldwork, using a mail survey of members of the Stroud LETS (32% response rate), we asked respondents to indicate which good or service they had most often provided on the scheme. (In our data analysis, we refer to this as the "primary offer" with other goods and services less frequently sold by the same person being classed as their "subsidiary offers"). The most common primary offer was alternative health care (25%), followed by home and domestic care (17%), professional and business skills (17%), and arts and crafts (14%). However, taking into consideration subsidiary offers, professional skills emerge as front runner (37%), followed by alternative health (27%), arts (24%) and domestic care (22%). Such a pattern is not uncommon in the other schemes we have studied, as evidenced by the balance of goods and services in their directories, and from comments from interviewees. The same is true of similar schemes in the Netherlands (Offe and Heinze, 1992). Alternative health care is also the main or most frequent service to be consumed (31%), followed by repairs and manual skills (16%) and food (13%). When subsidiary, less frequent, consumption is taken into account, the order remains the same but the gaps close. When asked to identify what unavailable goods and services they would most like to find on the LETS, many just wanted better quality although there were strong desires for food and household repairs. We suggest that the predominance of food, and organic food in particular, as an unfulfilled desire reflects the symbolic value of food production as the core of any economic system. We interpret this desire for food on LETS as a symbol of the ability of LETS to function as a `real economy' catering for the `real needs' of its members, by feeding them. (For a similar view on the centrality of food to an economic system see, for example, Lappé and Collins, 1982).

We found, like Williams (1996b), that recruitment generally takes place through word-of-mouth. 77% of our respondents were recruited through personal contact, compared to only 5% through the media. This pattern is verified by the 44% of members whose friends subsequently joined the scheme. People seldom join social movements alone; recruitment through social networks is the norm (Melucci, 1996).

Table 2: Motives for Joining LETS.

|  |  |
| --- | --- |
| Motives | LETS |
| Instrumental Utilitarian | Save money, get credit, practice skills |
| Political / ideological / strategic | Replace global market with fairer local alternative |
| Expressive Hedonism | Massage and other luxuries |
| Authenticity / identity / community | Alternative / local lifestyle, sense of place / belonging. |

We asked members of LETS to state their reason for joining. While members do describe LETS as an economic organization, the primary motive most often cited for joining was to do with attachment to the local community. This accounted for one in three respondents. Furthermore, 20% became members for purely ideological reasons, stating that they supported the principle of LETS, with only a quarter of our respondents joining to save money. Offe and Heinze (1992) report a similar pattern for a similar type of scheme in Amsterdam, leading them (and us) to surmise that people join LETS less for utilitarian reasons than for expressive ones. Our survey results and those of Williams (1996b) are not strictly comparable. Given the different social contexts within which the various LETS were studied, we should expect there to be differing motives for joining.

The LETS literature and comments from core group members tend to focus on the ideology of a separate economy with its own currency, in opposition to the global market, with attacks on all that is not local, especially where food and the attendant waste of `food miles' is concerned. At first glance, it would seem that the motive for joining would fall in the "instrumental" category of Table 2. However, only on rare occasions is food available on the LETS; many schemes mimic the mainstream economy in assigning values to tasks; arguments persist over trades undertaken for only a percentage of the local currency; quality of work is a constant source of complaint; and members agreeing but then failing to turn up to carry out a trade irritates some to the point of leaving the scheme. Despite these problems and deficiencies, the vast majority of members do not leave their scheme. In one-to-one interviews, or in the reflexive process of completing a questionnaire, a different, more expressive, rationale for membership emerges. A sense of belonging, a sense of identity, of being part of an alternative milieu, are the reasons given for joining LETS. Perhaps LETS should not be evaluated against indicators such as volume of trade when increasing that is not a primary objectives of members.

Like North (1997) we see LETS as a contemporary social movement. We see LETS as a member of a family of related movements - peace, greens, gays and feminism - which share overlapping social networks of membership, ways of framing social conflicts and repertoires of collective action. There is also some overlap between these movements and the New Age

movement, centred on post-traditional religion in the form of `sacralization of the self' (Heelas, 1996). These social movements have been grouped together under the banner of `new social movements' (Touraine, 1981; Offe, 1985), distinguishable from `old' class-based labour movements. The `old' versus `new' debate has been superseded in two ways, either by calling the newer movements `contemporary social movements' (Melucci, 1989) or by referring to the movements that emerged in the late 1960s and early 1970s as a family of inter-related left-libertarian movements (Della Porta, 1995). Participation in these movements corresponds closely with post-materialist values (Ingelhardt, 1977) or left-libertarian values - `left' in their suspicion of the market and `libertarian' in their rejection of social control through bureaucracy (Kitschelt, cited in Della Porta, 1995). A society wide `value cleavage' has appeared. However, left-libertarian values are strongest among the `social and cultural specialists' of the service (middle) class (Kriesi *etal*., 1995). Hence it is not surprising that Williams (1996b) identifies a `disenfranchised' fraction of the middle class as the social base of LETS. The prevalence of the 'green middle class' and unemployed graduates in LETS from Totnes, Manchester and Glasgow has been widely noted (Lee, 1996; Williams, 1996b; Pacione, 1997). However, we have disputed the adequacy of positioning LETS purely as a response to the structural economic dislocation of the middle class (O'Doherty *et al*., 1997). `Disenchanted middle class' is a better term, since it indicates a choice, and is positioned in terms of a value cleavage as well as a class cleavage. While there is a continuum between those excluded from paid work by structural pressure and those who exclude themselves by choice, the social base of LETS cannot be defined solely in economic terms, since disenchantment with conservative mainstream values and identification with an alternative, left-libertarian, social movement milieu are more significant than strictly economic pressures.

Clearly a key resource in successful LETS is cultural capital. Bourdieu (1984) used the term cultural capital to denote the accumulation through higher education of knowledge and competence in using cultural codes. We would update the concept in the light of increasing cultural diversity to include, in this instance, a second stream of cultural accumulation, that is, attitudes and tastes derived from participation in alternative milieux.

The term alternative milieu has been used to describe the prevalence of expressive networks of beats and hippies in San Francisco, that provided a congenial environment for the gay community to emerge as a wave of cultural innovation and grassroots urban regeneration in the 1970s (Castells, 1983). In a similar, if less dramatic, sense we suggest an alternative (and specifically Green) milieu exists in the SW of England, which is sympathetic in varying degrees to a whole range of cultural innovations: festivals such as Glastonbury and WOMAD, New Age travellers, alternative medicine, permaculture, organic growing and City Farms, cycle ways and LETS. Again, this particular cultural backdrop leads us to question the comparability of our results with those of Williams (1996b).

Alternative milieux are the familiar ways of being that greens, feminists, New Agers and so on have evolved in order to develop and maintain their new identities within a wider social world. These milieux may be embodied publicly in the exuberance of a festival or privately in the consumption of organic vegetables, or, in the case of LETS, in the inter-personal contact of trading or in the semi-public fora of the directories. In a sense, all of these are semi-open spaces since they are the sites of the exchange of the symbols and artifacts of a shared culture. Alternative milieux participate in a global flow of symbols which extend globally, but also exhibit the paradox of space and place (Harvey, 1990;1993) tending to cluster geographically in particular localities in the South West, such as Totnes, Glastonbury, Stroud and Montpelier in Bristol.

**Trade, Symbolic Interaction and Social Networks**

It has famously been claimed that human beings possess a universal desire to `truck, barter and exchange' (Adam Smith, cited in Granovetter, 1992). Be that as it may, LETS clearly tap a desire to trade that extends beyond a strictly utilitarian universe. A study of small businesses (Marceau, 1990) has distinguished two kinds of entrepreneur: the craftsman-entrepreneur and the opportunist-entrepreneur. Those in the former category have a skill they wish to perform. They trade in order to use their skills, while the opportunists want to make money and trade in whatever comes to hand. We would like to add a third category, those who wish to trade simply for the pleasure of social or symbolic interaction. Trade has always had a dimension of sociality, crossing boundaries for the purpose of interaction. Social interactions in general can be understood as a series of exchanges (Simmel, 1971).

LETS contain all three of these types of trader. LETS members may trade because they wish to make money, by offering their services for a percentage of the LETS currency with a majority in sterling. Incidentally, our results indicate that this type of behaviour is the principal cause of unrest amongst LETS members.

More frequently, LETS members trade in order to practise using their skills, as demonstrated by the prominence of alternative health care and, to a lesser extent, arts and crafts. Reflection on one's diverse skills is part of the process of presentation of the self in the semi-public space of the LETS directory. The third category, of trade as interaction, is more difficult to measure, but is clearly important, as social or symbolic interaction is a common denominator between several different motivations given for joining Stroud LETS. As mentioned above, 33% emphasized attachment to community or locality, 20% supported LETS in principle, 10% wanted to facilitate trade and 8% joined principally in order to meet people. Thus the interactive trader outweighs either the opportunist-trader or the craft-trader on the Stroud LETS. Indeed, trading on the LETS is mainly a form of sociality. These exchanges are creative processes (Simmel, 1971), whereby individuals maintain their social networks and establish their community with like-minded others. In pre-modern societies gifts were exchanged as symbols of webs of obligation that link members of the community and distribute honour and status between its members (Mauss, 1990). The symbolic significance of trading on the LETS outweighs any material economic performance. Trading indicates membership of a version of the local community and confers honour within that milieu.

**LETS, Local Communities and Global Places**

The concept of the local community is central to LETS and to CED. Contemporary movements have frequently taken the form of a concern with place or locality usually expressed through an attachment to the local community, in opposition to the instrumental logic of global capitalism (Harvey, 1993). Urban social movements tend to concern themselves with the distribution of material resources (such as housing and public services) or the creation of cultural identities and communities within a locality and citizens access to power in the city (Castells, 1983). Much of the literature on LETS has dealt with whether LETS can deliver redistribution and defend a locality against the flow of global capital (Pacione, 1997; North, 1996) whereas we argue that LETS falls clearly into the second concern - with identity and the redefinition of the local community.

Within sociology, `community' is associated with tradition and reciprocal obligations usually of the pre-modern form. In geography it connotes place as opposed to space. However, we should refuse the *gemeinschaft / geselleschaft* divide between pre-modern traditional communities and rationalized modern state and market. `Community' is evidently a more slippery notion. New de-traditionalized communities appear, often through the action of social movements. According to Melucci (1989, 1996), a prime function of new social movements is to generate new collective identities which underpin new senses of community. LETS is a social movement which constructs a de-traditionalized (Heelas, 1996) or reflexive community. A key characteristic of such communities is that "they consciously pose themselves the problem of their own creation, and constant re-invention" (Lash, 1994). Nevertheless, community, even stripped of a grounding in tradition, must still take the form of recognition and reciprocity within particular social networks. Another dimension of community is care of the self and of others (Lash, 1994). One interviewee from Bristol called her LETS scheme "a support system for people who don't live in extended families".

In LETS, the idea of locality is elevated to an inclusionary principle defining community, yet in practice LETS appeal to people of like mind. It is the social networks and values they share, more than physical proximity, that allow LETS members to recognize each other as being part of the same community, as demonstrated by the overwhelming majority of members of Stroud LETS recruited through personal contact. As we have argued elsewhere (Purdue *et al*., 1997), LETS resemble former versions of community activism, in that they both attempt to mobilize local communities and to frame local communities in ways that are compatible with new social movement definitions. That is, they blur the distinction between geographical proximity and like-mindedness. The LETS definition of local community contests existing definitions of who and what is local. LETS in most of our study area rely heavily on incomers, or, as one respondent described them, `blow-ins'.

We also found that the choice of the name of the currency can become emblematic of the way in which the local community is imagined. Avalon LETS, in Glastonbury, named after the Arthurian Isle of Avalon, named their currency Gebos, after the runic sign for giving and receiving. In so doing, they, consisting mainly of incomers, articulated their notion of the local community within the language of the New Age movement (Heelas, 1996). Whilst laying claim to represent all who live in the geographically defined locality, including more established residents, they had excluded many simply by the choice of name for the currency. `Thanks' and `Ideals', have their own, if slightly more prosaic, connotations of middle-class manners and self-images. LETS are clearly the shared milieux of like-minded people, but they also claim a geography and therefore a construction of locale. Locale is always socially constructed (Appadurai, 1995).

The fact that 84% of our Stroud respondents felt that their LETS contributed to their sense of belonging to the local community needs to be juxtaposed with the low recruitment of ethnic minorities into LETS, even in inner Bristol. There is no single undisputed community in a locality or place (Brent, 1997) and no single meaning to place (Massey, 1993). Rather social networks, including social movements, contribute their own, often conflicting meanings to sense of particular places and regions. The place, Glastonbury, is for many synonymous with the site of a global cultural festival, itself a complex nomadic city dense with competing meanings. Any place is the site of multiple global flows (Massey, 1993; Appadurai, 1995), including music, food, money and ideas. LETS has spread from Canada, through the USA, the UK, Australia, New Zealand and much of Europe, and has a presence on the worldwide web. LETS are now a global socioscape of like-minded people (Albrow, 1996) and a form of cultural capital available as a resource for redefining the sense of particular places and construction of new meanings of community at diverse points on the globe.

LETS are forms of cultural innovation in which flows of bodies, information and affect are configured in new ways. Without the movement of bodies, there is no trade. Concern with care of the body rates highly in LETS exchanges: not just alternative therapies in general, but massage and related bodywork are particularly popular, as are haircutting and clothes, which figure highly among traded goods. Flows of information are central to any economy; the directories, newsletters, trading days, meetings, the use of reputation in advising traders, the telephone-based searches for the service a member desires, are all examples of the flow of information in LETS. LETS involve more than neutral information and physical bodies. The exchanges of emotion or affect also flows between members, and are central to social movements (Melucci, 1996). Feelings of belonging, of being with one's people or tribe (Maffesoli, 1996), a shared identity (Melucci, 1989), trust of the others, a set of obligations, all characterize LETS.

**LETS as CED: Cultural Innovation and Civil Society**

Given the membership profiles of those LETS we have studied, it is obvious that the marginalised and ethnic minorities seen as the intended targets of CED support are unlikely to be beneficiaries unless LETS can prosper in communities with different values and different levels of social and cultural capital than those in the Green milieux we studied. However, Patel *et al.* (1996) also include the `newly insecure' and the unemployed amongst those who should benefit from CED. Thus, in exploring the potential of LETS to deliver as a tool of CED, we consider the potential transferability of the LETS model, the changes in life trajectories of LETS members and the contribution of LETS to civil society.

Our first question is whether the LETS model is workable outside of the alternative Green milieux which characterised those schemes we visited. Whether or not the LETS model can be taken up elsewhere depends on several factors: a mix of skills, a critical mass of like-minded participants and sufficient mutual trust. There are obviously further environmental factors which can facilitate or inhibit LETS, such as the safety of access to all areas of an estate. North (1996) and Pacione (1997) take opposing views on this, with Pacione holding that drug dealing and no-go areas inhibit LETS and North claiming that they do not. Clearly there is a background level of trust of generalised others in the environs which is required to make LETS work.

Attaining a suitable mix of skills and a critical mass of active members is crucial to successful trading. For this reason, we would oppose any policy, such as that proposed by Williams (1996b), to tax middle-class professionals on grounds of equity (plumbers could be lost along with accountants). However, the exact mix of skills desired could vary according to the community involved. For example, the high profile of alternative health care in the Bristol, Glastonbury and Stroud LETS may not be required elsewhere, whereas the desire for household repairs might be, as is the case is West Glasgow (Pacione, 1997). Crucially relevant to skill is self confidence (North, 1996; Pacione, 1997). Indeed, many of our respondents talked of the self confidence needed to put themselves forward on to the directory. Such confidence is a form of cultural capital, which North (1996) suggests may be absent from council estates due to the material conditions of working class life. However, we would argue that the building of self-esteem around skills not drawn from paid work is once again an issue of values. It depends heavily on a feminist critique of `malestream' notions of skill and work-based identity. Such a discursive construction of skill is not impossible outside an alternative milieu, but two streams of cultural capital flowing through higher education and new social movements make it considerably easier as is evident from Pacione's (1997) comparative study in Glasgow of a successful suburban LETS versus an unsuccessful attempt to establish a LETS on a council estate.

Like technological innovation or economic prosperity, LETS are embedded in particular social relations requiring trust (Lorenz, 1992) and `untraded interdependencies' (Storper, 1993) between members in order to function. Mutual trust in exchanges unmediated by money is a characteristic of any communal economy (Bishop and Hoggett, 1989). The networks that carry these flows of trust may, of course, vary greatly. Informal exchanges between those who know each other or 'neighbouring' (Pacione, 1997) is common to many local networks. LETS differs from neighbouring by being more rationalised via the use of a (local) currency and thereby extending the social networks involved through weak links (Granovetter, cited in Scott 1991). A second form of trust, however, is specific to LETS: that is, the trust in the local currency itself as a project to symbolize the role of economic exchange in everyday life in an alternative and fundamentally new way. To trust this reflexive project of creating a new type of money is to participate in re-framing how money and trade are experienced in everyday life, where new rules, or frames, have to be made up by the participants. Hence this particular type of trust is also a trust in the reflexive community, or alternative milieu, symbolized in that currency. Unlike credit unions, for example, LETS foster new attitudes to the emotionally charged subject of debt. The language of debt is often replaced by a different inflection, such as commitment.

The specific form of trust embodied in LETS depends on a like-minded approach to handling the abstraction of a currency. Other forms of exchange of gifts, favours or bartering also depend on underlying agreement tied to trust embodied in specific networks. (Woolcock (1998) refers to this as a form of social capital.) However, this does not mean that LETS is a model which can be unproblematically transferred from its alternative milieu into a wider range of communities. It is primarily for this reason, the prerequisite of particular types of trust, along with the need for energetic cultural capital, that we see little potential for the transferability of the LETS model outside of alternative milieux. This is a contentious conclusion. There is fierce debate within and between LETS communities (and, at last, between academics) on the nature and purposes of LETS. Our point is that, given the degree of cultural and social capital needed, we do not envisage communities which lack such a base being able to establish and maintain the LETS model. Such a conclusion is not dissimilar to that which would be drawn from a reading of Woolcock (1998). Is social capital a prerequisite for establishing schemes such as LETS or will local government intervention in the form of a LETS `worker' result in increasing the stock of social capital? Whilst we believe the former to be true, that is not to say that all local government intervention is wasted, just that LETS may be an inappropriate model in certain circumstances.

Our second area of examination concerns the trajectories of individuals through LETS. Even if LETS is not easily transferable as a model, it is possible that the existing LETS groups provide opportunities for the personal development for their members, in terms of skills and confidence to work on the open market. This would generate benefits beyond the LETS membership by providing new goods and services available in the local economy. Our data on trading in Stroud suggest that LETS do facilitate experience and confidence in practitioners of alternative health care and, to a lesser extent, arts. 46% of Stroud LETS members thought that their scheme provided training for new skills, although light trading obviously limits the extent of this benefit.

Furthermore, LETS may allow the development of organizational skills by key activists, who then pioneer new forms of community development, working for professionalised voluntary sector organizations or for the local authority. This kind of emergence of new elites from social movements is well documented (Bagguley, 1992; Melucci, 1989).

Another possibility is that LETS lead to capacity building and to a more robust, sustainable local economy, through cultivating a creative local civil society able to generate local solutions to global problems. Civil society is a public sphere of free association which may be distinguished from the core of both the state and the economy, though overlapping with the peripheral areas of each. Civil society is an arena of ideological activity, occupied not least by social movements. Social movements act in civil society in three ways: (1) strategically choosing between means to achieve goals; (2) dramatically staging new expressive forms of identity and community; and (3) challenging cultural norms (Cohen and Arato, 1992) or social codes (Melucci, 1996). Where CED tends to be concerned with the former, LETS are more significant in terms of the second and third forms of action.

LETS foster civil society by opening up new civil spaces in the form of social networks. LETS clearly make links between people, beyond the actual substance of trading. The existence of core groups and the use of reputation to shorten the search time in finding suitable trading partners mean that small cliques of heavy traders appear, relying on dense social networks in the midst of a less-connected periphery. However, we may apply the argument of the `strength of weak links' (Granovetter, cited in Scott, 1991) to LETS. Membership of LETS in itself constitutes a weak but extended social network link. The existence of the directory allows access to people beyond a member's immediate circle, but who have a degree of like-mindedness. Just as Granovetter argues that these extended weak links have a strength in providing employment information, so in the case of LETS these weak links make possible various forms of collaboration and innovation.

Our fieldwork suggests that LETS do make these kinds of links between those who inhabit the alternative milieux described above. LETS are a stage on which new forms of collective identity can be dramatized publicly. Though restricted in scope, they are significant sources of further cultural innovation. We have noted how LETS are embedded in these wider networks in two specific instances, namely in their overlap with participants of both organic food-box schemes and festivals. 77% of Stroud LETS members were either members of organic box schemes, wished to be members or grew their own organic vegetables. 48% often attended music or community festivals. The innovative potential of LETS cannot be evaluated fully if it is disembedded from this wider milieu. Food boxes, for example, are a very successful marketing innovation, which have turned around the profitability of many organic producers for the first time. Organic growing (along with its relatives, permaculture and biodynamics) is a rich source of potential innovation in agricultural production, compared to the commercially motivated techno-fixes of agricultural biotechnology (Kloppenburg, 1988). Certainly the same argument can be made for festival `nomadic cities', exemplified by Glastonbury, where an incredible outpouring of cultural innovation is accompanied by a potentially massive local economic multiplier effect, including locally based spin-off companies like Turbo Sound. Smaller festivals, too, have the same effects around the South West: Ashton Court, WOMAD, Severn Revels, Frome, Ragged Hedge. The social multiplier or capacity-building effects of these three, and undoubtedly other, networks are all entangled and, we believe, to some extent mutually dependent.

A social movement not only mobilizes a social group, but is also a cultural project (Touraine, 1981). The cultural project embodied in LETS addresses the four dimensions of what has been called the second modernity: globalization, individualization, underemployment and ecological crisis (Beck, 1997). The ideology of LETS rejects the global market, as mediated through national currencies, and its attendant ecological effects. It addresses the fragmented communities and complex post-career biographies, characterized by underemployment and individualization, re-evaluating the salience of the dominant cultural attachment of personal identity to a full-time job. This is a furrow that has long been ploughed by theorists (Gorz, 1982, 1985; Robertson, 1985) but LETS have taken on board feminist arguments de-centring classic notions of career, re-evaluating the distinction between home and work skills and the importance of personal empowerment, as evidenced by the amount of previously unpaid domestic work which is offered in many LETS. Whereas the Third Italy is based on untraded interdependencies in communities of traditional extended families exploiting new technologies (Storper, 1993), LETS are responding to social change affecting patterns of family life and employment, by fostering trust through post-traditional community building.

**Conclusion**

... I caution against reading the systems [LETS] simply as a vehicle for local economic growth and development. (Thorne, 1996 p.1371)

Are LETS likely to be a useful strand of Community Economic Development policy? Whilst there are reportedly LETS in areas of relative deprivation, marginal groups are less well represented. However, we have identified the social base of LETS less in terms of class than as a creative social margin, part of an alternative milieu, rich in cultural capital and capable of vital cultural innovation. Although we examined potentially beneficial spillover effects of this innovation for the wider population, the LETS model of an alternative currency might, we argue, prove difficult to transfer into other social contexts. The second potential benefit we explored, the personal development and training of members, may lead to new goods, services and practices becoming available through the local market and state. Even so, given the relatively light trading which occurs, this may take some time to be realized.

The prime contribution of LETS to a locality or region is not in the transferability of the concept to marginal groups, nor in its training role for individual members, but rather in its contribution to strengthening an energetic, local or regional civil society. This is not easily measurable, but is central to the CED objective of enhancing the capacity of a community to respond to change and opportunity. Without a robust public sphere in which sustainable local options can be formulated and discussed the local is in danger of becoming an undifferentiated global space for capital accumulation.

Are CED resources targeted at LETS good value for money, compared to other CED tools? Given the relatively novel benefits of LETS we have identified, along with the difficulty in assigning monetary values to outputs from these various initiatives, it is not easy to be decisive in judging the relative worth of LETS as CED on grounds of cost-effectiveness alone.

Furthermore, to attempt to bring LETS within a set of CED policy tools, to account for inputs and to measure outputs against non-members' objectives and yardsticks may be undermining, given the expressive nature of most members' motivation for participation. It should be remembered that the personal identification with LETS is not necessarily anything that is, or should have, a financial value - just as arts, leisure or adult educational spending cannot be reduced to financial outcomes alone. Where financial help is offered and accepted it is often on such a small scale that the monitoring of outcomes is meaningless (or overly expensive). This is one of those areas that policy makers must gamble on - or decide to abandon altogether.

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