2006

Local currency loans and grants: Comparative case studies of Ithaca HOURS and Calgary Dollars

Jeff Mascornick

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LOCAL CURRENCY LOANS AND GRANTS:
COMPARATIVE CASE STUDIES OF ITHACA HOURS
AND CALGARY DOLLARS

by

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B. A., University of Montana, 2004

Presented in partial fulfillment of the requirements
for the degree of

Master of Arts

The University of Montana

May 2006

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[Signatures and dates are present but not legible in the image.]
Local Currency Loans and Grants:  
Comparative Case Studies of Ithaca HOURS and Calgary Dollars

Chairperson:  Rebecca Richards

This study introduces local currency loans and grants to the social science community, while examining the premise that economic exchanges are characterized by multiple, rational systems of exchange. Insight into the rationale(s) that individuals have for seeking a loan or grant can also aid local currency system coordinators in the development and implementation of these programs. Local currency systems (LCSs) can be seen as part of a social movement designed to address the negative effects of the process of contemporary globalization on individual communities. Biggart and Delbridge's (2004) systems of exchange typology, which allows for both instrumental (“means calculated”) and substantive (“ends calculated”) bases of rational economic action, provides the theoretical framework for analyzing the rationale(s) that recipients have for participating in printed LCS loan and grant programs.

Interviews of both loan and grant recipients and system coordinators were conducted in Ithaca HOURS and Calgary Dollars printed LCSs. The findings support Biggart and Delbridge's (2004) claim that LCSs, in general, can best be viewed as substantive “systems of exchange.” However, instrumental rationales (characterized by ‘profit-maximization’ motives), were also identified by informants as important rationales for their participation in LCS loan and grant programs. These findings demonstrate the applicability of Biggart and Delbridge’s (2004) typology to an understanding of LCSs and similar economic exchange networks characterized by both instrumental and substantive rationales. The degree to which these findings can be transferred to other institutionally and geographically distinct printed LCSs has been left to the reader to determine; however, the rationales that recipients have for participating in loan and grant programs in these two systems may be of benefit to LCS coordinators in the development and implementation of these programs in other communities.
ACKNOWLEDGEMENTS

I wish to thank the following individuals and organizations for their contributions to this study:

Professor Rebecca Richards, for her extremely knowledgeable advice and suggestions throughout this project and throughout the course of my Master's program in general. I cannot thank Dr. Richards enough for the exceptional degree of professionalism and support that she provided to me during the course of this project. Her efforts have made this experience as rewarding and beneficial as possible.

Professor Sergio Romero, as well, provided extremely valuable advice and suggestions which greatly improved the quality of this project. Most notably, I would like to thank Dr. Romero for his suggestions concerning the interview questions used for this research. His attentive review of these questions (as well as all drafts of this project), and subsequent suggestions are very much appreciated.

Professor Paul Haber also contributed a great deal to the quality of this research through his suggestions and advice during the proposal and final draft stages of the project. However, it was the introduction to the work of Karl Polanyi (and the relatively recent interpretation of Polanyi's work reflected in the edition of *The Great Transformation* referred to in this thesis) which I received as a result of a course with Dr. Haber that is the most appreciated of his contributions to this project. For me, the theoretical concept of what is referred to in this thesis as the "always-embedded economy" extends far beyond the subject of this thesis, and this concept has had more of a profound impact upon me than perhaps any other and I greatly appreciate Professor Haber for serendipitously introducing me to the concept.

The loan and grant recipients and system coordinators from Ithaca HOURS and Calgary Dollars local currency systems for their time, effort, willingness to participate and the insights they provided through their interviews. I would also like to thank Gerald Wheatley from Calgary Dollars and Steve Burke from Ithaca HOURS for their assistance through all phases of this study, from the initial planning phases to the final draft.

I would also like to thank my mother, Maria Sipler, and my sister, Donna Lowe, for their love, encouragement, support and interest in this study.
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GLOSSARY OF TERMS AND ACRONYMS

Arusha Centre of Calgary: Sponsor organization of Calgary Dollars (see below). The Arusha Centre is a charitable non-profit organization in Calgary, AB formed in 1972 and is dedicated to international development education work.

Barter: The simple economic exchange of one item for another, often misunderstood to mean any economic exchange that does not involve official currency.

Basket of commodities: A number of commodities used to back a currency. The most noted system of this type was the “Constant” initiated by Ralph Borsodi in the early 1970s. Details available online: http://www.smallisbeautiful.org/about/biographies/swann_autobiography/swann24.html

Bank of International Settlements (BIS): “Private organization located in Basle, Switzerland, owned by the eleven key central banks in the world. Initially designed as a clearing house for transactions among central banks, it has evolved into a meeting ground for central bankers and a whole research centre about issues of interest to the monetary system as a whole.” (Lietaer, 2001:334)
Website: http://www.bis.org/

Bow Chinook Barter Community (BCBC): Former name of Calgary Dollars printed local currency system.

Calgary Dollars (C$): A printed (HOURS-based) local currency system operating in Calgary, AB. C$ and Ithaca HOURS (see below) constitute the case studies for this research.
Website: http://calgarydollars.ca

Charcoal CCS: A CCS used in Osaka, Japan that uses one gram of charcoal as the unit of account.

Commodity-backed currency: A currency which is redeemable for a specific commodity such as gold or silver.

Community: Defined here as a group of people having shared wants, interests, and values that interact to achieve mutually understood goals. I distinguish between ‘community of interest’ (not determined by physical proximity) and ‘community of place’ (determined by physical proximity).

Community Based Organization(s): CBO(s)

Community currency: Used interchangeably with local currency (see below) here.
Complimentary currency movement (CCM): The contemporary complementary currency movement beginning in 1984 with the introduction of LETS (see below). This is contrasted with the emergency scrip issued in communities (primarily in the U. S.) during the Great Depression.

Complimentary currency system(s) (CCS): The systems that collectively comprise the CCM – e.g. LETS, HOURS, Time Dollars, etc. The term ‘complementary’ includes initiatives such as the Terra (below) and others that can be best described as ‘complementary.’ This is in contrast to the term ‘alternative’ currency, which may be taken to suggest that these systems are intended to replace official currencies. Nearly all of the CCS in operation are intended to augment and supplement official currency, not to replace it.

Demurrage charge (or fee): “A time related charge on outstanding balances of a currency. Acts similarly to a negative interest rate, and was designed as a disincentive to hoard the currency. Savings would then occur in forms other than accumulation of the medium of exchange. Silvio Gesell (1958; originally, 1906) developed the theory that money is like a public service (e.g. public transport), and therefore a charge is justified” (Lietaer, 2001:336).

Energy-backed currency unit (EBCU): A currency based on the concept that the form of money used should be linked to and reflective of a scarce resource (e.g. petroleum) (Douthwaite, 1999a).

Eco money: A form of CCS used in Japan consisting of a series of ongoing “experimental designs” intended to determine what type of CCS works best for what purposes. Designed and maintained by Toshiharu Kato.

Fiat currency: Webster’s dictionary defines ‘fiat’ as “an arbitrary decree or pronouncement, esp. by a person or group of persons having absolute authority to enforce it.” Lietaer (2001:336) defines fiat currency as: “(a) currency created out of nothing by the power of an authority. [Today] all national currencies are fiat currencies.”

Fractional reserve banking: The practice of individual banks creating more money in loans than the bank has assets of gold, silver, or ‘fiat’ currency to redeem. Fractional reserve banking was first practiced by medieval goldsmiths and still in use today.

Fureai Kippu: A Japanese CCS, translated as “loving relationship tickets” and used to facilitate care of the elderly. For instance, an individual who has a grand-parent in another part of the country could assist an elderly person in his or her community in a ritual bath and his or her grand-parent would receive a credit that could, for instance, be used to purchase medicine.
HOURS: A printed local currency system created by Paul Glover of Ithaca, NY in 1991. Ithaca HOURS is still in operation today and provides a case study for this study. HOURS is not an acronym, but is spelled using capitalization. Website: http://ithacahours.com/

LETS: Local Exchange Trading Schemes. Initiated by Michael Linton in 1984 on Vancouver Is, B.C. Currently there are thousands of LETS in operation worldwide. Often ‘E’ is used to refer to “employment” and/or the ‘S’ to refer to “system.” I make no distinction between different types here and refer to all LETS systems (or schemes) by using this acronym.

Local currency (LC): A type of CCS that is only accepted within a specific community of place. For instance, Ithaca HOURS is only accepted within the town of Ithaca NY. Nearly all CCS currently in operation can be considered LC, but initiatives such as the Terra TRC (see below) will be utilized ‘within’ a community of interest and will not be restricted to a limited geographic area.

Money: Defined here as: “an agreement, within a community, to use something representing value as a means of payment” (Lietaer, 2001:41)

Mutual credit: the process of ‘clearing’ individual participants accounts through the use of credits and debits. This is the type of money used by the majority of individual LC system in operation today.

NGO: Nongovernmental organization.


Scrip: Used here to describe ‘emergency’ or ‘stamp’ scrip issued by many communities, municipalities, and private individuals and companies during the Great Depression of the 1930s.

Terra TRC: Terra Trade Reference Currency. A privately issued currency scheduled to be put in to circulation that is intended to facilitate international trade. The Terra will be backed by a basket of commodities and will incorporate a demurrage fee as an incentive for participants to keep the currency in circulation and a ‘transaction fee’ as a disincentive to cash the Terra in for one or more of the commodities backing it. Website: http://terratrc.org/

Time Dollars (Time Banks in UK): A type of CCS initiated by Edgar Cahn 1987, the model became popular in the mid-1990s and is presently used in many communities around the world. The unit of account is an hour of service.
Websites: http://www.timedollar.org/ (U.S.) and http://www.timebanks.co.uk/ (U.K.).

**WAT:** A Japanese CCS based on energy backed currency units (EBCU) initially designed by Eiichi Moreno. (WAT is not an acronym, but is spelled using capitalization).

**Wirtschaftsring (WIR):** A Swiss CCS initiated in Zurich in 1934 and still in operation today. Currently WIR has over 80,000 members who exchange the equivalent of more than 2.5 billion Swiss Francs per year. Website: http://www.wir.ch/index.cfm
CHAPTER ONE: INTRODUCTION

Overview and Significance of Study

This study explores the rationale(s) that recipients have for participating in loan and grant programs in Ithaca HOURS and Calgary Dollars local currency systems (LCSs). Qualitative comparative case studies of these two systems, based on in-depth interviews of loan and grant recipients and system coordinators and direct observations, are presented here. The research question addressed in this study can be summarized as: ‘why do Ithaca HOURS and Calgary Dollars loan and grant recipients participate in these programs?’ Biggart and Delbridge’s “Systems of Exchange” typology (2004), which allows for multiple types of rational economic behavior (of which ‘profit maximization’ is viewed as only one possible ‘system’ of rational economic action), provides the theoretical framework.

This study has an applied value in that insight into the rationale(s) that individuals have for seeking a loan or grant can aid local currency system coordinators in the implementation, management and promotion of these programs. This study also has theoretical value because it introduces local currency loans and grants to the social science community, by examining the premise that economic exchanges are characterized by multiple, rational systems of exchange.

Complementary and Local/Community Currencies

Since the early 1980s thousands of LCSs have been introduced in communities worldwide by utilizing currencies that are only accepted for payment and exchange within a predefined local network of exchange. The HOURS-based LCS model, which is more prevalent in the U.S. and Canada than other parts of the world, is based on the
exchange of printed local currency (LC) notes within a specific community. However, HOURS-based systems are only one of many different models of unofficial currency (i.e. currency other than that issued by the state) that have been initiated in the last few decades or so.

The various unofficial currency systems that have emerged recently (discussed in Chapter Two and Appendix 1) are collectively referred to as ‘complementary’ currencies and constitute the complementary currency movement (CCM) (Lietaer, 1999; 2001; 2004a; 2004b; and 2004c; Lietaer and Belgin, forthcoming). These systems are referred to as complementary because the currencies used are designed to augment national (or multinational in the case of the Euro) ‘official’ currencies by performing social functions not addressed by government issued currency. ‘Complementary’ also refers to the fact that individual exchanges within many of these systems involve the use of both official and “complementary” currencies simultaneously (Lietaer; 2001:160).

The term “complementary” currency is used here to describe the overall CCM itself, which includes local currency. ‘Local’ currency is also referred to as ‘community’ currency by many of its proponents, authors and researchers. I have chosen to refer to these systems as local (rather than community) currency because it is term most often used in reference to HOURS-based systems; however it should be noted that ‘local currency’ and ‘community currency’ are used interchangeably here.

Because an individual LC can only be exchanged within the specific community where it is accepted as a medium of payment, it is necessary to define a ‘community’ for the purposes of this study. A community is defined here as a group of people having
shared wants, interests, and values that interact to achieve mutually understood goals. A simple distinction is made here between ‘community of interest’ (not determined by physical proximity) and ‘community of place’ (determined by physical proximity).

Local (or community) currencies simultaneously function in both communities of place and communities of interest. These systems usually limit participation to a defined geographic area (community of place) because they are designed to promote local exchange as a way to “build community” by facilitating economic exchanges on a face-to-face basis. Local currencies are also exchanged only within a specific community of interest because participation in the system is entirely voluntary. Whether an individual’s participation in the system is based on economic, ecological, ideological and/or any other reason(s) ultimately does not change the fact that his or her participation is voluntary and therefore conducted within a “community of interest.” The term “complementary currency” (in contrast to “local currency”) allows for the inclusion of those initiatives that are rooted in a community of interest but not necessarily a community of place (Lietaer, 1999; 2001; 2004a; 2004b; and 2004c; Lietaer and Belgin, forthcoming).

The CCM as a Response to Globalization

Distinguishing between community of place and community of interest facilitates a discussion of the nature of money in contemporary ‘globalized’ society and the role of the CCM as a response to many of the inequities and negative effects attributed to the process of globalization. Globalization is defined as:

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1 A detailed discussion of this definition is provided in chapter two.

2 See Appendix One and glossary for examples of complementary currency systems that are (theoretically, at least) rooted primarily in a community of interest (e.g. the Terra TRC or the Japanese Fureai Kippu, or ‘loving relationship tickets’ systems).
...a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power (Held, et al, 1999:16).

Precisely *what* is being transformed through this/these process(es) and *why* contemporary “globalization” is quite different than previous “transformation[s] in the spatial organization of social relations and transactions” is explained by Stiglitz (2003:9), who defines globalization as:

...the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flow of goods, services, capital, knowledge, and (to a lesser extent) people across boarders.

Although globalization has had many positive benefits that are often overlooked by its opponents, it has also been criticized as a nostrum offered by neoliberals as a ‘one-size-fits-all’ solution to virtually all social, economic, and political problems (Stiglitz, 2003). Authors and critics of globalization challenge this assertion for many reasons. To cite only one example, which is perhaps most relevant to complementary and local currencies, Goldsmith (1996:501) claims that the effects of globalization often greatly limit the autonomy of local economies:

“Cooperative interactions and services, once performed freely and successfully within communities, have been monetized and removed from any semblance of local control, thus making all people vulnerable to distant interests.”

It is a widely held contention that the CCM is a response to many of the negative effects experienced in communities around the world as a result of globalization, such as the loss of political and economic autonomy discussed above (Collom, 2005; Glover, 1995a and 1995b; Helleiner, 2000; Leyshon, 2004; Lietaer, 2001; Lietaer and Belgin,
During approximately the same period in which the CCM has emerged (i.e. the 1980s on), the process of globalization has been, in large part, increasingly facilitated by and associated with the policies adopted by such organizations as the International Monetary Fund (IMF), the World Trade Organization (WTO), and the World Bank. The policies of the IMF, WTO, World Bank and similar organizations have been criticized for stubbornly adhering to a utopian neoliberal political and economic ideology while greatly affecting the shape of globalization in recent decades (Stiglitz, 2003). For this reason, neoliberal political thought is associated with the process of globalization and much of the resistance to ‘globalization’ occurring around the world in recent years has focused on directly opposing the neoliberal agenda. The CCM, as will be discussed in Chapter Three, is one of the many ways that the process of globalization (guided by a neoliberal agenda) is being resisted throughout the world in recent years.

Another aspect of contemporary globalization that is criticized by the ‘anti-globalization’ movement, particularly the CCM, is the unprecedented level of trading in foreign investment markets in the past several decades. In roughly the period since the CCM has emerged technological advancements in a 24-hour fully integrated global market and computerized foreign investment transactions have allowed speculative trading of currency to rise to 98 percent of all total foreign exchange transactions (or, an average of 2 trillion dollars per day) (Lietaer, 2001; Round, 2001). Speculative trading

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3 Other changes attributing to the increase in speculative trading are 1) the ‘structural shift’ of global financial markets brought about by the ending of the gold standard by Richard Nixon in 1971 (discussed in Chapter Two), and 2) the 1980s financial deregulation programs initiated by the governments of Margret Thatcher and Ronald Regan (Lietaer, 2001). This figure of 98 percent of all foreign investment trading
refers to the practice of trading foreign currencies with the sole purpose of investors gaining often phenomenal profits from the fluctuation of foreign currencies on the global market.

So, despite the fact that millions (or billions) of dollars flow through the highly centralized nodes that constitute global financial networks (e.g. the BIS; see glossary) every hour of every day, only 2 percent of these transactions represent the exchange of actual goods and services. This is of particular interest to many proponents of complementary currency systems (CCSs) because it illustrates the inequities wrought by a global monetary system that, on one hand benefits the ‘high rollers’ who possess the resources, knowledge and connections to gamble in this ‘global casino’; and, on the other hand, has often devastating effects on those individuals and entire communities far removed (spatially and, more importantly, economically) from these centralized global financial centers. Complementary and local/community currency systems, as will be discussed later, are specifically designed to mitigate the inequities discussed above by creating networks of exchange in communities (of space and of interest), through the use

being represented by currency speculation is based on the Bank of International Settlement’s (BIS; see glossary) 1998 survey (available online: http://www.bis.org/publ/r_f98finaltxt.pdf).

A discussion of the inequities that have been associated with the process of globalization, as guided by a neoliberal agenda and carried out through the policies of organizations such as the IMF, World Bank, and WTO, is beyond the scope of this paper. However, through policies promoting massive deregulation and privatization of industries previously regulated and managed by the state, the collective force of corporations, banks and governments (of which the IMF, World Bank, and WTO are key players) have effectively created a global empire that is accused of having little, if any, concern for the economic autonomy of individual communities (Perkins, 2004).

Perkins (2004) explains the effects of these policies on individual communities by describing the role played by representatives of multinational corporations who seek large contracts to provide the goods and services that were once regulated by the state:

“They [multinational corporation executives] promised affluence, a way for countries to use the private sector to dig themselves out of debt. They built schools and highways, donated telephones, televisions, and medical services. In the end, however, if they found cheaper workers or more accessible resources elsewhere, they left. When they abandoned a community whose hopes they raised, the consequences were often devastating, but they apparently did this without a moment’s hesitation or a nod to their own consciences” (Perkins, 2004:198).
of currencies which can only be accepted for payment and exchange within these predefined ‘communities.’

**The CCM as a Social Movement**

Some researchers who have focused on a specific aspect of the CCM have claimed that the CCM (or even an individual type of CCS) can be viewed as a “social movement” (for example, Collom, 2005; North, 1998). Other authors have categorized the CCM as part of another social movement (for instance, Cohen, et al (2005) places the CCM within the larger ‘sustainable consumption’ movement, and Starr (2000) refers to the CCM as part of the ‘anti-corporate’ movement). More frequently, however, researchers refer to the “complementary or local/community currency movement” without engaging formal social movement theory. This is, undoubtedly, due to the difficulty that the CCM presents to an analysis of the “movement” through the majority of the vast number of theories available to social movement researchers.5 Because this study focuses only on the loan and grant programs of HOURS-based systems, and is not an empirical analysis of the wider CCM, a detailed discussion of the CCM as a formal ‘social movement’ is not necessary at present. However, it is necessary for the purpose of this study to place the CCM within its wider context as a social movement and to acknowledge the varying theoretical perspectives through which the ‘movement’ has been analyzed.6

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5 The statements in this section regarding the apparent “difficulty” in defining the CCM as a formal social movement are based on a detailed review of the CCM literature. A lengthy discussion of this problem is far beyond the scope (and purpose) of this thesis and, therefore, is only briefly discussed here. I have included this, however, to introduce the reader to the claim, which I make in Chapter Three, that the CCM can best be viewed as a “New” Social Movement.

6 The “varying theoretical perspectives” through which the CCM has been analyzed will be discussed in detail in Chapter Three.
The lack of consensus concerning whether or not to view the CCM as a formal social movement is due, in part, to the vast and diverse definitions of what constitutes a "social movement." Therefore, it is important to establish exactly what is meant by a social movement here in order to preface a discussion, provided in Chapter Three, where I make the claim that the "New" Social Movement (NSM) approach may be beneficial to the analysis of the CCM. A "social movement is defined here, very simply, as:

"...a community whose identity is based on the perception of a common goal. Individuals participate in the actions of a social movement because they perceive they have something in common with it (the other members) – namely the intention to bring about a social change." (Gläser, 2004)

The CCM is viewed here, very generally, as a ‘community’ of participants who are engaged in collective action directed toward a radical re-defining of what money is and how, and by whom, it should be managed. Admittedly, the degree to which the CCM ‘community’ is unified toward this ‘end’ is a contested claim among both researchers and activists. However, I contend that the CCM may potentially be viewed as a social

---

7 New Social Movement theorists claim that modern (complex) societies, and the forms of the collective action engaged by social movement participants within these societies, has changed so dramatically as to warrant new theoretical tools by which to analyze these movements. A detailed discussion of New Social Movements and why the CCM can be seen as a New Social Movement will be presented in Chapter Three.

8 This point is, in fact, another reason for the difficulty that researchers face when attempting to determine whether or not the CCM should be defined as a “formal” social movement.

Some of the research which demonstrates the difficulty in defining the CCM (or an individual CCS) as a “social movement," due to the lack of “unity” among its participants, has already been referenced above. Another (of the many) studies that draw out this issue is that of Crowley (2004), who has concluded that Local Employment Trading Schemes (LETS, discussed in Chapter Two) should not be viewed as a “formal” social movement. It is my contention that LETS should be seen as only one of the many forms of collective action that has been engaged by CCM participants (as a ‘New’ Social Movement) in the past two decades.

Another reason I contend that the CCM could potentially be viewed as a unified social movement is due to the work of activists in the movement that have created and/or participated in many internet resources which focus on the dissemination of information, host online forums through message postings, such as an online journal (International Journal of Community Currency Research [http://www.le.ac.uk/ulmc/ijccr/]), ‘real-time’ forums (such as video conferencing and instant messaging; The CCSyndicator [http://ccit.wji.com/tiki-view_articles.php]), and databases of existing CCSs (Complementary Currency Resource Center [http://www.complementarycurrency.org/]), which includes a discussion forum for speakers of eight different languages; all of which provide resources to participants
movement and that the NSM perspective, specifically, may offer theoretical (and analytical) insight into the CCM. Presently, it is important to restate that the CCM is being viewed here as a NSM (based on the definition of a social movement provided above) and that this is being done only to facilitate an analysis of the loan and grant programs of Ithaca HOURS and Calgary Dollars within its appropriate context, rather than an empirical analysis of the CCM as a NSM.

**Biases/Social Location**

"...[T]he vain hope of discovering truth in a form which is independent of an historically and socially determined set of meanings will have to be given up. The problem is by no means solved when we have arrived at this conclusion, but we are, at least, in a better position to state the actual problems which arise in a more unrestricted manner" (Mannheim, 1935:80).

The impassioned introduction given above to the CCM in general should leave the reader with no doubt as to my opinion on the subject and I certainly make no claim to be a 'dispassionate' researcher documenting an 'objective reality.' Qualitative studies frequently contain a section discussing the social location and biases of the researcher at the conclusion of the study. I have included this section in the introduction in order to provide the reader with the relevant information concerning my 'social location' and the potential biases with which I approached the process of this study.

Since CCSs and LCSs are designed, in part, to benefit individuals of lower socio-economic status and are often used as a way to express and promote political views, my own socio-economic status and political views are most relevant to this research. I am a
thirty-five year old ‘white’ American from a poor socioeconomic background. I do not subscribe to any one political viewpoint; however my political views would best be describe as progressive, in that, depending upon the issue, I lean toward Green or Social Democratic thought.

Although I have a personal interest in and preference toward the CCM in general, the choice to investigate the rationales that HOURS-based LCS loan and grant recipients have for participating in these programs, is not what is meant by researcher “bias” here. The term “bias” has many different meanings, however, a bias, viewed as: “a tendency on the part of researchers to collect data, and/or to interpret and present them, in such a way as to favour false results that are in line with their prejudgments and political or practical commitments” (Hammersly and Gomm, 1997), is of particular significance to the trustworthiness of this study.

“Trustworthiness,” as will be discussed in Chapter Four, refers to degree to which a qualitative study can be evaluated as being rigorous and that the researcher’s findings are accurate. My perception of the social phenomena that I am witness to and participate in is constructed by me based upon my own race, gender, culture, socio-economic status, intellectual, emotional and ideological views and experiences, education, and other socially and culturally determined factors. The subjects of this study and you, the reader, engage in the same dynamic process of social constructivism. Therefore, as will also be discussed in Chapter Four, a very important aspect of establishing the trustworthiness of this study was to have the informants, as well as other individuals knowledgeable on the

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9 To be perfectly sure, to say I come from a ‘poor’ background in no way should be taken to mean that I have personal experience with the destitute and squalor that is experienced by the billions of people throughout the world who are forced to struggle (and often fail) to meet their basic human needs on a daily basis.
subject of HOURS-based LCSs and social science research in general, review this study to ensure that my biases did not influence the findings. Without the much appreciated help of these people it would not have been possible for me to claim that my own 'biases' did not affect the findings of this study.

**Overview of Thesis**

The following two chapters collectively serve as a literature review of the subject of this thesis. Chapter Two provides the background and history of the contemporary CCM with a discussion the definitions, functions and types of money used historically. This is followed by a brief history of LCSs in general, which provides the necessary background information for an understanding of the significance of the contemporary CCM.

Chapter Three provides theoretical background relevant to understanding the CCM in general and the specific theoretical model being engaged in this study (i.e. Biggart and Delbridge's *Systems of Exchange* typology [2004]). The chapter begins with a discussion of the economic, political and social objectives of LCSs and how these objectives are consistent with those of Green politics. This is followed by a discussion of the concept of 'embeddedness' of the "social" and the "economic" in order to contextualize the contemporary CCM as a reaffirmation of what has been referred to as the "always-embedded" nature of the economy in social relations (Block, 2001 and 2003). In the following section I will argue that the CCM may be viewed as a "New" Social Movement. It is important to note that this contextualization of the CCM as a New Social Movement which is seeking to "re-affirm" the "always-embedded" economy is not empirically evaluated in this study, but is presented here only to place the CCM itself
in its appropriate context. Chapter Three concludes with a discussion of Biggart and Delbridge’s (2004) *Systems of Exchange* typology, which provides the theoretical basis for the *empirical* investigation of the rationales engaged by the loan and recipients in Ithaca HOURS and Calgary Dollars used in this study.

*Chapter Four* describes the methodology used in this study and the mechanisms used to ensure its trustworthiness. Case-study research in general is discussed in order to explain the use of a comparative, descriptive case-study approach to the rationales engaged by HOURS-based loan and grant recipient in their participation in these programs. The Ithaca HOURS and Calgary Dollars LCSs constitute the *cases* of this study, the loan programs and grant programs of each system are the specific *units of analysis* being investigated, and the interviews of the two *types of respondents* (loan recipients and grant recipients) are the primary method of data collection.

Although local currency loan and grant programs are relatively limited and isolated phenomena, a descriptive case-study approach is used in this study to demonstrate the applicability of the Systems of Exchange typology (Biggart and Delbridge, 2004) to analyzing similar phenomena. Chapter Four concludes with a discussion of the measures taken to ensure the trustworthiness and the limitations of this study.

*Chapter Five* summarizes the results of the various data collection methods used in this study. The themes identified by the Ithaca HOURS and Calgary Dollars loan and grant recipients and system coordinators in each case, as well as observations and personal communications are presented. The chapter concludes with a summary of the cross-case results of the study.
Chapter six focuses on the themes identified by informants through a discussion of the rationales engaged by loan and grant recipients based on Biggart and Delbridge's (2004) typology. The themes unique to each case and those shared by both Ithaca HOURS and Calgary Dollars are discussed. The chapter concludes with a discussion of both the theoretical and applied implications of this study and potential directions for subsequent research.
CHAPTER TWO: LOCAL CURRENCY

Overview of Chapter

This chapter will discuss the contemporary CCM as a response to what its supporters see as the negative effects of globalization on individual communities in the following sections: 1) a definition of money and a brief review of the types and forms of money relevant to this study, 2) a history of CCS from the scrip of the Great Depression of the 1930s to the proliferation of the number and types of CCS around the world in recent years, and 3) a description of the major types of CCS currently in operation.

This background will provide the basis for my claim, discussed in Chapter Three, that the contemporary CCM can be seen as a reaffirmation of the "always-embedded" nature of the economy within social relations (Block, 2001). The case studies of Ithaca HOURS and Calgary Dollars loan and grant programs will be analyzed by employing a typology which allows for multiple rational economic behaviors as defined by Biggart and Delbridge (2004). However, presently, a definition of what money actually is and a discussion of the various types and forms that it has taken over the years is necessary.

What is Money?10

Economists identify the three most important functions of money as: 1) a medium of exchange, 2) a store of value, and 3) a unit of account (Stiglitz and Walsh, 2002:166; "Money," as will be discussed below, is defined as any item that serves as a medium of exchange, store of value, unit of account, etc; whereas "currency" is the unit of exchange which facilitates the transfer of goods and services. For example, in the U.S. the dollar is the unit of exchange (the currency) used and "money" is anything that serves the purposes defined above; e.g. U.S. Treasury bills, certificates of deposit, traveler's checks, mutual funds, etc, are all "money." However, it is that portion of M1 money which circulates as printed Federal Reserve notes and minted coins that is most commonly referred to and conceptualized as 'money' in everyday life; despite the fact that this portion represents only a small amount of the total amount of money in circulation in the U.S. at any point in time. For the purposes at hand, the terms 'money' and 'currency' are used in this "everyday" usage and are used, more or less, interchangeably here. The reader should note that, if this subject were being addressed from the perspective of macroeconomics, the conflation of these two terms, of course, would be entirely inaccurate.)
Douthwaite, 1999a). Other authors also include functions such as a *standard* of value, a standard of *deferred payment* (Greco 1994 and 2001), a tool of speculation, and a tool of empire (Lietaer, 2001:332). In advanced capitalism money serves all of these functions, but its function as a “medium of exchange” is generally considered the most primary. The primacy of money as a medium of exchange results from the fact that, in its most fundamental and pragmatic use, money serves to facilitate the needed amount of commerce to maintain basic human needs. Although the function of money as a medium of exchange is necessarily universal, both its form and value have varied greatly throughout history (Galbraith, 1975:5).

However, the difficulty with *functional* definitions of money is that they describe what it *does*, not what money actually *is* (Greco, 1994; 2001 and 2004; Lietaer 2001; Stiglitz and Walsh, ibid). In fact, it is very difficult, perhaps impossible, to define money without referring to one or more of its functions. Therefore, Lietaer’s (2001:41) definition of money as being “an agreement, within a community, to use something as a means of payment” will provide a definition of money for the purposes of this study.

**Means of payment vs. medium of exchange**

The reader will note that the traditional functional definition of money as a “medium of exchange” is now replaced with that of a “means of payment.” This distinction is used to illustrate how the attempts of the capitalist system to “disembed” social relations from, *while simultaneously attaching primacy to*, market exchanges can be seen as an historical anomaly (Lietaer, 2001:41). The use of the term “means of payment” is a departure from the perspective of neoclassical economics because it allows for the inclusion of economic activity that would not be considered “rational” by
mainstream economists. For example, some “traditional” cultures place different pecuniary value on ritual or customary practices than they do to commercial exchanges.\textsuperscript{11}

To summarize, among the many functional definitions that are assigned to “money,” the most frequently used and most important conceptualization of money is that of a “medium of exchange.” Because this functional definition excludes the ritualistic and customary use of money in non-Western societies, it is more accurate to refer to money as a “means of payment.” This leads to the definition of money used here as: \emph{an agreement, within a community, to use something representing value as a means of payment.}

\section*{Acceptance of Money}

The acceptance of money, regardless of the medium chosen to represent its value, can only take place within a defined community. Today, we are accustomed to accepting paper notes that are considered “legal tender for all debts, public and private” and our “community” consists of millions of individuals within a nation-state (or a number of nation-states in the case of the Euro). Social scientists have long debated what precisely constitutes a ‘community’ (Bell and Newby, 1971; Frankenberg, 1966; Poplin; 1979).

For the purpose at hand, a community refers to a group of people having shared wants, interests, and values that interact to achieve mutually understood goals. This is based on a definition of community as consisting of: “(1) a group of people (2) who

\textsuperscript{11} Lietaer (2001 and personal communication 9/05) does not specifically use the term “disembed” to describe this process, rather he uses Williams’ (1997) example of a cloth currency used by the Lele in the Congo to argue that the tendency of contemporary Westerners to view similar monetary systems as more primitive versions of a “market” economy is inappropriate to say the least.
share social interaction (3) and some common ties between themselves and the other members of the group” (Hamman, 1997). 12

Theoretically, any medium potentially could be collectively recognized and used for payment, as long as members of a community accept it as “money.” Historically, money has consisted of anything from tobacco and wampum beads in Colonial America (Galbraith; 1975:47-50) to credit cards or frequent flyers miles or the famous Yap Islanders’ stone ‘coins’ as large as four meters in diameter (Lietaer, 2001:41). Proponents of LCS and CCS often cite these historic variations to demonstrate that members of a community can express this agreement using a medium other than officially sanctioned currency. Local and complementary currencies, it is argued, can facilitate economic activity in communities of place and communities of interest where national or multinational currency is deficient. This point will be addressed in Chapter Three with a discussion of the objectives of the CCM in general.

Since money is an agreement, to accept a mutually agreed upon object as a means of payment, its use is based on trust. If you accept an object for payment today, you need to trust that it will retain its value and will be accepted by another member of your community in payment for something that you wish to trade the object for tomorrow. This trust becomes institutionalized when this agreement is mandated and enforced within a society. For example, the U.S. dollar is relatively stable as a means of payment, based on the trust that if you accept it as payment it will retain its value.

Individuals are legally required to accept dollars as payment within the U.S. Other nation-states have institutionalized the use of a respective ‘official’ currency and legally

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12 I have excluded the fourth component of a ‘community’ identified by Hamman (1997) which refers to the requirement that individuals must share the same spatial proximity in order to remain consistent with the distinction between communities of place and of interest discussed in the introduction.
require citizens to accept it in payment. "Institutionalization" here refers to the process of the "reciprocal typification of habitualized actions by types of actors" (Berger and Luckmann, 1966:54). Clearly the use of money can be considered a social institution and, since "[i]t is impossible to understand an institution without an understanding of the historical process in which it was produced" (ibid), it is necessary to identify the types of money used historically.

**Types of Money**

Just as the medium used to represent value (money) has varied widely over the years, the *types of systems* used to regulate and manage it have varied as well. The difficulty in defining money without referring to its function is also apparent when one attempts to describe the various types of money used historically. Therefore, the historical *types* of money used are likewise defined based on function and can be categorized as: barter, commodity money, symbolic money, credit money and mutual credit money (Greco, 2001 and 2004).

*Barter* is simply the process of exchanging one item or service for another. The difficulty with barter is that there must be a *double coincidence of wants*, i.e. the only way barter works is if both parties want something the other can provide (Stiglitz and Walsh, 2002). The obvious limitation of barter is that unless there is a double coincidence of wants, no exchange can take place, or at least, one party needs to make several transactions before he or she can acquire the item desired. Often, in everyday language, we describe transactions that do not involve "official" or legally sanctioned currency as "barter." This overgeneralization can be very inaccurate and misleading since barter is
the simple exchange of one item or service for another (Greco, 2001:86; Lietaer, 2001:159).

Commodity money can be seen as more useful and efficient than barter because it allows people to make exchanges with an item that is used as a medium of exchange. The term “commodity money” should not be confused with “commodity backed” currency, which refers to currency that is “backed” and redeemable for an item considered valuable such as gold or silver. Commodity money refers to the actual commodity, such as cattle or grain, used as a means of payment or exchange. The inefficiency of using and accepting an item such as bushels of grain or a cow directly as a means of payment is quite apparent.

Symbolic money greatly increases the efficiency of market transactions as opposed to commodity money. An example of symbolic money is currency that is redeemable for gold or silver. August 15, 1971, U.S. President Richard Nixon ended the trading of gold at a fixed price. Consequently, since that time, symbolic money has not been in use by any national economy in the world and has been replaced with fiat currency. Currency that is not backed by a commodity is referred to as “fiat” currency (Douthwaite, 1996 and 1999a; Greco, 2001). “Fiat” is Latin meaning “let it be so.” Webster’s dictionary defines ‘fiat’ as “an arbitrary decree or pronouncement, esp. by a person or group of persons having absolute authority to enforce it.” Lietaer (2001:336) defines fiat currency as: “[a] currency created out of nothing by the power of an authority. All [contemporary] national currencies are fiat currencies.”

Credit money refers to money that is created by banks and other lenders through making loans to individuals and entities. Theoretically, this type of currency is no more
or less efficient than symbolic money. However, in practice, more credit money is created than would be possible if symbolic money was used because its supply is not contingent upon a limited resource such as gold. The currency in use today is regulated predominately through ‘market’ forces, for instance in the U.S. the Federal Reserve will lower or raise interest rates to offer incentives or disincentives respectively to investors (Lietaer, 2001; Stiglitz and Walsh, 2002).

Greco (2004) claims that money, as we know it, is becoming obsolete and that it has reached its ultimate evolutionary step in the form of “credit clearing” money. Credit clearing is accomplished either through third party for-profit entities such as banks or by the “mutual credit” process of accounting conducted between individual actors (Greco, 2004). Mutual credit is the process of ‘clearing’ individual participants accounts through the use of credits and debits and is the type of money used by the majority of individual LC system in operation today.

This introduction has demonstrated that the essence of money is an agreement to accept something that represents value as a means of payment. This is in contrast to a specific ‘thing’ such as a Federal Reserve note. This discussion has also demonstrated that the specific medium used as money is highly variable and is socially, culturally, spatially and/or temporally defined. The two types of systems presently used to allocate and mediate the conventional form of this representation of value are fiat credit money and “credit clearing.” The type of credit clearing money most relevant to CCS is mutual credit.  

13 These concepts and terms provide the basis for understanding the current CCM and its significance.

13 However, as discussed in a later section, the type of money used by HOURS-based systems is fiat credit money.
Historical Examples of Community Currency

Historically, community currency systems have been implemented in communities as a survival strategy when national currency has been extremely scarce, e.g. the Great Depression of the 1930s. There are many other historical examples of how communities have responded to an acute ‘official’ currency shortage by issuing community currencies and private exchange systems as an ad hoc means of payment. One such example is the Leipzig-Dresden Railway that issued private currency in the early 19th century (Greco, 1994:64 and 2001:70). Other historical examples of private and community currencies exist\textsuperscript{14}, but most authors tend to focus on the scrip issued in communities during the Great Depression of the 1930s when discussing contemporary CCM.

The primacy of the Depression-era community currency cases to historians is most likely due to the fact that there were an unprecedented number of unofficial, community and private currency systems initiated around the world during that time (Lietaer, 2001:156; Greco, 2001:58). Another reason authors tend to focus on the ‘emergency scrip’ issued during this time is simply that historical examples dating before the 1930s do not have as much relevance to present day sociopolitical and economic realities. The increases in market integration and international trade, the technological advancements made in transportation and communications (i.e. contemporary “globalization”), and differences in the monetary systems used prior to the 1930s compared to present day systems all contribute to the difficulty of making generalizations. Of course, the further one looks back in history the less likely the

\textsuperscript{14} For instance, Cohen-Mitchell (2000) refers to “utopian monetary experiments of the nineteenth century” such as the Owenites and the Icarians during the early to mid-nineteenth century.
existing monetary systems could be compared to present-day systems. Therefore, the Depression-era scrip is far more relevant to contemporary CCS today than any community or private currency initiated before this time.

Thousands of these “emergency currency” systems were used in all parts of the world to facilitate trade in local areas at a time when ‘official’ currency was extremely scarce due to individuals hoarding what little was available and thereby creating a severe shortage of currency for day-to-day transactions (Greco, 2001:58; Stiglitz and Walsh, 2002:167). The Great Depression of the 1930s affected nearly every part of the world, but Americans were particularly hard hit. Galbraith (1975:283), for one, considers the Depression to have been the most important event of the first two-thirds of the twentieth century for Americans, even more important than both World Wars, the birth of the nuclear age and the first lunar landing.

The extremely high unemployment rates and the lack of money available for daily transactions forced many American communities to issue emergency scrip during the 1930s. For example Atlanta, GA issued approximately $2.5 million dollars in scrip to pay workers during the depression (Stiglitz and Walsh, 2002:167). Many private companies issued scrip to pay employees during this time as well (Greco, 2001). Over 300 American communities were issuing scrip or other forms of community currency during this time until President Roosevelt authorized legislation that prohibited any new systems from forming or further growth of existing systems on March 4, 1933 (Douthwaite, 1996:99).

Several notable examples of communities issuing scrip in Europe during the 1930s are also often mentioned in literature focusing on the CCM. One of these is the
*Wirtschaftsring* (WIR), which was initiated in Zurich, Switzerland in 1934 and is still in operation today. The WIR operates through a hybridization of mutual credit and fiat currency. Individuals can obtain WIR by mutual credit exchanges with one another or by receiving a loan from the WIR central bank. The WIR system is particularly interesting due to the fact that it has steadily continued to grow for over seven decades and currently its membership of 80,000 small to medium size business owners circulate an annual volume of 2.5 billion Swiss Francs (Lietaer, 2001:168; Greco, 2001:67).

Two other notable LC systems in operation during the 1930s in Europe included the German Wära and the Wörgl from an Austrian city of the same name. According to Greco (1994 and 2001) and Lietaer (2001) the primary significance of these systems is that they incorporated a *demurrage* fee promoted by Silvio Gesell (1958). Demurrage is perhaps most succinctly defined as a “form of negative interest which discourages hoarding in the form of currency” (Lietaer, 2001:28). Demurrage has often been incorporated into community currency initiatives as a form of negative interest charge on the use of the currency based on the principal that views money as a public service and that individuals should “pay” for this service.

A demurrage fee was incorporated into many emergency currency systems of the 1930s by charging one or two cents each for a stamp which were to be affixed to the back of the note after a week, or other designated period of time. This type of currency was common in the U.S. and Canada as well as other countries during this period (Greco, 1994 and 2001). The Alberta Social Credit Party in Canada, which governed the province from 1935 to 1971, also had demurrage currency in the form of “prosperity certificates” for a short period during the depression (Wright, 2000).
Many more examples of private and community currencies issued during the depression could be given, but the purpose of this section is to provide a general overview of these systems in order to place the contemporary CCM in its proper context. The examples of depression era scrip given above served as predecessors to the different CCS in place today. The following section describes the major types of CCS currently in use.

**Contemporary Complementary Currency Systems**

“...by a small change in the money system, we can unleash huge improvements in our social system. It’s the highest leverage point for change in our society, and surprisingly few people are looking at it” (Interview with Bernard Lietaer; Dykema, 2003).

Unlike the depression era scrip, contemporary CCSs have emerged not exclusively as a survival strategy but, also as means to counter the negative effects of globalization through localized networks of exchange. Some contemporary CCSs have been initiated in communities in times of acute economic crisis, but many of these systems persist in communities of relevant affluence and/or they continue to operate after the recovery of the local economy. For instance, people are continuing to join the Argentinean “Barter Network” (see Appendix 1) ten years after its introduction despite the relative recovery of the national economy. It has been argued that individuals continue to join based on reasons of ideological or moral values (such as environmentalism or social justice) rather than simply as a ‘survival strategy’ (Daito, 2005).

During the past two decades, an unprecedented number of CCS have emerged worldwide (Figure 1). These systems are designed to promote local trade and economic and environmental sustainability and to facilitate more meaningful interactions and
interpersonal relationships on a local level (Douthwaite, 1996; Dykema, 2003; Helliner, 2000; Greco, 1994 and 2001; Lietaer, 2001). These broader goals of the CCM will be explained in detail in Chapter Three through a discussion of the specific objectives identified by CCS proponents. Before the goals and objective of the CCM can be discussed, it is necessary to describe the three major types of CCS identified by authors: 1) *LETS*, 2) *HOURS* and 3) *Time Dollars* systems.

![Graph](image)

Figure 1: Number of CCSs operational in selected countries during the years 1984 - 2003 (Lietaer, 2004a; 2004c; Wheatley, 2005; Zagata, 2004).

**Local Exchange Trading Schemes (LETS)**

Local Exchange Trading Schemes (LETS) are by far the most common type of CCS in existence currently. Michael Linton founded the first LETS in the town of Courtenay in the Comox Valley on Vancouver Island, British Columbia in 1984, and

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15 Often 'E' is used to refer to "employment" and/or the 'S' to refer to "system." Williams, et al (2001) and Lee, et al (2004) identify two distinct types of LETS - LETSystems and LETSchemes – where the LETS Schemes are more focused on "community building" and the LETS systems have more of an economic focus. Due to the focus of this thesis, this acronym is used to refer to all LETS (whether 'systems' or 'schemes').
since then LETS have spread to all parts of the world (Dobson, 1993; Lang, 1994; Lee, 1996; Peacock, 2000; Seyfang, 2004).

As of 2001, there were over 300 LETS in operation in the UK (Williams, et al, 2001), over 200 systems in Australia, several dozen in New Zealand, and many more systems in other countries (Lietaer, 2001:166). The exact number of LETS systems worldwide is difficult to determine because systems are initiated and others dissolved, perhaps, on a daily basis. However, one estimate of the number of LETS in operation in 2001 was between 1,800 and 2,000 (Greco, 2001:94).

LETS are a mutual credit clearing system that monitors the debits and credits accrued by members. LETS credits and debits are recorded at each exchange and are typically centrally administered and maintained through an electronic database. When an exchange takes place, the individual who receives the goods or service will have a ‘debit’ changed to his or her account and the individual who has provided the item or service would receive a “credit” on his or her account. The transactions are sometimes conducted using ‘checks’ or a printed currency note and are kept track of through the system database. A printed note or check is not required and many systems utilize a virtual currency within a database rather than a tangible ‘currency’ (Aldridge and Patterson, 2002; Barry and Proops, 2000).

A participant does not need to have ‘credits’ on his or her account before being able to spend the LC used in LETS. Individuals can have a ‘negative’ balance by having more debits than credits. These parties are said to be ‘in commitment’ and must provide goods or services to another member of the system at a later date. Transparency is
incorporated into the system by the fact that all members’ account information is open to anyone in the system at any time (Aldridge and Patterson, 2002).

The LETS currency used to facilitate a trade is created at the time of the trade and, therefore, the exchange is not contingent upon an individual having money. This is considered an important benefit of LETS and many other LCSs. In other words, an individual’s needs do not have to go unmet due to a participant’s lack of ‘money’ (Lietaer, 2001:339). Because LETS are by far the most numerous CCS in operation they have received more academic focus than all of the other CCS combined.

**Time Dollars/Time Banks**

The second major type of CCS is known as *Time Dollars* (or ‘Time Banks’ in the UK). Time Dollars are based on the exchange of participants’ time in the system. Time Dollars are used to promote community participation in the form of volunteering among individuals from groups that have traditionally been the recipients of volunteer work. The unemployed, youth, elderly, disabled, ethnic minorities and the poor are encouraged to participate in the system (Boyle, 1999; Cahn, 2000; Seyfang, 2002). Due to its

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16 An interesting analogy used by some CCS proponents, in regards to the essence of money (i.e. as a means of payment and exchange used within a community) is that: to say that individuals and communities cannot meet their needs because they lack a “means of payment and exchange” is like a carpenter saying that she cannot build a house because she doesn’t have any inches or feet.

Another analogy used by Lietaer (2001:146) involves a Martian who lands in a city, any city, searching for intelligent life on Earth:

> Imagine a Martian landing in a poor neighbourhood and seeing rundown communities, people sleeping in the streets, children without mentors or going hungry, trees and rivers dying from lack of care, ecological breakdowns and all of the other problems we face. He would also discover that we know exactly what to do about all these things. Finally, he would see that many people willing to work are either unemployed, or use only a part of their skills. He would see that many have jobs but are not doing the work they are passionate about. And that they are all waiting for money. Imagine the Martian asking us to explain what is that strange "money" thing we seem to be waiting for. Could you tell him with a straight face that we are waiting for an "agreement within a community to use something - really almost anything - as a medium of exchange"? ... Our Martian might leave wondering whether there is intelligent [and compassionate] life on this planet.”
“community building” focus, Time Dollars can also be considered a type of LC system (Lietaer, 2001).

These systems have been used as a way to ‘build community’ by encouraging participants to volunteer time for which he or she receives payment. Each individual’s time is considered equal in the system and is kept track of by a “Time Broker” or “Timekeeper” who maintains the system by a process of ‘clearing’ the debits and credits of individual participants. Participants make a ‘deposit’ (credit) into the system by volunteering to provide a service for another member of the system and a ‘withdrawal’ is debited when an individual uses the services of another member (Boyle, 1999; Cahn, 2000; Seyfang, 2002).

Edgar Cahn first introduced the Time Dollars model in the U.S. in 1987, and in 1995 the Time Dollar Institute (2004) was formed (Lietaer and Belgin, forthcoming). There are over 300 districts and social service programs worldwide currently using this model. Time Dollars, as with the other major types of CCS, are rapidly growing in popularity and the number of systems changes at a very rapid rate. For instance, Thirty-six systems were operational in the UK in 2002 and currently 70 systems are in operation and another 70 are being developed in the UK (Seyfang, 2002:243; UK Time Banks, 2005).

The growth of Time Dollars in recent years is, in part, due to the fact that countries such as the UK and U.S. have been supportive of this model as a policy tool to address such issues as community development, promoting “social capital,” alleviating “social exclusion,” and promoting localized economic growth (Seyfang, 1999; 2003). Social capital refers to the term attributed to and promoted by Putman (2000) that
describes the “the additional productive benefits to the society or economy as a whole that result from the synergy of a set of mutually trusting social relationships” (Szreter 2000). Social exclusion is used “as a catch-all term to encompass poverty, unemployment, marginalization, ghettoization, etc” (Seyfang, 2003).

The potential for Time Dollars or other CCS to build social capital or to ameliorate (at least in some ways) social exclusion is a widely held contention. Although, these systems cannot be considered a panacea that can, in and of themselves, significantly reduce the widespread problems of social exclusion or promote social capital. There is the potential for CCS in general, and Time Dollars specifically, to be co-opted by the state as part of a wider neoliberal agenda. Powell (2002b) notes that the rapid spread of Time Dollars across “Tony Blair’s UK” can be critically analyzed as an attempt to “replace state employees with unpaid volunteers” (ibid). Although it is important for those involved in implementing and maintaining these systems to acknowledge this caveat, it is also apparent in CCS literature that Time Dollars and other CCS are often quite effective in addressing issues such as social exclusion and community development.

**HOURS-Based Systems**

The third major type of CCS is the HOURS-based systems, which were initiated in Ithaca NY in 1991 by Paul Glover. He promoted HOURS as a way to:

“...help the under-employed to employ each other, [HOURS] raise the minimum wage, they help new businesses to start and find new customers for existing businesses, they keep wealth in the community, they decrease dependence on imported capital and goods, they fund community organizations, they increase friendly trade and mutual aid (Glover, 1995a:6)”

HOURS are a fiat issued, locally and democratically managed and printed LCS that uses paper notes that are based on the principle that an hour of time is worth $10
Although, Glover did intend for the HOUR system to serve as a way to "raise the minimum wage" in the community, he also acknowledged the need for certain services to be valued above this rate (ibid). The use of a time-based unit of exchange was first introduced in the 19th century by Robert Owen, who issued 'Equitable Labour Hours' in his "New Harmony" communities in the U.S. and mills in the U.K. (Harrison, 1969; Wheatley, 2005). Owen's Equitable Labour Hours circulated in these communities only for a short period of time; however, this early experiment with time-based currencies provided an example for Glover and others to model contemporary CCS/LCS around.

Glover had learned of a local currency project sponsored by the E. F. Schumacher Society in the Berkshires of MA from a media story and conceived the idea of Ithaca HOURS after visiting members of the Schumacher Society (Witt, 1998 and 2005). The Schumacher Society (www.schumachersociety.org) is an organization based in Great Barrington, MA that is dedicated to preserving and continuing the work of E. F. Schumacher, who is best know for his 'localized' approach to economics and community development (Schumacher, 1989).

As of October 2003 there were 16 HOURS based systems in operation in the U.S. (Collom, 2005). There are also several HOURS based systems in Canada, such as Calgary Dollars (C$). As with the other major types of CCS, it is difficult to determine exactly how many systems are in operation at any one time, but the attempts that I have made in the past two years to contact HOURS based system coordinators in the U.S. in an attempt to determine the number of systems in operation have resulted in confirming Collom's (ibid) findings in 2003.
The loan and grant programs of Ithaca HOURS and C$ constitute the case studies of this research. At present, it is necessary to mention only that the C$ system is based on and very similar to Ithaca HOURS. The primary difference between the two systems is that C$ uses (Canadian) “dollars” as the unit of account rather than “hours” as in the Ithaca and other HOURS based systems in operation currently.

The three types of CCS discussed above – LETS, Time Dollars, and HOURS based systems – are the most common CCS models currently in operation. There are several other systems that are specifically noted in CCS literature. These include the Argentinean CCS experiments, the various number and types of CCS that have flourished in Japan in recent years, and a supranational CCS initiative (the “Terra”) that is soon to be utilized as a means of payment and exchange at the level of international trade.\(^{17}\)

The CCS that have been described in this section (LETS, Time Dollars, HOURS, as well as those described in Appendix 1) involve many more details in their respective implementation and management than can be covered in this study. Additionally, there are many other systems that are hybridizations of these existing systems, and/or other systems that could be considered anomalies when viewed from the perspective of the major types of CCS that are listed above. The purpose here is to present a general overview of the CCM in order to illustrate the degree to which this movement has proliferated worldwide in the past two decades and primarily in the last decade.

The institutional evolution of LCS described above provides the background needed to place the contemporary CCM in its appropriate context. As I have briefly mentioned, the CCM has general objectives which are designed to address the negative

\(^{17}\) These systems are discussed further in Appendix 1 (p.120).
effects of globalization on individual communities. These objectives include promoting local trade in an economically and environmentally sustainable manner, and facilitating meaningful interactions and interpersonal relationships on a local level. Because these objectives are consistent with green politics the CCM is often supported by “Greens.” Therefore, I will introduce the theoretical basis of this study beginning with a discussion of these objectives and the relationship between green political thought and the CCM.
CHAPTER THREE: THEORETICAL BACKGROUND

This chapter focuses on how the CCM's objectives are addressed through individual LCSs and the theoretical argument that the CCM may be viewed as a New Social Movement, by which its' participants are seeking to “re-affirm” the “always-embedded” nature of the economy in social relations. This theoretical context is provided only to inform the case studies of the loan and grant programs of Ithaca HOURS and Calgary Dollars, in that these programs are only a relatively isolated phenomenon occurring within the context of a much broader social movement which seeks to radically redefine how money is used and conceptualized in contemporary complex societies. Biggart and Delbridge’s (2004) “Systems of Exchange Typology” provides the theoretical model by which the loan and grant programs of Ithaca HOURS and Calgary Dollars are analyzed in this study.

Objectives of Local Currency Systems

Supporters of LCSs claim that these systems promote the social, environmental, political, and economic development of local communities in a sustainable and just manner (Glover, 1995a and 1995b; Greco, 1994 and 2001; Lietaer, 2001 and 2004c; Lietaer and Belgin, forthcoming; Meeker-Lowry, 1996; Witt, 1998 and 2005). Individual LCSs attempt to meet these broad goals by challenging three of the concepts that are central to neoliberal economic thought: 1) the expansion in scale of economic geographies; 2) the “depoliticizing” of the economy and its management; and 3) the economic orientation of radical individualism (Helleiner, 2000). These goals arguably originate from the “green” political movement in that LCSs are a “consumption-based oppositional movement that has arisen in this era of neoliberalism” (Helleiner, 2000:35).
The connection between the CCM and green politics is a common theme throughout local currency literature.

**Local Currency Systems and Green Politics**

'Greens' oppose the large-scale, self-regulatory markets that are favored by neoliberals. Subscribes of green politics argue for small-scale, decentralized grassroots participatory democracy and local economic geographies (Caldwell, 2000; Daily and Cobb, 1994; Helleiner, 2000). They challenge the market liberal idea that the self-interested individual economic actor (*homo economus*) who is motivated *exclusively* by a rational pursuit of individual material gain and argue that "instead of *homo economicus* as pure individual we propose *homo economicus* as person-in-community" (Daily and Cobb, 1994:7).

This 'person-in-community' orientation, according to greens, commands individual responsibility in pursuing communal and environmental well-being through self-reflexive lifestyle choices that are directed toward the ideals of environmental and social justice (Daily and Cobb, 1994). The CCM is seen as one of the ways by which greens attempt to actualize this idealized concept of 'person-in-community' (Caldwell, 2000; Fitzpatrick and Caldwell, 2002; Helleiner, 2000). Other researchers offer support to this claim by showing that LCSs provide a political tool used by greens to achieve and promote these values. There are three primary objectives of the CCM that are consistent with green political thought.

*First*, LCS proponents challenge the large-scale economies that are characterized by free trade and an efficient division of labor favored by neoliberals. Instead, LCS supporters argue for local economic geographies, and in particular, local currency
systems are often promoted as a way for individual consumers to “think globally and transact locally” (Helleiner, 2000). This slogan is used by supporters of green political thought to epitomize their values. Many of the benefits that supporters attribute to LCSs are consistent with green politics. These include reducing the environmental impact associated with the long distance transportation of goods (Norberg-Hodges, et al, 2000) and encouraging community members to find ways to provide goods and services for each other rather than importing into the area (Glover, 1995a).

Second, according to Helleiner (op cit) greens also use LCSs to challenge the “depoliticizing” of the economy and its management by unrestrained self-regulatory markets. Greens argue that large-scale economies operate beyond the control of average citizens and tend to obscure many of the negative environmental and social consequences of politically unrestrained markets. They often cite the spatial economic disparities associated with economic globalization and claim that LCSs provide a means to counter or mitigate this tendency. For example, Paul Glover, the originator Ithaca HOURS states: “[w]e print[ed] our own money because we watched the Federal dollars come to town, shake a few hands, then leave to buy a rainforest and fight wars. Ithaca’s HOURS, by contrast, stay in our region to help us hire each other” (Glover, 1995:156).¹⁸

The third neoliberal idea challenged through LCSs is that of the radical individualism of self-interested economic actors who are motivated exclusively by personal gain. Although greens acknowledge that motivations of self-interest are necessarily an element of economic exchanges, they believe that this tendency should be tempered with an interest in the economic and social well-being of the overall community. Local currencies

¹⁸ Paul Glover was a Green candidate in a recent mayoral election in Ithaca. Also, in 2004 the Green Party considered him as a potential presidential candidate (Jacob, et al, 2004b).
are supported by many greens because they intend to serve both the individual interest and that of the wider community. They are often seen by participants as a way to “build community” and promote a sense of belonging (Thorne, 1996; Williams, 1995).

Given the consistency between the objectives of LCSs and those of the greens, one would expect to see empirical evidence of ‘green’ membership in individual systems. This is in fact the case with both LETS and, to a lesser degree, HOURS-based systems. Since LETS are the most common type of LCS, they have received the most attention by academics. A number of researchers note that the percentage of members who identify with the green party is higher within individual LETS than that of greens in the overall population (Caldwell, 2000; Fitzpatrick and Caldwell, 2002; Gran, 1998; Lee, et al, 2004; Pacione, 1997; Seyfang, 1998 and 2001; Williams, 1996a; 1996b and 2001; Williams, et al, 2001).

Studies of HOURS-based systems also show that the percentage of greens participating in these systems is much higher than that of the wider population. Far fewer studies have focused on HOURS-based systems because there are presently over 100 times as many LETS as there are HOURS-based systems. Nonetheless, survey research conducted in printed LCSs in Ithaca, NY, Calgary, Alberta, and Nelson, British Columbia, Canada found that an average of 70 percent of the respondents who identified with a political party in each of the three communities identified themselves as green.19 (Jacobs, et al, 2004a; Wheatley, 2005).

This is not to say that individual participation in LCSs is exclusively determined by political views and certainly not everyone who participates in LCSs is a ‘green.’ Participants often cite the potential for LCSs to “build community” (Thorne, 1996;

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19 Approximately 30 percent of total 134 respondents did not identify with any political party.
Williams, 1995) or to promote social capital (Jacobs, et al, 2004a) as reasons for participation, rather than any potential that a LCS may offer its members to express or promote political partisanship. Furthermore, greens who do participate in LCSs may not necessarily have political reasons for their participation, nor do these political reasons necessarily need to be of primary importance. Nevertheless, CCSs are clearly intended to challenge many of the assertions of neoliberalism. This can be theoretically explained through the concept of embeddedness and its relation to the CCM in general.

**The Concept of Embeddedness**

The theoretical concept of “embeddedness” has received a tremendous amount of attention in the past twenty years in the social sciences, primarily in the field of economic sociology. It was adopted from mid-twentieth century historical economist Karl Polanyi by Granovetter (1985) and has influenced research in economic sociology ever since. However, Granovetter used the term “in a narrower and somewhat different way than Polanyi meant it” (Granovetter, 2004).

Granovetter (1985) argued that the “social” and the “economic” are embedded within the ties that hold individuals together within relatively small economic networks in modern industrialized society. In his article, ‘Economic Action and Social Structure: The Problem of Embeddedness,’ Granovetter presents an alternative to the deficiency that he claims existed in economic and economic sociological literature at the time (Granovetter, 1985 and 2004). He argues that economists following the neoclassical tradition subscribe to an “undersocialized” view of economic behavior in claiming that economic actors are

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20 “Embeddedness” has been a central theme in economic sociology for two decades and the concept has also been engaged in other social science research. Consequentially, there has been a great deal of debate over the term. Recently, the role and meaning(s) that embeddedness has had in economic sociology has been the topic of considerable debate (Krippner, 2001 and 2004).
guided exclusively by self-interest. On the other hand, he contends that "transaction cost" economists such as Oliver Williamson (1975) follow an "oversocialized" method of analysis that centers on how issues of trust and malfeasance affect economic relationships, and hence place too much emphasis on such issues in explaining economic behavior (Granovetter, 1985).

In opposition to these "undersocialized" and "oversocialized" views, Granovetter contends that "a sophisticated account of economic action must consider its embeddedness in such structures" (1985:481). Embeddedness, in this context, is used to describe economic action as being enmeshed (or "embedded") in social relationships and institutions (Granovetter, 1985). Block (2001:xxiv) provides a succinct definition of embeddedness as it is most frequently used in economic sociology and related fields currently as "the idea that market transactions depend on trust, mutual understanding, and legal enforcement of contracts." This provides a sufficient discussion of embeddedness as it is most commonly used presently.

**The Always-embedded Market Economy**

This more frequent use of the concept of embeddedness in social science research currently varies from that attributed to Karl Polanyi (1944) in 'The Great Transformation.' Polanyi's primary thesis was that prior to the mid-nineteenth century, the economy had been structurally intertwined with politics, religion and social relations, and that the "Great Transformation" (i.e. the Industrial Revolution) characterized by market capitalism, brought with it a vision that challenged this social structure. This vision was the *self-regulating* market economy. The concept of a 'self-regulatory' market was first introduced by classical economists and is based on the idea that the market
possesses an inherent logic of its own. This logic is said to regulate the "economy." The (market) economy, in this sense, is defined as "an interlocking system of markets that automatically adjusts supply and demand through the price mechanism" (Block, 2001:xxiii). Market liberals believe that the self-regulatory market is most efficient when left to its own logic and not subject to political regulation.

According to Block (2001 and 2003), Polanyi’s argument in the 'Great Transformation' has been misinterpreted by many to mean that the economy was effectively 'dis-embedded' and came to dominate society after the mid-nineteenth century. Block contends that Polanyi had identified the 'always-embedded' nature of the economy in that the very existence of a truly self-regulating market is impossibility. What follows is a summary of this argument and a discussion of what is meant by the "always-embedded" economy and its significance to this study.

Block (2001 and 2003) contends that Polanyi's concept of embeddedness has often been misinterpreted. This 'misinterpretation' of Polanyi results from the ambiguity of the text itself. In fact, as pointed out by Barber (1995:401), the term "embeddedness" is mentioned only two times in 'The Great Transformation' (Krippner, 2001:779). The following is one of these instances:

"Ultimately that is why the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system." (Polanyi, 1944:60)

This quote, along with similar passages in 'The Great Transformation' has, quite understandably, lead many readers to conclude that Polanyi was claiming that capitalism

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21 Block's (2003) 'Karl Polanyi and the Writing of the Great Transformation' provides a detailed discussion of the theoretical basis for these 'ambiguities,' which Block primarily attributes to Polanyi's shifting views on Marxist theory during the writing of 'The Great Transformation.'
had succeeded in dis-embedding the economy from social relations with the rise of the self-regulatory market. Block (*op cit*) contends that this is not what Polanyi argued and that the key to understanding why this ‘dis-embedding’ cannot fully be actualized can be found in Polanyi’s discussion of the “fictitious commodities” of land, labor and money. Polanyi defines a commodity as something that is produced for sale on the market. Land, labor and money cannot be fully commodified because, according to Polanyi, to do so would result in nothing less than the annihilation of “the human and natural substance of society; it would physically destroy man and transform his surroundings into a wilderness” (Polanyi, 1944:3).

According to Polanyi, the attempts by market liberals to subject these fictitious commodities to market forces alone was *necessarily* met with resistance in order for society to protect itself from eminent destruction. Polanyi refers to this resistance as a ‘double movement’ and claims that when the social consequences of the liberalized market’s demands on any one of these fictitious commodities becomes too great, “people resist; they refuse to act like lemmings matching off a cliff to their own destruction” (Block, 2001:xxv).

This resistance can originate from the state itself or from civil society. Polanyi argued that resistance against a fully self-regulating market economy has been initiated from every different sector of society (Block, 2001:xxviii). However, it has been questioned whether this resistance can be fully successful under a self-regulatory market structure since the “logic” of the self-regulating market inherently dictates the commodification of land, labor and money (Adaman, et al, 2003; Lacher, 1999). In other words, any countermovement (originating within a society governed by a self-regulatory market) against the negative effects of the liberalization of the market is as much of an “impossibility” as that of a fully self-regulatory market in the first place, as long as land, labor and money are treated as pure commodities. Following this argument, a type of perpetual tension is played out in contemporary advanced capitalism between the attempts to achieve a fully self-regulatory market on the one hand and the protectionist responses to these attempts on the other.
claims that although Polanyi identified the “always-embedded” nature of the economy in social relations and the institutions governing these relations, he did not name this phenomenon as such. Moreover, Polanyi challenged the very idea that a truly autonomous economy can even exist without being controlled by politics, morality, and law.

“With this concept of embeddedness, Polanyi is challenging a core presumption of both market liberals and Marxists. Both of these traditions are built on the idea that there is an analytically autonomous economy that is subject to its own internal logic. Polanyi’s point is that since actually existing market economies are dependent upon the state to manage the supply and demand of the fictitious commodities, there can be no analytically autonomous economy” (Block, 2003:282).

Therefore, according to Block’s reading of Polanyi, the very idea of an autonomous market that is regulated by its own internal logic is a utopian concept and thus an impossibility because such an economic structure cannot exist since any attempt to ‘dis-embed’ the market economy from social relations and the institutions which govern them will be resisted.

To summarize, a truly self-regulating economy is a utopian vision because it cannot exist for any length of time without some form of political control to mitigate the effects of treating land, labor and money as pure commodities. When the negative consequences that result from treating these fictitious commodities as real commodities becomes apparent, those affected by the consequences will resist out of self preservation. In short, the economy was never and, most importantly, could never be “dis-embedded” from social relations and the institutions which mediate and regulate these relations. Based on the discussion above, a truly self-regulatory market cannot be fully achieved. This claim, of course, has profound implications for social science research, policy, and
many other fields. I contend that LCSs provide researchers a unique opportunity to investigate the always-embedded nature of economic exchanges at a 'micro' level of analysis. Local currency systems are purported to simultaneously provide both economic and social benefits. It is argued that LCSs are specifically intended to counter and/or mitigate many of the negative social and economic effects of globalization by offering individual consumers the ability to make economic choices that has a direct benefit to them as well as their community.

Because of the importance that LCS members place on the social as well as economic benefit of the overall community through economic exchanges, I would argue that a better understanding of the reasons individuals have for participating in these systems can provide insight into the theoretical concept of the always-embedded economy. Likewise, Polanyi’s concept of the ‘always-embedded economy’ (per Block, 2001) could be used to further analyze the CCM because of the theoretical insight which it may offer in explaining the collective action engaged by CCM participants.

**The CCM as a New Social Movement**

This section provides a discussion of the CCM as a “New Social Movement” (NSM) in order to place HOURS-based loan and grant programs in, what I argue, is their ‘appropriate’ context (i.e. as only a small part of the wider CCM). This is being done in order to make use of the insights which the NSM approach offers to the conceptualization of the CCM, and not to make the claim that this “movement” is definitively a NSM. My point is simply that the NSM approach provides researchers with insights and analytical tools by which to view and explain this phenomenon. To be sure, no empirical or theoretical research has been conducted to date which has contextualized what I refer to

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23 See Block (2001; 2003 and 2004) for a discussion of these implications.
here as the “CCM” as a NSM. However, this claim is not entirely without precedence, as the NSM approach has been applied to the analysis of LETS.\(^{24}\) Therefore, the following discussion briefly introduces the explanatory and analytical potential that the NSM literature may offer to what I define here as the CCM, but with the primary goal of placing the focus of this study within its proper context (i.e. as a potentially unified “social movement”).

The NSM approach emerged out of a critical engagement of Marxism by theorists as a result of their attempt to explain many of the forms of collective action expressed by social movement participants in contemporary societies (Johnston, et al, 1997). NSM theorists argue that Marxists-based social movement theories, characterized by a ‘reductionism’ of social relations to a strict economic- and class-based dichotomy (e.g. the bourgeoisie/proletariat struggle for power), are simply not adequate in explaining many of the social movements that have arisen since the mid-twentieth century, and that new theoretical perspectives are needed to analyze these “New” Social Movements.

The NSM ‘approach’ is viewed by some theorists as many diverse ‘theories,’ rather than a single unified ‘theory,’ that are designed to explain contemporary social movements which express certain common characteristics (Buechler, 1997). Other theorists refer to the NSM perspective as an ‘approach’ and claim that the NSM approach is designed to identify the common characteristics of “New” Social Movements and develop tools by which to analyze these movements (Melucci, 1989; Johnston, 1997).

\(^{24}\) Crowley (2004) directly poses the question: ‘can LETS be considered a NSM?’ To which she answers, essentially, that they cannot be categorized as a NSM. Purdue et al (1997) view LETS, along with “veggie boxes” and festivals in Bristol (UK), as comprising a “green milieu,” which they analyze (in part) through NSM literature. North (1998) innovatively “tempers” Alaine Touraine’s methodological technique of “Sociological Intervention” with Alberto Melucci’s theoretical insights. What is important to the discussion at hand is that these studies have focused on LETS, either individually or part of a “green milieu,” and not as only one aspect of the CCM.
There are many ‘characteristics’ that NSM theorist claim are common to these movements (for instance Johnston, et al [1997] identify seven). I will provide a discussion of the following three most common characteristics identified throughout the NSM literature and very briefly discuss how each is expressed by the CCM:

1) they are no longer based primarily upon class-based issues,
2) “…their emphasis on internal democracy,” (Crossley, 2002:150) and
3) “their focus upon everyday ways of acting and relating” (Crossley, 2002:150).

NSMs, occurring within contemporary “information-based society” (Melucci, 1997; Touraine, 1981), are no longer defined primarily upon class-based issues in the way that, for example, the Marxist bourgeoisie/proletariat class struggle was defined. NSM theorists note that participants in these movements often come from different classes and that they identify with these movements in many different ways (interests, ideology, gender, values, etc.). As previously discussed, individuals participate in local and complementary currency systems for any number of reasons, such as their ‘community building’ potential, as a means of expressing political and/or moral values, as a means of helping others, and other reasons that are not rooted in class-based issues.

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25 Alaine Touraine and Alberto Melucci are perhaps the two most influential of NSM theorists. It should be noted here that, although both theorists believe that contemporary society is “information (and knowledge) based,” their theories as to the relationship between modern information society and NSMs differ in at least one very important respect. Touraine (1981) views the “information society” as, in Marxists terms, the defining historicity (i.e. the specific historical/technological aspects that define a given time period) of our day. Touraine, to put it very simply, argues that NSMs should be analyzed by investigating the aspects by which a NSM is operating within this specific historicity (i.e. information society, or; in Touraine’s own terms, the ‘programmed society’) and that the very essence, or ‘higher meaning,’ of a movement can be determined through this analysis.

Melucci, on the other hand, disagrees with the claim that the single ‘higher meaning’ of NSMs can be determined. But, rather that NSMs are to be conceptualized as “systems of action,” operating within (post-) modern complex societies, whereby a diverse “network” of participants engage and contest power. Further, he argues that “[T]his is not a temporary phenomenon but a morphological shift in the structure of collective action” (Melucci, 1997: 264). However, this ‘morphological shift’ is not directed toward any one specific goal nor is it reflective of any ‘higher meaning,’ as Touraine (1981) argues.
Participation in the CCM, when viewed collectively, is by no means limited to, or primarily motivation by, class-based issues and affiliations.\(^{26}\)

The second feature common to NSMs which I would like to focus on is their emphasis on internal democracy. NSMs, rather than attempting to effect political and social changes through existing political channels, seek to create “institutional reforms that enlarge the systems of members’ [democratic] participation in decision making” (Johnston, et al, 1997:277). Given this fundamental goal, it is not surprising that the internal organization of NSMs and the networks that comprise them are founded upon democratic principles. The broad ‘institutional reform’ that the CCM is seeking is, I argue, a redefinition of money itself and the means by which it is created, allocated and (re)distributed by establishing ‘community’ currencies that are exchanged on a much smaller scale than national currencies and, therefore, more likely (and able) to be democratically managed. This primacy given to democratic organization within the CCM can also be seen by a discussion of the democratic decision making process within an individual LCS. To cite just one example, which I will discuss further in Chapter Five, the decision to award a loan or grant in the Calgary Dollars LCS is made at the organization’s monthly events where the system members in attendance participate in a democratic process to decide whether or not to award an applicant a loan or grant.

The final common characteristic of NSMs that I will discuss here is their ‘focus upon everyday ways of acting and relating.’ NSMs do not (generally) confront power

\(^{26}\) Some research has shown that at least some LETS have been dominated by a ‘disenfranchised middle class,’ who identify themselves as Greens (for instance see Williams, 1996b). There is clearly a larger percentage of Green membership in many LCSs, as discussed above, and although political, moral, economic, or other motivation may predominate in an individual LCS, or even a particular type of LCS (e.g. the high percentage of Green membership in LETS), my point here is simply that participation in the CCM is clearly not limited to any one particular class (nor to any other single affiliation) and it certainly cannot be described as a class-based ‘movement.’
directly, but challenge and, ultimately, seek to replace the dominant “symbolic codes”
that provide structure and meaning to everyday life (Melucci, 1989). So, rather than being
focused on the desired ends of their actions (i.e. the social change which they are
seeking), NSM participants focus on the means themselves (i.e. the self-reflexive actions
of individual participants) and “believe that you can change your life today while fighting
for more general changes in society” (Melucci, 1997:263). It is the actions that NSM
participants take in their everyday lives that provide a sense of identity with the
movement itself, and it is their action that conveys the message (or the “sign”) of the
movement to the rest of society. In fact, the collective action of NSMs is not even
primarily concerned with the (ultimate) end of the movement, but with the process of
‘making power visible’ (Melucci, 1997:273). In contemporary, information-based society
the process of ‘making power visible’ is necessary for the success of a NSM, because it is
“...the only condition for negotiating the rules and for making social decision more
transparent” (Melucci, 1997:271).

Participants in LCSs and CCSs challenge the ‘symbolic codes’ which are
embedded in the contemporary global monetary system through many different ways.
The lack of a positive interest charge (for example, HOURS-based grants), the tendency
for many systems (especially Time Dollars systems) to attach exchange value on
traditionally unpaid work (i.e. work conducted within the ‘core economy’), the
preferences which members of some systems show toward poorer members, and the
tendency for some LETS to challenge participants concept of debt can all be seen as ways
that individual systems (or ‘types’ of systems) within the CCM are challenging the
‘symbolic codes’ of advanced capitalism. Many more examples of how LCSs and CCSs
challenge the dominant ‘symbolic codes’ could be given; however, what is important, I argue, is that participants in these systems are involved a nascent global social movement that seeks to collectively redefine money in contemporary society. As discussed above, there are aspects of many individual LCSs/CCSs, and “types” of these systems that express certain characteristics common to NSMs; and that this observation has been made by a few studies focusing on LETS. But, what is unique here is that I am suggesting that it may be of (analytical) value for researchers to conceptualize the CCM collectively as a NSM.27

To summarize the chapter thus far, the CCM is collectively viewed here as a NSM through which participants (many of whom, but certainly not all, are card-carrying members of the Green Party) engage in a plurality of forms of collective action (LETS, Time Dollars, HOURS systems, the systems discussed in Appendix 1 [p. 120], and other CCSs) that is directed toward opposing the perceived inequities and injustices of the contemporary (global) monetary system. This collective action, I contend, is an attempt by CCM participants to ‘re-affirm’ the ‘always-embedded economy’ through the establishment of localized networks of exchange. Due to the limited focus of this study, I have only briefly discussed how the CCM can be viewed as a NSM, whereby its’ participants are ‘re-affirming’ the ‘always-embedded’ economy. Both of these concepts (NSMs and the ‘always-embedded’ economy) touch on complex theoretical issues, each with a vast and diverse literature, of which the discussion here only touches upon.

However, this discussion, I argue, provides the global context by which the focus of this

27 The degree to which the “CCM” actually constitutes a unified social movement is, admittedly, a claim that could be contested by many social movement researchers. A detailed discussion of this claim is beyond the scope of this study. However, at this point, I remind the reader of the very brief (and incomplete) list of resources discussed in footnote #8 (p.8), which have recently emerged that seem to suggest at least an attempt is being made by many activist around the world to “unify” the CCM.
study, the loan and grant programs of HOURS-based LCSs (as well as other aspects of
the CCM), can be viewed. The following section explains the theoretical model by which
I will empirically analyze the loan and grant programs of Ithaca HOURS and Calgary
Dollars.

**Systems of Exchange**

categories from network analysis, economics and cultural sociology (Table 1). Rather than
viewing the “market” as the only system in which rational economic actors are engaged,
Biggart and Delbridge (2004) argue that multiple exchange systems exist based upon the
rational actions of actors and the structure of social relations between these actors.

Biggart and Delbridge (2004) construct the structure of social relations within
these “systems” based on Parson’s (1968) universalistic and particularistic concepts and
develop a second dimension based on Weber’s (1978) theory of instrumental and
substantive rationalities as the “basis of action.” The resulting four “systems of
exchange” as shown in Table 1 are defined as:

**Price system** – the “traditional” model used by many economists
stating that individual actors are motivated by profit maximization

**Associative system** – are defined as instrumentally rational systems
because actors are also concerned with profit maximization but
they believe that creating and maintaining alliances based on trust
and reciprocity are the “means” necessary to achieve their goals

**Moral system** – actors make economic choices based on a value-
benefit-based end Local currency systems are moral systems because they
are intended to benefit the actor’s entire “community”

**Communal system** – economic action is based sense of belonging
to a group (often, but not always, kinship groups)
It is evident from Biggart and Delbridge’s (2004) discussion that these systems are ideal types and that “(R)eal systems of exchange... as opposed to those described by our analytical construct, are mixed types” (p. 43). They categorize numerous examples of individual exchange systems into one of the four typological categories based upon the *predominating* economic strategy employed by actors in each system. Therefore, since

**Structure of social relations**

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<th>Basis of rational action</th>
<th>Universalistic</th>
<th>Particularistic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instrumental</strong> (means calculus)</td>
<td><strong>Price System</strong></td>
<td><strong>Associative System</strong></td>
</tr>
<tr>
<td><strong>Substantive</strong> (ends calculus)</td>
<td><strong>Moral System</strong></td>
<td><strong>Communal System</strong></td>
</tr>
</tbody>
</table>

Table 1: Systems of exchange typology, reproduced from Biggart and Delbridge (2004).

individual systems are characterized by the most predominate “system” (or type) of exchange expressed within that system, this characterization is based upon the rational strategy used by its constituents *individually*. Thus, it also logically follows that a social actor’s economic behavior could be compared to the defining characteristics of the system to which the actor is presumed to be a member.

This typology provides the basis for examining the differentiation expressed within and across individual “systems” of economic exchange. Biggart and Delbridge actually classify LETS as having characteristics of both ‘moral’ and ‘communal’ systems
of exchange because participants favor traders within the LETS (p. 40). This is supported
by previous research focusing on LETS and HOURS systems that suggest that values,
such as those associated with 'green' politics, are often important reasons for
membership. Biggart and Delbridge also identify LETS participation as being
characterized primarily by a 'basis of action' that exhibits substantive rationality (Table
1). I will use this typology to analyze the rationales of HOURS loan recipients and grant
recipients through case studies of Ithaca HOURS and Calgary Dollars loan and grant
programs by investigating the degree to which interview respondents express
characteristics of any one of these four 'exchange arenas.'
CHAPTER FOUR: METHODOLOGY

The purpose of this study is to provide a detailed account of the experiences of the loan and grant recipients of Ithaca HOURS and Calgary Dollars (abbreviated C$) and the rationales that they have for participating in these programs. Case studies of Ithaca HOURS and C$ are examined through: 1) interviews of loan recipients and grant recipients, 2) interviews of LCS coordinators in both systems, and 3) direct observations and personal communications with key individuals in these two systems as well as other HOURS-based LCSs. This study has an applied benefit in that an insight into the rationales that individuals have for seeking a loan or grant can aid LCS coordinators in the development and promotion of these programs. This study also introduces local currency loans and grants to the social science community, while examining the theoretical premise that economic exchanges are characterized by multiple, rational systems of exchange.

Case Study Research

The case study is a comprehensive research strategy that involves “systematically gathering enough information about a particular person, social setting, event, or group to permit the researcher to effectively understand how the subject operates or functions” (Berg, 2004:251). “Case study is not a methodological choice, but a choice of object to be studied” (Stake, 1994). Case study research can incorporate a qualitative or a quantitative methodology or a combination of the two (Berg, 2004; Jensen and Rodgers, 2001; Yin, 2003a and 2003b).

There are two major types of case studies, which are defined by the purpose the researcher has for studying the case. The first is the intrinsic case study, which focuses on
the in-depth investigation of a case in order to provide an understanding of a specific phenomenon. The case is studied because of the intrinsic characteristics it possesses. The second type of case study is the instrumental case study. In an instrumental case study, the case is used “to provide insight into an issue or refinement of theory” (Stake, 1998:88). Instrumental case studies also require that the researcher examine the case in-depth, but the primary purpose of the study is to investigate an issue or theory. Therefore, the case itself “plays a supportive role, facilitating our understanding of something else [the issue or theory being investigated]” (Stake, op cit).

When more than one instrumental case is being studied it is referred to as a collective case study (Stake, 1995 and 1998) or a multiple-case study (Yin, 2003a and 2003b). When a cross-unit comparison is being conducted of two or more cases the design is referred to as a comparative case study (Berg, 2004:258; Jensen and Rodgers, 2001).

Case studies can be exploratory, explanatory, or descriptive in design (Berg, 2004; Winston, 1997; Yin, 2003a and 2003b). Exploratory case studies are useful when very little is known about the phenomenon and further investigation is necessary before conducting additional research. For this reason, exploratory case studies are often used as a pilot study to direct and refine additional research into a specific phenomenon. Explanatory case studies are used to investigate the causal relationships involved in specific phenomenon and often incorporate quantitative methods. The final case study design is the descriptive case study:

"Descriptive case explorations require that the investigator present a descriptive theory, which establishes the overall framework for the investigator to follow throughout the study. What is implied by this approach is the formation and identification of a viable theoretical
orientation before enunciating the research questions. The investigator must also determine before beginning the research exactly the unit[s] of analysis in the study will be” (Berg, 2004:257).

Case study research can be focused on either holistic or embedded “unit(s) of analysis” (Yin, 2003a and 2003b). Case studies that are holistic focus on a single unit of analysis or a specific “case.” Embedded case studies require the investigation of subunits of analysis in order to provide a sufficient amount of information for an in-depth understanding of the case, e.g., although a case study might comprise one public program, the analysis might include outcomes from individual projects within the program so that the resulting design would be called an embedded case study design (Yin, 1994:42). In contrast, if the case study examined the global nature of an individual unit of analysis, a holistic design would have been used. Figure 2 (below) provides an illustration of these “basic types of research designs for case studies” (Yin, 2003a:40).

Investigating the case within its context “involves situating the case within its setting, which may be a physical setting or the social, historical, and/or economic setting for the case” (Creswell, 1998:61). The dotted lines surrounding the cases in Figure 2 illustrate that both the boundaries between the case and its setting (or “context”) and the boundaries between the subunits of analysis and the case itself are not clearly defined (Yin, 1994 and 2003a).

The design of a case study is determined by the phenomenon being examined and the research question(s) being addressed through the study. A comparative case study approach is being used in this study to provide a descriptive analysis of the loan and grant programs of Ithaca HOURS and Calgary Dollars. It is useful at this point to explain the use of a comparative, descriptive case study approach by addressing the five points
identified by Yin (2003a:21) as being the most important components of a rigorous case study research design:

1. The study’s research question(s);
2. its propositions (if any) or the theoretical framework;
3. its unit(s) of analysis;
4. the logic linking the data to the propositions or theory, and
5. the criteria for interpreting the findings.

Figure 2: Basic Types of Designs for Case Studies (Yin, 2003a:40).

**Research Questions and Theoretical Framework**

The research question addressed in this study is:

**What rationale(s) do Ithaca HOURS and Calgary Dollars loan and grant recipients have for participating in these programs?**

The Systems of Exchange typology (Biggart and Delbridge, 2004) provides the theoretical framework for addressing the first research question and informs the following *sub questions*:
I. Which of the 'exchange arenas' do loan recipients and grant recipients engage in?

II. What variation do loan and grant recipients express within and between:
   a) cases (Ithaca HOURS and CS), and
   b) the units of analysis (loan programs and grant programs) of each cases.

As noted in the previous chapter, Biggart and Delbridge (2004:40) argue that local currency systems are often moral exchange arenas. To support this claim they note that LETS promote social solidarity and income redistribution (Williams, 1996a) and that LETS members have been reported to give preferential treatment to poorer members (Lang, 1994). However, they also note that LETS participants can often express characteristics of communal exchange arenas as well.

Both communal and moral exchange arenas (Figure 1, p. 25) are defined as based on a substantive basis of rational action. I contend that recipients of HOURS loans and grants would likely engage in both instrumental (i.e. 'price' and 'associative' exchange arenas) and substantive ('moral' and 'communal' arenas) bases of action. Local currency systems are used by participants to express moral values such as environmental ethics and social justice, and LCSs clearly have characteristics of a communal system since they are specifically intended to benefit the overall community. However, I argue that the recipients of both the loan and the grant programs of Ithaca HOURS and CS$ are likely to exhibit an instrumentally rational basis for their actions as well.

Loan and grant recipients may choose to seek these services from HOURS-based LCS programs because it is more profitable for them to do so, a characteristic of an instrumentally rational basis of action. Since HOURS-based LCS loans are interest free, as opposed to loans from conventional banks and most other sources, businesses and
individuals could seek HOURS loans exclusively for profit maximization. Local currency grants could be seen as a way to increase ‘cost-effectiveness’ for local community based organizations because the process is much less time consuming than those required by traditional sources of funding such as foundations and government organizations.

Since this is the first study to empirically apply the Systems of Exchange typology to any LCS, and since HOURS-based LCS loan and grant recipients could theoretically be expected to engage in any one of these exchange arenas, this study has been designed to examine the extent to which the loan recipients and grant recipients in Ithaca HOURS and C$ engage in any of these four exchange arenas (i.e. price, associative, moral, or communal).

**Units of Analysis**

The loan programs and grant programs of Ithaca HOURS and C$ are the specific “embedded units of analysis” investigated in this study. In order to understand the loan and grant programs of these two systems an understanding of each of these LCSs is necessary. A local currency has a much more limited use than federal currency because it can only be exchanged by those willing to accept it as payment and exchange within a specified area. For this reason, the networks that result from the exchanging of local currency among individuals in the community can be defined as a “bounded system.”

A bounded system is an integrated system that can be distinguished from other social systems by its composition, function and its boundaries (Stake, 1994:236). The major types of LCSs (HOURS, LETS, Time Dollars, etc.) can each be considered a bounded system, but I contend that individual LCSs are also bounded systems. Individual HOURS, LETS, or Time Dollar systems are based on a respective prototype (e.g. Ithaca
HOURS as a model for HOURS systems), but because these systems are designed to provide benefits to the specific community (both community of place and of interest) in which the currency is exchanged, they often take on characteristics unique to that system and/or community. Therefore, the loan programs and grant programs of Ithaca HOURS and C$ are analyzed in this comparative case study within the context of each of these community settings.

Figure 3: Research design for case studies of Ithaca HOURS and Calgary Dollars loan and grant programs.

The research design used in this study (Figure 2) shows that the individual LCS of Ithaca HOURS and C$ constitute the cases in this study. This research design allows for the units of analysis, the loan and grant programs, to be examined within the community context of each case and between cases. As indicated by the dotted lines surrounding these 'embedded' units of analysis, the boundaries between these programs and the
context of the respective LCS are not clearly defined and these programs must be viewed within the context of the LCS itself. Case studies require the researcher to explain the cases and individual units of analysis in detail, which will be discussed in Chapter Five.

**Logic Linking Data to Theory and Criteria for Interpretation**

The last two components that are important in a case study research design are: a) the logic linking the data to theory, and b) the criteria for interpreting the data collected (Yin, 2003a). These two components are generally the least well developed in case study research (Yin, 1994; 2003a and 2003b). There are no formal methods for establishing a logical link between data and theory or for interpreting the data collected in case study research (Yin, 2003a:28). But, these components are crucial to a well developed and sound research design because they “foreshadow the data analysis steps in case study research, and a research design should lay a solid foundation for this analysis” (Yin, 2003a:26).

Both the logic linking the data to theory and the criteria for interpretation of the rationale(s) used by loan and grant recipients are contained in Biggart and Delbridge’s (2004) Systems of Exchange typology. This typology informed the design of this research from the very beginning, especially the interview questions of loan recipients and grant recipients (discussed below), which is the primary research instrument used in this study.

As noted, recipients of HOURS-based LCS loans and grants can theoretically be expected to engage in any of the four exchange arenas (price, associative, moral or communal). The investigation of the rationale(s) that recipients have for participating in

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28 Yin (2003a) cites the potential that “pattern matching” has to case study research, however, this approach would be applicable to explanatory case studies only (Yin, 2003a:116).
these programs is based upon these four exchange arenas, the degree to (and
circumstances by) which any of these four ‘systems’ of exchange are engaged will be
analyzed through Biggart and Delbridge’s (2004) typology. A detailed account of LC
loan and grant recipients’ experiences with these services and rationales for participation
can be of benefit to HOURS-based LCS coordinators in developing, maintaining and/or
promoting these programs and also to researchers interested in the CCM in general.

**Data Collection**

Three methods of data collection were used in this study: 1) semi-structured
interviews of loan and grant recipients, 2) semi-structured interviews of Ithaca HOURS
and C$ coordinators, and 3) direct observations and personal communications. The
selection of cases, following Yin’s (2003a:47) argument, was based on a “replication
logic,” rather than a “sampling logic.” The rationale behind using a replication logic in
case study research is that, since the purpose of a case study is to provide an in-depth
analysis of the ‘case’ itself, a researcher would need to select cases that are likely to
produce: a) similar results (a *literal replication*) or b) contrasting results (a *theoretical
replication*). A ‘literal replication’ selection strategy was used to select the cases for this
study. Ithaca HOURS and C$ are unique in that very few other HOURS-based systems
have issued an appreciable number of grants and loans.²⁹

²⁹ This statement is based on personal communications with coordinators of several LCSs, including
NCPlenty (http://www.ncplenty.org), Madison HOURS (www.madisonhours.org), Green Mountain
HOURS (http://www.greenmountainhours.org/), NOCO HOURS (http://www.fortnet.org/nclcbp/), and
several other HOURS-based systems. It should be noted that Toronto Dollars
(http://www.torontodollar.com/) has a very active and successful grant program, which has issued over
$86,000 in grants to local organizations and individuals as of December, 2005.


**Loan and Grant Recipient Interviews**

Semi-structured interviews of LC loan recipients and grant recipients were conducted in Calgary from June 7 to 11, 2005 and in Ithaca from July 14 to 17, 2005. *Semi-structured*, or 'semistandardized’ (Berg, 2004:80) or ‘general’ (Patton, 1990:283), interviews were used because this method allows the researcher to ask informants a relatively structured set of questions, while also providing the respondent the opportunity to elaborate on the aspects of the ‘lived reality’ of the phenomenon being investigated in his or her own words (Fontana and Frey, 1994).

The loan and grant recipient interview guide (Appendix 2, p. 124) and the study's proposal were reviewed by individuals who served as gatekeepers in both Calgary and Ithaca to ensure that the interview questions were consistent with the objectives of the study. In Calgary, a system coordinator was the initial contact and gatekeeper for this study. In Ithaca, a member of the board of directors served as gatekeeper and contact. These individuals assisted in helping me to gain access to interviewees and to review and provide feedback on the data collection and dissemination of this study. They were chosen because they “hold pivotal positions in the hierarchy” of these LCSs, an important characteristic of a gatekeeper (Berg, 2004:160).

I was the only investigator and spent four days in each of the communities conducting interviews, attending events (in Calgary), and meeting with board members and participants from each of these systems. The gatekeeper in Ithaca and Calgary aided in the “purposive sampling” method which was used to select interviewees. *Purposive sampling* involves the “researcher[s] [to] use special knowledge or expertise about some group to select subjects who represent this population” (Berg, 2004:36).
The purposive sampling strategy used is referred to as *opportunistic sampling*, which involves the ability of the researcher to be flexible and to "[f]ollow new leads; taking advantage of the unexpected" (Creswell, 1998:119; Miles and Huberman, 1994:28). The sampling process was ‘opportunistic’ because, with the help of the gatekeepers in Ithaca and Calgary, I determined when would be the most appropriate time to conduct my research in order to schedule my field work during a time when the highest number of potential interviewees would be available.

I also collaborated with the gatekeepers of both systems to ensure that the informants selected for interviews were appropriate given the research question and purpose of my study. Only one potential loan recipient in Ithaca was excluded from the study. In the case of Ithaca HOURS, I had discussed the selection of interviewees in several telephone conversations with the individual who served as the gatekeeper/key informant. In Calgary, the gatekeeper suggested that I attend a monthly potluck (discussed below) where I could meet potential interviewees.

I interviewed one loan recipient and six grant recipients in Ithaca, and two loan recipients and two grant recipients in Calgary. At the suggestion of each of the informants five interviews were conducted in a café (at a quiet time when privacy could be maintained), two interviews were conducted in the informant’s home, two in the informant’s place of work, one was conducted in an unoccupied library meeting room at

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30 Ithaca’s Alternative Federal Credit Union (AFCU) was given “The World’s Largest Local Currency Loan” (Vensky, 2002; also: http://www.ithacahours.com/archive/0005.html) of 3,000 HOURS (equivalent to $30,000) to pay for 5 percent of the contract work needed to build a new headquarters. However, I was informed that the majority of the HOURS were returned without being spent by the AFCU. Since this study has an intended applied benefit, I determined that the AFCU’s loan would not be as relevant to other LCSs as the other interviewees who were selected for this study because of the circumstanced surrounding this loan.

31 The reasons why so few interviews were conducted for this study is discussed in the concluding section of this chapter.
Cornell University, and the final interview with a grant recipient of Ithaca HOURS was conducted via telephone due to a conflict in schedules. Interviews were 40 to 75 minutes in length, audio-tape recorded and transcribed verbatim by myself within one week after each interview was conducted.

**Interviews of System Coordinators**

Interviews with two system coordinators from Ithaca and Calgary respectively were conducted in order to inform the study and to provide a richer understanding of the loan and grant programs of these two systems. A "system coordinator" is defined here as an individual who is directly involved with the day-to-day management and operations of the system. Another criteria that influenced the selection of interviewees for this part of the study was that the individual had to be (or have been) centrally involved in the loan and grant programs for greater than five years. This purposive sampling strategy is referred to as *criterion sampling* (Cresswell, 1998; Patton, 1990).

The system coordinator from Calgary was interviewed at the C$ office during my fieldwork. The interview with the Ithaca HOURS coordinator was conducted via telephone due to an unexpected schedule conflict during my fieldwork. Both interviews were audio-taped and transcribed at the same time as that of the data from the loan and grant recipients from each system.\(^{32}\)

\(^{32}\) The system coordinator interviewed from Ithaca is not currently involved with the loan and grant program. He was asked to respond to the system coordinator interview questions (Appendix 3, p.116) from his perception of the loan and grant program at the time he was involved in that aspect of the system. This person was selected because of amount of time and the degree to which he had been involved with the system and his role within the organization at that time.
Direct Observations and Personal Communications

Two other data collection techniques were used to inform this study: 1) direct observations at a C$ potluck, and 2) personal communications with participants and coordinators in Ithaca and Calgary as well as coordinators of other HOURS-based LCSs in North America. Potlucks are events attended by many participants in HOURS-based systems. Individuals bring a ‘potluck’ dish to share and have the opportunity to meet other system participants. Glover (1995a) recommends that HOURS-based systems hold monthly potlucks to allow people to get to know other participants, to promote the system itself, and to keep members informed and cast their vote if decisions (such as approving loans and grants) are needed. Interestingly though, Ithaca HOURS no longer holds potlucks, however, C$ does host potlucks once a month.

When I initially discussed this study with the C$ coordinator he strongly encouraged me to schedule my fieldwork to coincide with the monthly C$ potluck. This proved to be very informative and beneficial to this study in three ways. First, I was able to get to meet participants and speak with them about the system and local currency in general. Second, I was able to meet all four C$ interviewees at the June, 2005 potluck and was able to schedule interviews. Finally, I was able to experience the event for myself to gain an understanding of the ‘feel’ of a potluck.

Personal communications, in person and via email, post, and telephone were an important part of this study. Telephone conversations and email were used to coordinate with key informants (the gatekeepers in Ithaca and Calgary) as to when would be the best time for me to conduct my fieldwork. The “best time” refers to a time when the highest

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33 This statement refers to email and post communications with the LCS coordinators from systems listed in footnote #20 as well as several other HOURS-based systems from February, 2004 to December, 2005.
number of potential informants would be available for interviews. At the suggestion of the key informant in Ithaca I contacted potential interviewees via email before arriving.

The key informant in Calgary suggested that attending the potluck would be the best way for me to meet potential interviewees. When I arrived at the C$ office I was given telephone numbers of 12 loan and grant recipients whom I immediately attempted to contact. I spoke directly with three of individuals over the telephone; I left messages for seven to return my call and was not able to contact the final two. I attended the potluck that evening and met two of the three individuals I spoke with over the telephone. Interviews were arranged with all four of the C$ loan or grant recipients interviewed for this study at the potluck. I consulted with the key informant to ensure that these individuals would be appropriate for this study.

Field Journal

I also kept a daily journal while conducting the fieldwork for this study. The practice of keeping a self-reflexive journal while in the field is important in qualitative research because it increases the researchers chances of identifying biases and it contributes to an ‘audit trail,’ discussed in a later section of this chapter, to increase the credibility and dependability of the study (Guba and Lincoln, 1985 and 1994; Krefting, 1991). I kept track of my thoughts about how the study was progressing, the various decisions made during fieldwork (e.g. sampling decisions), general thoughts on the development of the study, and my feelings concerning the study in order to more readily identify my own biases.
Data Analysis

The categories used for the initial coding of the loan and grant recipient interviews were the four exchange ‘arenas’ (or ‘systems’) identified in the “Systems of Exchange” typology (Biggart and Delbridge, 2004). After transcribing and then reviewing and correcting the transcriptions of all audio-taped interviews, I went through the transcripts and identified any portion of the responses that reflected one or more of the following exchange arenas: price, associative, moral, or communal. For instance, if the informant stated that the rationale he or she had for applying for a loan or grant was exclusively based in a desire for profit maximization I coded that passage as “price.” Likewise, if the informant expressed a “moral,” “communal,” or “associative” rationale for seeking a loan or grant I marked the passages with the appropriate code. However, interviewees expressed multiple rationales for applying for the loan or grant in several instances. This is to be expected according to Biggart and Delbridge because “[r]eal systems of exchange...as opposed to those described by our analytical construct are mixed types” (2004:43).

After the initial coding discussed above I identified a number of themes emerging from the data in the loan and grant recipient interviews and began the process of consolidating the data into meaningful categories. The use of data displays that condense the full data set into manageable and relevant units in order to address the research question and purpose of a given study is an important part of qualitative research (Huberman and Miles, 1994:432). With this in mind, I created tables using Microsoft Excel, with the themes evident in the loan and grant recipient interviews comprising the rows and the exchange arenas (price, associative, moral, and/or communal) comprising
the columns. I identified the exchange arena(s) engaged for each theme by marking the cell with an “x” where the theme and exchange arena intersected. To facilitate further analysis, I inserted the quotes that corresponded to each of these cells by selecting the “insert comment” feature in Excel.

The themes that were identified through this process were then put into a text file and the comments from each of the cells in the Excel file discussed above were listed below the corresponding theme. This made it possible to further consolidate the data into meaningful units within and between cases. Throughout this process I paid particular attention to those parts of the data that I did not code to ensure that I was not excluding any relevant information. Further details and the results of this analysis are presented in the following chapter, first within each case and then between cases.

The data gathered from the other methods used (i.e. system coordinator interviews, direct observations and personal communications) were used to inform the study and to facilitate a detailed description of the loan and grant recipients’ experiences of Ithaca HOURS and Calgary Dollars. The interviews of system coordinators informed this study by providing information concerning the institutional and historical development of the loan and grant programs of each system. The direct observations and personal communications provided me with a far better overall picture of the context (the individual LCS itself) of the cases examined in this study than could have been achieved through a single method of data collection, thereby increasing the quantity and diversity of data.
Ethical Considerations

When individuals agree to participate in a social science study they are placing trust in the researcher that he or she will not misuse the information collected. This trust commands that the researcher adhere to ethical standards that will not harm informants, or other social scientist for that matter. The ethical considerations involved in this study were to: 1) ensure that all interview respondents read, understand and sign an informed consent form (Appendix 4, p.126), 2) provide answers to any questions about the study from respondents, 3) safeguard all transcriptions and recordings from the interviews, and 4) make sure that the confidentiality of all informants is maintained in any dissemination of the study.

The Institutional Review Board (IRB) at the University of Montana approved the project before I began data collection. All respondents read, signed, claimed to understand, and were given a copy of the informed consent form (Appendix 4, p. 126). The two respondents who were interviewed via telephone also signed and returned the informed consent forms by post before the interviews took place. The informed consent forms are stored at my home separate from the transcriptions and the audio-tapes of the interviews.

The respondents were asked if they had any questions about the study or their participation in the study and were informed that he or she could end the interview at any time or could decline answering any of the questions. None of the respondents had any questions concerning the study or declined answering any of the interview questions. The interviews were conducted using pseudonyms and the pseudonyms were maintained in all
transcribed documents. There is only one copy of the audio-tapes and these tapes will be destroyed five years after the interviews took place.

The respondents' confidentiality will be maintained in this report and in all other disseminations of this study. Interestingly, when I mentioned that pseudonyms would be used if names were to be included at all, nearly all of the recipients requested that I use their real name. This, of course, would be a violation of the ethical standards of the IRB and is something that I could not and would not do, but the fact that the majority of respondents wanted to have there names mentioned is interesting to note. The pseudonyms used in interviews, along with any other information that could potentially violate the confidentiality of informants, are excluded from this report.

**Trustworthiness**

Perhaps the most common criterion used to judge the quality of qualitative studies currently is that of “trustworthiness.” *Trustworthiness* (Guba, 1981; Guba and Lincoln, 1985 and 1994) suggests the concepts of credibility, transferability, dependability, and confirmability in place of the positivistic/post-positivistic criteria of internal validity, external validity, reliability and objectivity respectively (ibid). The issue of trustworthiness is addressed in this study in several ways. *Credibility* has been addressed through the use of triangulation, member checks, peer examination and reflexivity.

**Credibility**

The use of multiple sources of data, researchers, theory, or methodology to study the same phenomenon is referred to as *triangulation* and is an important part of case study research (Cresswell, 1998; Yin, 2003a). This study incorporates methodological triangulation through the use of both interviews of loan and grant recipients and system
coordinators and personal observations and communications to provide a richer and more
detailed account of the loan and grant programs of each of the two cases.

The practice of allowing the informants of a study to confirm its accuracy through
access to the data, interpretations, and reports of the study is referred to as member
checks (Guba and Lincoln, 1989). I incorporated member checks by providing all
interviewees with a draft of this report and encouraged them to comment on its accuracy.

Credibility was also addressed in this study through peer review (Guba and
Lincoln, 1989; Lincoln and Guba, 1985). In addition to the review of this study by my
thesis committee, it was also reviewed by individuals familiar with qualitative methods in
social science research and holding an MA or PhD in a variety of related fields, such as
Sociology, Environmental Studies, Business Management, Finance, Political Science, etc.
I have also provided individuals involved in the CCM, including at least one author on
the subject and several LCS coordinators, with copies of this report for review.

The practice of keeping a self-reflexive journal to keep track of the logistical and
methodological choices (i.e. sampling methods) and the thoughts and feelings of the
researcher during his or her field work is also considered a strategy to enhance the
credibility of a study (Guba, 1981; Guba and Lincoln, 1989; Krefting, 1991; Lincoln and
Guba, 1985).

Transferability

In qualitative studies, transferability is described as being parallel to the external
validity or generalisability of quantitative research (Guba and Lincoln 1994; Lincoln and
Guba, 1985). The transferability of a study can only be assessed by the reader. In order
for the ‘transfer’ of the findings of a study to another setting, the researcher must provide
a "thick description" of the units of analysis being investigated (Huberman and Miles, 1994; Lincoln and Guba, 1985). Thick description, introduced by Geertz (1973), involves the detailed description of a social phenomenon within the context the phenomenon occurs, the meaning that members of that culture attribute to it, as well as the interpretations of the researcher documenting it.

This research has been designed to facilitate the transferability of the findings of this study by LCS coordinators to his or her respective HOURS-based system. Social science researchers may determine the findings of this study to be transferable; however, I have designed the study in hopes that it would prove to be of value to LCS coordinators and staff in the development and promotion of loans and grants.

**Dependability**

A third criterion used to evaluate trustworthiness is the dependability, or the consistency of the inquiry processes used over time, of the study (Guba, 1981; Lincoln and Guba, 1985). Ensuring the dependability of a study requires the researcher to show that the findings are consistent and reproducible. The ‘dependability’ of this study has been increased through incorporating the use of triangulation and peer examination, discussed above, and the criteria of “dense description” and the “code-recode” procedure.

Dense description refers to the detailed description of the methods used in a study, including the data collection, analysis and interpretation, which would make it possible for another researcher to conduct the same analyses (Guba, 1981; Kielhofner, 1982; Krefting, 1991; Lincoln and Guba, 1985). The detailed description of the methods used in this study discussed in this chapter, along with the data (including interview tapes, transcripts, field journal, all iterations of coding schemes, etc.), would provide another
researcher the ability to reproduce and/or make an assessment of the quality of this study and the conclusion I have made from these data.

Since I was the only researcher involved in this study, I used a code-recode strategy to increase the dependability of the methods incorporated and the subsequent findings. This strategy is used to corroborate the coding of data by requiring that a single researcher recode his or her data at least 2 weeks after the initial coding procedure and compare the results (Krefting, 1991). I coded the data initially in August, 2005 and recoded the data in December, 2005 in order to ensure the dependability of the results.

**Confirmability**

The primary criterion used to evaluate the confirmability of a qualitative study is an "audit trail" which documents a researcher’s decisions at each step of a qualitative study (Krefting, 1991). An audit trail consists of six types of documentation (Halpern, 1983; Lincoln and Guba, 1985:319; and Morse, 1994:230). These forms of documentation are listed below along with the manner in which each was documented in this study.

1) **Raw data**: a) all field notes, b) audio-tapes and transcribed interviews of loan and grant recipients and system coordinators.

2) **Data reduction and analysis products**: both coded and recoded loan and grant recipient interview transcripts.

3) **Data reconstruction and synthesis products**: all iterations of data in tables – both electronic and ‘hard copies.’

4) **Process notes**: field journal, notes on sampling, coding and analysis.

5) **Materials related to intentions and dispositions**: all drafts of research proposal and interview questions. All email and post correspondence with informants, without identifying information, dating from February, 2004 to December, 2005.
6) **Instrument development information:** the interview questions used in the loan and grant recipient and system coordinator interviews (Appendices 2 and 3, respectively) were not altered during the study. However, the changes to the interview questions that were made in the planning of this study and the notes concerning interview questions while in the field, as well as any of the documents of this study, are available upon request.

Triangulation and reflexivity are also considered methods of ensuring the confirmability of qualitative studies (Guba, 1981; Krefting, 1991). As discussed above, methodological triangulation and methods of self-reflexive inquiry have been incorporated in this study in order to satisfy criteria used to evaluate trustworthiness.

**Limitations of Study**

There are three apparent methodological limitations to this study: 1) the limited number of interviews conducted, 2) the absence of data concerning individuals who have applied for and been refused a loan or grant in Ithaca HOURS or Calgary Dollars, and 3) the lack of research funding and/or additional researchers. The limited number of interviews conducted by this study, especially those of loan recipients of Ithaca HOURS (where only one interview was conducted), is in part due to the limited number of individuals who have received loans in these systems and in part due to conflicting estimates of the number of Ithaca HOURS loan recipients.

I was given three conflicting estimates on the number of loans issued in Ithaca – one informant claimed there were “four or five” loans issued, another estimated that “it was more like four or five dozen” loans that have been issued, and a third claimed that the number is “probably somewhere between the two estimates.” As a result of these conflicting accounts it is not possible to definitively know the number of loans issued by
Ithaca HOURS. I was informed that Ithaca HOURS has issued over 100 grants to community groups since 1991 (Glover, personal communication, August, 2005).

The number of loans and grants issued by Calgary’s LCS is documented and on file at the C$ office. I was given the file in order to contact potential interviewees by telephone when I arrived. As of July, 2005 there were 11 grants and 4 loans issued by the C$ system. The contrast in the documentation of loans and grants issued by Ithaca HOURS compared to C$ may be the result of the fact that C$ has a paid staff of five individuals (both full-time and part-time staff) and office space and Ithaca HOURS has always relied nearly exclusively upon volunteers to operate the system and does not have an office presently. However, regardless of the circumstances, the limitations which this places on the study must be acknowledged.

A second methodological limitation to this study is that it was not possible to interview individuals who have applied for and been refused a loan or grant in either of these systems or to interview loan recipients who failed to repay a LC loan. I was informed that no one has been turned down for a loan or grant nor has anyone failed to repay a loan in Calgary. In the case of Ithaca, the number of individuals who meet these criteria, as with the total number of loans issued, can apparently only be estimated. I was informed that there has been at least one case where an individual failed to repay a loan and at least one loan or grant application that was rejected. However, neither of these individuals were available for an interview because they no longer lived in the Ithaca area at the time of my research.

The final apparent limitation to this study was the lack of research funding and/or additional researchers for the data collection, analysis and/or research of this project. I
receive no external research funding for the study and needed to limit, most significantly, the time I was able to spend conducting field research in each community. The absence of additional researchers also limited the scope of this study. The lack of funding and additional researchers was, of course, taken into consideration in the early phases of this study and is reflected in the subsequent research design and proposal.

Despite these limitations, this study provides an insight into the loan and grant programs of HOURS-based LCSs and the experiences of the recipients of these programs. One of the goals of this study is that it may be of benefit to coordinators of LCSs in the development, maintenance and promotion of loan and grant programs. The degree to which this study proves to be transferable to other LCSs, however, as mentioned above, can only be assessed by the reader.
CHAPTER FIVE: CASE STUDIES/RESULTS

"It puts the control back into the peoples' [hands], where as Canadian dollars, I don't feel like I own that; someone else does, I'm just renting it for a little while. With Calgary Dollars I'm more in control of what I spend and where I spend it." Calgary Dollars loan recipient.

"...[Local] currency] is another level of communication....That community building aspect is most certainly a 'value added' – how can you quantify that, or can you quantify it, or do you need to quantify it, or do we just need to identify it as a community benefit." Ithaca HOURS grant recipient.

**General Design of HOURS-based Local Currency Systems**

All of the HOURS-based LCSs currently in operation in the U.S. and Canada are based, to varying degrees, on the initial design outlined in *Hometown Money* (Glover, 1995a). Participants in these systems pay a relatively small membership fee to list the goods or services they are offering and/or requesting for the local currency in the system’s printed (and often web-based) member directories. In return, they receive a predetermined amount of the local currency. Ithaca HOURS, for example, charges from $5 to $12.50 for one to four listings respectively in the annual directory and issues members the equivalent of two HOURS (equivalent to $20). Calgary Dollars (C$) charges participants $12 per year for up to two listings and issues C$ 40 at initial sign-up and annual membership renewal. Individual participants are encouraged to determine the amount, usually expressed as a percentage of each transaction, which they will accept in the currency. System coordinators encourage business operators and individual participants to base this percentage on their ability to spend the LC in order to ensure that the currency continues to circulate at a sustainable rate (Glover, 1995a). Anyone in a community with an HOURS-based system can accept and exchange the LC, but individuals must formally become members of the system to receive the initial sign-up
and renewal membership issues of the currency and to be eligible to be listed in the system’s directory.

Most HOURS-based systems print newsletters to promote the system. These newsletters include system updates and local events, profiles of participants, and advertisements that are sold to local organizations and individuals to generate revenue for the HOURS system. Sometimes, especially in the early stages of an HOURS system, with fewer listings than in a longer-running system, an updated member directory is included in each issue of the newsletter. However, because Ithaca HOURS and C$ have established a significant membership base, it is more practical for these systems to print a directory and newsletters separately.

The frequency of, and medium through which, member directories and newsletters are printed often varies from one system to another and at different organizational phases within each system. In the first several years of operation, Ithaca HOURS published a bi-monthly newsletter that included the membership directory in each issue. Currently, the Ithaca HOURS membership directory is published annually and newsletters are no longer printed. The full-color, four page C$ newsletter is currently printed bi-monthly and separately from its membership directory, and has a circulation of 100,000 copies (http://www.calgarydollars.ca/about.html).

An HOURS-based local currency system’s issuance framework and circulation policy, as well as its other management and organizational decisions, are determined by the system’s board of directors. Ithaca HOURS and C$, like most HOURS-based systems, have a standing committee of board members who serve on a Circulation Committee. These members are responsible for decisions affecting the amount of LC in
circulation. These Circulation Committees determine the amount of LC to issue to participants at initial sign-up and membership renewals and the amount of currency the system is able to issue in loans and grants without causing the inflation of the currency exchanged in the system.

Potlucks are an important part of most HOURS-based local currency systems because they allow system coordinators to promote the system. Potlucks also serve to help members to learn more about the system, such as the goods and services offered by other members and the programs (e.g. loans and grants) available to system members. For example, Calgary Dollars members receive C$ 10 from a system staff member to offer the goods or services they are willing to exchange for the currency at potlucks. This practice stimulates the exchange of the LC at potlucks and encourages other members to spend the currency.

The 12 member vendors at the potluck which I attended (June, 2005) sold items such as books, food items, jewelry, and one member offered bicycle tune-ups for C$. Before and after the potluck dinner, time was allotted for the 65 to 80 people attending the event to meet, socialize and shop at the booths. Before the dinner, the C$ system coordinator made brief announcements and then passed the microphone around the room so that everyone could introduce him/herself and announce what he or she was willing to exchange for C$. I introduced myself and the purpose of my research at that time. The loan and grant recipient interviews conducted for this study in Calgary, along with

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34 Ithaca HOURS currently has only one social event per year, as opposed to monthly potlucks. I was informed through personal communication with several members in July 2005 that the reasons for this are: 1) "the system has grown beyond 'needing' to have potlucks," and 2) because Ithaca HOURS is run exclusively through volunteer efforts, potlucks are a strain on the organization's limited human resources.
personal communications with many C$ participants, suggest that potlucks are very central to participants' overall experience of the C$ system.

CALGARY DOLLARS

Community Setting and History of System

Calgary is the largest city in Alberta, Canada with a population of over 950,000, or nearly one-third of the total population of the entire province (City of Calgary, 2005). The city is located approximately 200 miles north of the U.S. border and approximately 65 miles east of the Northern Rocky Mountains at the confluence of the Bow and Elbow Rivers. Historically, the city has been populated primarily by individuals of European descent who, in general, hold right-wing conservative political views (Wheatley, 2005). However, in the past decade or so, Calgary has become more culturally and politically diverse due to increases in immigration and population growth. During this same period, the population and economy of the city have grown rapidly. However, while the overall economic growth for the community is relatively high, data suggest that this economic growth is not equally experienced by all Calgarians. Research conducted by Sustainable Calgary (2004:32), for instance, notes that, at Alberta's $5.90 per hour minimum wage (the lowest in Canada), a single person would need to work 71 hours per week to meet his or her basic needs, and a single parent with two children would need to work 110 hours per week to meet basic needs.

The Bow Chinook Barter Community (BCBC), the former name of Calgary Dollars, was established in early 1996 under the sponsorship of the Arusha Centre in Calgary. The Arusha Centre "was created as a charitable society in 1972 and was dedicated to international development education work" (Wheatley, 2005). The strong
organizational relationship between C$ (or, previously, the BCBC) and the Arusha Centre continues to exist. The success of the BCBC in the initial phases of the project has been attributed in part to the support of the Arusha Centre (op cit).

The success of the BCBC (now C$) has been attributed the knowledge of and support for a LETS that operated in Calgary during the early 1990s. Although the Calgary LETS system did not sustain a high level of participation, its existence provided supporters with a basic knowledge of and experience with local currency in general. Many of the Calgary LETS participants became involved with the BCBC by exchanging the currency and/or assisting in the organizational development of the system, for instance, some LETS participants served on the steering committee or the board of directors of C$ (Wheatley, 2005).

Like Ithaca HOURS, the unit of account used within the BCBC was based upon an hour of time. Each hour was equivalent to $10 Canadian and denominations of 1/10, 1/4, 1/2 and 1 hour were issued with a value of $1, $2.50, $5 and $10 respectively. In 2002, for a number of reasons including “frustration” on the part of the staff and steering committee “by the name and the unit [of account]” being used in the system, the organization’s name was changed to Calgary Dollars and the unit of account became the “Calgary Dollar” (Wheatley, 2005). Presently, C$ issues denominations (valued on par with Canadian dollars) of $1, $5 (Figure 3), $10, and, as of January, 2006, $25 and $50 notes. There are currently C$ 55,000 circulating among the system’s 500 members (http://www.calgarydollars.ca/).
The primary difference between C$ and any of the HOURS-based systems currently active in the U.S. is that C$ receives a significant amount of its funding from grant institutions. None of the HOURS-based systems currently in operation in the U.S. receive a significant amount of contributions and, as a result, U.S. HOURS systems have much smaller budgets than C$. In 2004, the amount of expenditures reflected in C$ budget, including the salaries for six staff members, totaled more than CA $160,000. Over 97 percent of the revenue to meet these expenditures was provided by grantors such as the United Way of Calgary and Area, the Alberta Lottery Fund, and the Family and Community Support Service of Calgary (FCSS) (http://www.calgarydollars.ca/outcomes/). Conversely, HOURS-based (and LETS) LCSs in the U.S. rely, for the most part, on volunteers to operate and maintain the systems.  

**Loan and Grant Programs**

Calgary Dollars had issued a total of 11 grants to community-based organizations (CBOs) and 4 loans to local small-business owners and individuals between June, 2000 and June, 2005 (Table 2, p. 81). The organizations ranged from a formal organization to

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35 This is based on personal communications with system coordinators from several HOURS-based LCSs in the U.S. and Canada.
### Calgary Dollars Grants 2000 - 2005

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount</th>
<th>Date issued</th>
<th>Description of Event/Purpose of Grant</th>
<th>Use of grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seedy Sunday</td>
<td>$610</td>
<td>2005, Jan</td>
<td>To facilitate the exchange of seeds from non-genetically modified organisms.</td>
<td>event promotion/advertisement</td>
</tr>
<tr>
<td>Sustainable Calgary</td>
<td>$350</td>
<td>2004, Sept</td>
<td>To hire artist/editor for State of the City Report.</td>
<td>to hire/contract work for project</td>
</tr>
<tr>
<td>Pesticide Free Campaign</td>
<td>$600</td>
<td>2004, July</td>
<td>To promote awareness of pesticide use on public space.</td>
<td>event promotion/advertisement</td>
</tr>
<tr>
<td>Stroll of Poets</td>
<td>$200</td>
<td>2003, Aug</td>
<td>&quot;To get poetry out of the books and into the streets.&quot;</td>
<td>event promotion/advertisement</td>
</tr>
<tr>
<td>Broad Minds</td>
<td>$300</td>
<td>2003, Aug</td>
<td>To assist in cost of fundraising theatre production.</td>
<td>event promotion/advertisement</td>
</tr>
<tr>
<td>Herland</td>
<td>$200</td>
<td>2003</td>
<td>To hire individual to facilitate a working retreat to plan annual event.</td>
<td>to hire/contract work for project</td>
</tr>
<tr>
<td>Mayworks</td>
<td>$1,000</td>
<td>2003, April</td>
<td>To assist in cost of Labour Day events.</td>
<td>event promotion/advertisement</td>
</tr>
<tr>
<td>Project Sudan</td>
<td>N/A</td>
<td>N/A</td>
<td>To support a successful effort lobbying for the withdrawal of a Calgary-based corporation in Sudan accused of &quot;generating war-fueling oil revenues for the government of Sudan.&quot;</td>
<td>general support of project</td>
</tr>
<tr>
<td>CATCO</td>
<td>$3,000</td>
<td>2002, June</td>
<td>To hire individual to research and write a business plan for Calgary Alternative Transportation Co-op and other project expenses</td>
<td>to hire/contract work for project and to make car payments, etc</td>
</tr>
<tr>
<td>Boiled Frog Trading Co-op</td>
<td>$850</td>
<td>2000, June</td>
<td>To assist in cost of bio-diesel production and education project.</td>
<td>general support of project and to purchase materials services</td>
</tr>
</tbody>
</table>

Table 2: Calgary Dollars grant recipients 2000 – 2005. Source: http://www.calgarydollars.ca/article/
an ad hoc ‘organization’ of people coordinating a single event. These organizations can be categorized into three broad categories; arts, activist and community service organizations. Grant awards ranged from C$ 200 to 3000 and the purposes varied from support of a specific event to general support of a CBO or project. The specific uses of the individual grants were to assist in the general cost, promotion and/or advertisement of projects, to hire or contract services, and/or to purchase goods for the projects.

Like other HOURS-based LCSs with loan and/or grant program(s) per the Ithaca HOURS model (Glover, 1995a), the Calgary Dollars Circulation Committee, determines when it would be appropriate to offer loans and/or grants and what amount should be offered through these services. The Circulation Committee meets monthly and determines whether or not the system can sustain an increase in the C$ in circulation. If an increase in the amount of C$ in circulation is deemed appropriate, the Circulation Committee decides on an amount to offer as loans and grants to C$ participants. The loan and grant programs are promoted through the C$ newsletter and website, and publicized at potlucks and other system events. However, the actual decision as to whether or not a specific applicant will be awarded a loan or grant is made at a potluck through a democratic process (described below) involving the system members in attendance.

The application process differs slightly between that for grants and for loans. After a specific grant application has been approved by the Circulation Committee, the C$ staff member that is in charge of coordinating the next scheduled potluck announces the proposed grant and invites a representative of the CBO applying for the grant to

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36 These three categories are not mutually exclusive; for example, Herland is an organization that focuses on feminist activism in the Calgary community and sponsors an annual film and movie festival. Therefore, Herland could be classified as an arts, activist, and community service organization overall.
describe the specific project or event, an overall description of his/her organization, and
the event or activity that the proposed grant will fund to the attendees at the potluck. The
C$ members in attendance are then permitted to ask questions, provide feedback on the
project, and vote to approve or reject the application. According to both of the grant
recipients interviewed for this study and a C$ staff member, none of the grant
applications have ever been rejected through this process. As one grant recipient stated:

“I’ve seen some get heckled a lot more than others, certainly, but
I’ve never seen any turned down. Um, I think just the nature of local
currency - that it encourages projects which people want to support.”

From the perspective of system coordinators and staff, one benefit of a C$
grant is that they are seen as a way to promote C$ by providing funding to CBOs
and community projects:

“When people see that C$ is granting to an event or a project they
identify with it provides a concrete example of the purpose of
complementary currencies... it’s a unique way of demonstrating the value
of C$. (Calgary Dollars system coordinator)

The C$ loan program is handled slightly differently than the grant program due to
the fact that the impact of loans is much different on the system than that of grants:

“There isn’t an issuance framework for local currency, so there is
no formula for determining how much you can grant without causing
inflation in the currency. We did use the grant issuance framework from
Ithaca HOURS [i.e. 10% of total of non-loan and grant LC in circulation is
offered as grants and/or loans – Glover, 1995a] at one point but we do not
currently use that formula because the economic impact of loans is entirely
different than grants.... the economic impact of loans is negligible
because those C$ are already in circulation and they will be loaned to a
member and repaid.” (Emphasis added)

Probe question:
So you’re saying that there should be a separate issuance framework for loans and for
grants, rather than that which is outlined in the ‘Ithaca HOURS model’ [i.e. Glover,
1995a]?
“Absolutely that’s what I’m saying. The economic impact of loans is very minimal; the economic impact of grants is very substantial. The grants are new money to the system that is all of a sudden injected into the system...[W]e don’t have nearly enough grant applications to start pushing the limit of the 10% that has been suggested by the HOURS model [Glover, 1995a]. We don’t have a problem with too many grant applications; we have a problem with not knowing how much we can issue in grants. (Calgary Dollars system coordinator - emphasis added).

Loan Recipient Interviews

Perhaps the most obvious advantages to applicants of HOURS-based LC loans is that loans are interest-free, the application process is simpler and less detailed than bank loans, and there is no credit check. These three features are all consistent with a “price system” rationale per Biggart and Delbridge’s (2004) System of Exchange (SOE) typology. However, these specific ‘price-motivated’ rationales were not identified by either of the C$ loan recipients interviewed as being their primary rationale for receiving the loan and/or the benefits that they identified with the loan:

“I remember how easy it was.” (Karen - C$ loan recipient, in response to question 10, Appendix 2, p.124)

Here the loan recipient identifies a perceived benefit of the loan process that clearly corresponds to a price-motivated basis of action. All loan and grant interviewees in both systems expressed that the LCS loan or grant application/request processes were preferable to the more detailed and time consuming processes of conventional lending/granting institutions. However, Karen37 immediately followed (still in response to question 10) with:

‘There was just two pages of paperwork and I left with the C$ in my pocket and I was able to go to the [C$ participant providing service] with the cash. It just happened the way it should – you know if you’re applying for a loan and you’re sincere and your intent is good... That is the thing I remember the most, just how easy it was.”

37 As discussed in the previous chapter, all interviewees are identified using pseudonyms.
"I felt trusted, you know, usually if you go through a government source or you go to a bank for a loan they don’t make it easy for one and [speaking more quickly and emphatically] I always feel like they just don’t trust me and they don’t think that I’m ever going to pay them back because there is just this difference in status and they pull rank when I go into those institutions." [Informant’s emphasis]

Based on the quotation above, this loan recipient’s primary rationale for participation can be classified as a moral SOE. She expresses associative, communal and price reasons for participating in the loan program also, but these are secondary to the moral end that, from her perspective, the C$ loan program represents inclusively and trust that in her experience is “how [getting a loan] should be.” The price motivated rationales she expressed for receiving a loan were that the application was relatively easy and quick and did not involve the bureaucracy and distrust that she associated with the process of applying for a loan at a more conventional source.

The second C$ loan recipient interviewed, Bill, expressed primarily an associative rationale for seeking the loan. The price-motivated incentives such as the fact that the loan was interest-free, did not require a credit check, and was “easy” were all identified as secondary reasons for seeking the loan. In fact, he stated:

“I wouldn’t have done it [the service received with C$ loan] if I had to pay cash. I couldn’t have been able to afford it. It was an interest-free loan.”
(Response to question 6, Appendix 2)

However, Bill identified an associative SOE as his primary rationale for participation in the loan program:

“...[E]verywhere I checked for [the specific service] was really expensive and I found a couple of guys who are members of C$ who did a really good job of [specific service]. They taught me a lot about [specific service] and they were very helpful and did a good job. If I would have gone to a professional they would have charged me $65/hr, but I got this
young kid who really knew his stuff for $15/hr. It worked out well – really well.” (Response to question 2, Appendix 2.)

In response to question 6, Bill again stressed an associative benefit to seeking the service he required within the C$ network:

“...I had the option of using three or four people in the C$ system. I saved a lot of money this way because most [providers of specific service] charge more than I could afford. And you get to meet the people – you’re at the potlucks and you get to feel comfortable with them, you can talk to them and see what they know.”

Bill also expressed an associative rationale in that he viewed the C$ system as a means toward establishing credit within the ‘mainstream’ economy. In response to question: What improvements do you think should be made to the loan/grant program? (Appendix 2, p. 124), he replied:

“They should be more structured like a bank and give a person an idea of how finances work in the real world and real institutions. It can show people how to build credit. They should be required to make scheduled payments. It would help people to regiment their money and they could use it like a learning tool.”

However, he immediately qualified this comment by continuing with:

“And maybe if they went the way I’m saying it would lose the community feel, the people feel. That’s what I liked about it [C$ system in general], the “people feel” – I went and asked them for a loan and they gave it to me, that was it. And I thought that was great, it made me feel good. It’s like a community thing, not like a bank, so it’s like two different aspects – maybe I would, no – I wouldn’t like to change it, I like it the way it is.”

Grant Recipient Interviews

When asked what the economic benefits of the grant programs are the C$ system coordinator interviewed for this study explained that the purposes of Calgary Dollars’ grant program was to fund:
"... progressive initiatives that are working to get themselves established and need financial, administrative and promotional support.... So the economic impact is giving them [grant recipients] a budget to make the event more successful or possible in the first place... [T]he economic impact is providing financing for a burgeoning, progressive initiative that would then become financially sustaining on its own."

This quote suggests that one would expect the primary rationale engaged by grant recipients (in C$ at least) to be consistent with a ‘moral’ SOE, since these grant programs are specifically designed and implemented to serve a moral end. C$ grants are intended to be of particular benefit to community based initiatives that are “progressive” in design. This point is corroborated by both of the grant recipients interviewed in this study in that they refer to the willingness of the general C$ membership to support specific community based initiatives because these “progressive” projects are something that C$ participants “want” to see take place. For instance, Mark noted:

"The people involved in C$...are interested in it [the funded project] because they are interested in a healthy local economy and those are the types of people who are also interested in the [specific project] I endorse and educate people about."

This quote illustrates that Mark had several different rationales for participating in the grant program. He refers to both associative and a communal rationales because he views the C$ system as a way to “network” with other, like-minded individuals within the C$ ‘community,’ who are, as a rule, perceived to support his organization’s mission and goals. Clearly, an associative ‘system’ is evident when he comments:

"It’s the same people that want to learn about [the funded program] and that want to come to the [services of project] that are involved in giving the grant out. As opposed to [specific corporate grantor] again where there are people who give us the grant probably have no desire to learn about [goal of program]."

38 The “primacy” given to a ‘moral’ SOE by grant recipient informants will become evident through the subsequent summary of the results of this study and in the concluding chapter.
An associative rationale was also expressed by John, the second C$ grant recipient when he claimed that:

“There were steering committee members of C$ that left to start [grantee organization]. So they were intimately aware and active members in C$. And C$ has had loan and grant programs from the start of the organization.”

This illustrates the connections that often exist within the relatively small networks of HOURS-based LCSs. These ‘connections’ can and do affect which CBOs apply for these grants and the amount that these groups are approved to receive. John also noted:

“We [referring to his position within the C$ system] would not have granted that amount unless we had very close connections between the two organizations.”

In addition to the ‘associative’ and ‘moral’ rationales discussed above, both John and Mark expressed ‘communal’ rationales for participation in the grant program as well. Mark stated:

“Because C$ is a small organization in relation to a corporation like [name] it’s simpler, a kinder process, it’s more friendly... So it’s a more community orientated grant, the whole thing [local currency] in general [is community orientated].”

In comparing the C$ grant with receiving funding from a corporation, Mark compared his experience of receiving a C$ grant (for the same project) to that of receiving a grant from a large, multinational corporation, which requested that his organization promote the (granting) corporation. He clearly demonstrated a moral ‘SOE’ by not agreeing to promote the corporate grantor:

“[T]hey [corporate grantor] approved us for a [amount] grant for [project] and in return they wanted us to [promote the corporation] using their money. So we returned the check to them and said thanks, but no thanks.”
In a follow up question, Mark was asked if he would have been willing to promote C$ in a way similar to that which the corporate grantor had requested. He replied:

"Definitely I would [be willing to promote C$ in the same way]. Because I feel so strongly about a strong healthy local economy I am willing to endorse [C$] at no cost and at no benefit. Even if we didn’t get a grant I would be willing to put [advertisement media] on the end product. We actually paid to have [advertisement media] put on one of the [specific item] advertising C$ [and] that wasn’t [a requirement] of the grant."

These data demonstrate that all four exchange ‘systems’ were engaged by both C$ grant recipients interviewed. Price-motivated rationales are the basis for the need for the money in the first place. Associative rationales are also likely to be engaged because, as in John’s experience, the relationship that he had with C$ as a Circulation Committee member proved to be very important in the success of his organization’s application and the amount of the grant. Mark, as noted above, also engaged an associative rationale because he saw the C$ grant as a way to promote the funded project to members of the C$ network who he claims are interested in and willing to support the project. The programs and events funded through C$ grants are also designed and implemented with communal rationales as a basis, i.e. they are ‘community’ focused events and programs.\(^{39}\)

However, all of these funded events and programs have a definitive moral end to which

\(^{39}\) One may argue that the rationales behind this ‘communal’ action would only be appropriately categorized as such if the specific program or event being funded were directly (or, perhaps even indirectly) affecting the financial capital of a group. I offer the following quote, which I am confident accurately reflects the opinion of those LCS coordinators and grant recipients referred to in this study:

"Against this narrow, short-term economics [i.e. focusing only on an “economic” “bottom-line”], we need to put forward an economics of happiness, which would take note of all the profits, individual and collective, material and symbolic, associated with activity (such as security), and also all the material and symbolic costs associated with inactivity or precarious employment..." (Bourdieu, 1998:40)
they are directed as the primary motivation. This primacy was evident in the rationales engaged by both C$ grant recipients interviewed in this study.

ITHACA HOURS

Community Setting and History of System

Ithaca is located just south of the Finger Lakes in Tompkins County in upstate New York and has a population of approximately 30,000. The city is home to Cornell University and Ithaca College, with a combined enrollment of over 25,000 students. The political climate is often described as being progressive (Jacob, et al 2004a). According to the U. S. Census Bureau (2000), the median household income in Ithaca is more than $20,000 less than that of the nation as a whole and over 40 percent of Ithacans earn an income below the national poverty level. Ithaca has the highest percentage of ‘working poor’ (individuals who are employed full-time, but whose income is low enough to be eligible for government assistance) in the state of New York (Lietaer, 2001:192).

Much of the history of the Ithaca HOURS system was previously described in Chapter Two. Each hour is valued equivalent to $10 U.S. and denominations of 1/10, 1/8, 1/4, 1/2, 1, and 2 hour notes are currently in circulation with a value equivalent to $1.25, $2.50, $5, $10, and $20 respectively. Since 1991, “approximately $100,000 in Ithaca HOURS have been put into circulation, facilitating several million dollars worth in transactions” (Burke, 2005).

Loan and Grant Programs

Ithaca HOURS has had active loan and grant programs since its first grant was issued in December, 1991. According to Glover (1995a), by 1995 the system had issued 18 loans totaling 686.5 HOURS that averaged 38.11 HOURS each. By 2005, the system
had issued over 100 grants to local CBOs and initiatives (Glover, personal communication, June, 2005). As discussed in Chapter Four, due to organizational changes within the system and a lack of formal documentation, the total number of loans issued by the system is apparently unknown.

Six Ithaca HOURS grant recipients were interviewed for this study (Table 3, p. 92). The general focus of these CBOs can be categorized into the same three categories (activism, arts and community service) as the organizations that have received grants from Calgary Dollars (Table 2, p. 81). Like the grant recipients of C$, these categories are not mutually exclusive. These six grants were awarded between 2002 and 2005 and ranged from 20 to 100 HOURS, or equivalent to $200 to $1000 each. I was informed by several Ithaca HOURS members that these six grants could be considered representative of the Ithaca HOURS grants awarded since 1991. Four of the events or programs funded through these grants previously had received grants from Ithaca HOURS, and four of these programs or events relied on the HOURS grant as the only source of funding. The purpose of four of the grants was to demonstrate recognition or appreciation of the
recipient organization’s volunteers by presenting volunteers with the currency itself or goods or services purchased with HOURS.

**Loan Recipient Interview**

The Ithaca HOURS loan recipient interviewed expressed price, communal and moral rationales for his participation in the loan program. However, the primary rationale engaged by this individual was characteristic of a ‘moral’ exchange arena. He viewed the HOURS loan preferable to a bank loan because it was interest-free and, in his opinion, more ‘honest’ and ‘upfront’ than a bank loan. He identified the same benefits corresponding to a priced-based rationale as loan recipients in Calgary; i.e. the relative ease of the application process, the lack of interest on the principal loan amount, and the absence of a formal credit check. However, he also expressed a distrust of lending institutions, specifically banks. Hence, his explanation represents a ‘moral’ rationale for participation.

This informant did receive an HOURS loan for an amount that would be available through a conventional lending source such as a bank, therefore, the informant’s comparison of his HOURS loan to a bank loan is more relevant than the two C$ loan

<table>
<thead>
<tr>
<th>Focus of Organization</th>
<th>Amount (in USD)</th>
<th>Year Issued</th>
<th>Purpose</th>
<th>Previously Funded</th>
<th>Only Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activism</td>
<td>$300</td>
<td>2005</td>
<td>volunteer recognition</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Comm. service</td>
<td>$1000</td>
<td>2002</td>
<td>volunteer recognition</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Activism/Arts</td>
<td>$200</td>
<td>2005</td>
<td>volunteer recognition</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Arts</td>
<td>$300</td>
<td>2003</td>
<td>general support</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Activism/Comm. service</td>
<td>$300</td>
<td>2003</td>
<td>general support</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Activism</td>
<td>$300</td>
<td>2004</td>
<td>volunteer recognition</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

Table 3: Characteristics of the six Ithaca HOURS grants recipient CBOs and initiatives participating in this study.
recipients discussed above. Additionally, he was able to, and in fact did, receive a small-
business loan from a bank, and the comparison which he made between an HOURS loan
and a bank loan was based on his experience with the bank from which he received a
loan. It must also be noted that this individual was centrally involved with the
organization at the time of applying for the loan.

When asked why he had applied for an HOURS loan rather than a loan from a
lending institution or family or friends the Ithaca HOURS loan recipient, Allen, replied:

“What I would say about the difference between the three as far as
a loan from family and friends, they’re great but there’s also the risk of if
the business fails then it can be taken personally... But the disadvantage
that I found with [bank loan which he had applied for and received] was
that even though it was a relatively small and simple loan it took a long
time, there was a lot of paper work involved, there was interest of course
and there were upfront fees that I wasn’t even told about. Maybe a couple
of hundred dollars, but for a business just starting out that can be a lot. The
HOURS loan [pause] the application process was very easy in
comparison.”

Here, both a price and a moral rationale were engaged. A price rationale was
engaged because he viewed the HOURS loan as simpler and easier to obtain and manage
compared to the bank loan. He also viewed the HOURS system as a network of social
ties that is not as formal and impersonal as the network of ties between a borrower and a
conventional lending institution. Conversely, he noted that the ties established within the
HOURS network tended not to be as ‘strong’ as those that are likely to exist between a
borrower and family or very close friends. This individual also expressed a sense of pride
and gratitude for living in a community that has an HOURS system that offers small-
business loans to members. This informant viewed the HOURS loan as a moral ‘middle-
ground’ between a formal, impersonal, and perhaps even deceitful bank loan versus a
loan from a friend or family member, who would potentially become more personally
involved in the business as a result of the loan than he would find appropriate or desirable.

A price-based rationale is also evident in that he viewed his participation in the HOURS system in general as giving his business a competitive advantage over local 'chain stores' that carry the same items as his business:

“Also it gives me a competitive edge, for instance the items I sell are available from two national chains here in town and neither one of them accept local currency so people who are interested in supporting a local economy would be more likely to come to my store. So that is a great benefit and advantage, because we have the local currency the people have a very, very good reason to support a local business rather than a national chain.”

He also identified a communal benefit to participating in the system in general, which he views as very closely related to the economic benefits:

“I found that [accepting HOURS] is not only an incentive for people to come in, but that it’s also fun part of the business… if someone comes in and says “do you take Ithaca HOURS?” which is just a delightful thing and immediately you have a bond with them. You start a conversation about HOURS and maybe ask them where they got theirs and it’s a great conversation starter. In strictly commercial terms, it’s a great way to make a connection with people and maybe they’ll bring someone back and it would build business. But just in terms of community building and fun, accepting local currency helps to build personal relationships.”

Here Allen identifies a communal benefit as result of his participation in the system in general. This communal benefit had not been a motivation for him to apply for the loan, but in retrospect, he identified the overall HOURS loan process steps of applying for, receiving, spending, and paying back that loan as having a communal-based benefit. It is important to note that this individual has repaid the loan discussed here and was in the process of applying for another HOURS loan at the time of our interview.
Thus, he identified the ‘community building’ benefit of the first loan he received to be a rationale for seeking another loan.

**Grant Recipient Interviews**

Four of the six informants explained that the organization that they represented would not have sought funding from other sources for the program or event funded by Ithaca HOURS. Another informant viewed the HOURS grant as supplemental funding for her organization’s annual event, and the sixth informant’s organization had received additional funding from other local sources for the program funded by the HOURS grant.

As mentioned above, this small sample (Table 3, p.93) could be considered representative of the organizations that have received Ithaca HOURS grants.

As discussed in the C$ case study above, all CBOs and initiatives that would be eligible to apply for grants from HOURS-based LCSs are motivated by a moral end. Whether the CBO or group is focused on activism, artistic expression, or providing a community service it is, by definition and design, intended to serve a moral end because the members share a goal of expressing, promoting, or perhaps resisting, some idea, group, person or project. Although it is not surprising that a moral rationale was found to be the primary ‘exchange arena’ in which grant recipients engaged, a degree of qualitative variation was expressed by the grant recipients interviewed. This ‘qualitative variation’ refers to the different SOE that interviewees engaged as secondary and the circumstances involved in the ‘moral’ and ‘communal’ rationales to seek an HOURS grant in the first place.

Like the C$ grant recipients, the Ithaca HOURS grant recipients interviewed for this study engaged primarily a moral SOE as the rationale for seeking a grant. However,
two recipients engaged both moral and communal SOE as primary rationales. This is not surprising however, because LCSs are specifically intended to benefit members of a defined area by ensuring that the currency does not leave the area. Therefore, in this way, LCSs are, by design, intended to simultaneously serve both communal and moral ends.

All six of the grant informants expressed priced based rationales because the application process was much easier than those of any other sources of grants known to be available to their organization, and they felt that the program or event was much more likely to be funded by Ithaca HOURS than by other source. Two of the six informants were centrally involved with the organization as a board member, part-time employee or in a similar capacity that involved them in the management of the HOURS system. The remaining four informants claimed that someone in the organization was also a member of Ithaca HOURS and either knew of the grant program through the newsletter, directory, or had learned about it through another HOURS member.

It is likely that associative rationales would be engaged by grantees because, theoretically, the more one is active in the HOURS system the better he/she would be acquainted with the individuals responsible for approving grant (and loan) applications. In this way, grant (and loan) recipients could (theoretically, at least) be in a position to influence decisions concerning which CBOs receive grants. Interestingly, this rationale was clearly expressed by only one informant and, even then, an associative SOE was not even a secondary, let alone primary, rationale for seeking the grant. She (Barbara) discussed, very briefly, the benefit that her group received as an ‘associative benefit’ of the grant:

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40 Ithaca HOURS has, for the most part, relied nearly exclusively on volunteers to manage the system, however there have been a few individuals who have been employed on a part-time basis by the organization since 1991.
"I do know that people have come to the [funded event] who heard about us through Ithaca HOURS because we were an Ithaca HOURS grant recipient. So they give us a little bit of advertising as well, which is nice."

A moral 'exchange arena' was identified by the majority of recipients as the primary rationale for applying for the grant. Sara identified that her organization’s mission was very closely related to the mission of Ithaca HOURS in promoting and facilitating localized economic exchanges:

"I think that what Ithaca HOURS does is so closely related to what [organization’s name] does, not only here but in [other communities around the world] and so it just makes so much sense to us to spend as much of the money locally as possible... It just makes sense to support and trade local currency as much as possible."

However, Sara also identified a ‘communal rationale’ that was interrelated to this ‘moral rationale.’ Both communal and moral ‘exchange arenas’ were seen as primary for her participation in the grant process. She immediately followed (in response to question 7, Appendix 2):

"And again it’s just nice to feel like a part of a community like I think one can in Ithaca. It’s easy in a sense to support your local organizations and it was nice to go to Ithaca HOURS and tell them that if we got a grant from them that it would really help us to keep the money local. It is so nice to be able to appeal to a local organization and have them understand you like that...”

Throughout the interview, Sara stressed several times that one of the most important aspects of the grant was the educational benefit it had for her. She identified a strong sense of pride in having Ithaca HOURS as a resource, and she acknowledged the educational aspect the grant had for her personally:

"So for me personally it showed me how many local goods and services are available for HOURS. It helped broaden my vision of what money can do."
Another grant recipient (Joyce), was centrally involved with Ithaca HOURS at the time the grant was awarded to the organization which she was representing in this interview. Joyce identified a communal benefit that was the primary rationale for seeking the grant. For her, there was a symbolic ‘community building’ benefit provided through the grant that was more important than any “economic” benefit. The purpose of the grant was to give recognition to volunteers of the grantee organization. Each volunteer was recognized formally at a celebratory event and awarded an Ithaca HOUR for their efforts:

“There was a lot of enthusiasm, I don’t think that it was the fact that they were receiving currency, I think it was more because they were being recognized and that was the intention of the grant in the first place – to honor the volunteers. The recognition was much more important than the spending of money that I thought was at the middle of that. And as it turned out, the recognition was the biggest part of it for the people involved in receiving the money.” (Informant’s emphasis)

A communal-based SOE was clearly the primary rationale engaged by this grant recipient. She immediately continued (in response to the same question) with:

“The thing that I’m trying to get across is that it obviously has a benefit that can’t be quantified in economic terms. It has a benefit that has nothing to do with the exchange of goods and services, it has to do with the exchange of honor and recognition – it’s another level of communication. I think that we are starting to realize that that is happening here. I think that we talk about it and believe it, and I think we believe it in our bones, but we haven’t worked with it enough. The fact that those people were happy to be recognized makes it almost irrelevant if they spent the money or not – it was that they had that recognition. That community building aspect is most certainly a value added – how can you quantify that, or can you quantify it, do you need quantify it or do we just need to identify it as a community benefit.” (Informant’s emphasis)

The apparent difficulty of ‘quantifying’ the ‘economic’ benefits of an HOURS grant was also expressed by two other Ithaca HOURS grant recipients. Both of these informants identified a price-based benefit and rationale for participation in that the grant provided their organization with the funding to make the event or program possible in the
first place. However, a moral rationale was primary to both of these recipients because each of the informants explained that the CBO or initiative which received the HOURS grant was not focused on 'economic' gain, but the promotion or expression of a moral value.

When asked if she had received any non economic benefits from the grant, Barbara stated:

"It depends what you mean by that, because we would not have been able to [service provided] without the grant. We wouldn't have done it [the event]. The only reason we got [service provided] was because of the grant. It is a non economic benefit because the production was not an economic venture and we could not have gotten a grant in federal currency – so the HOURS grant made the [event] possible in the first place."

Ann, another grant recipient, in response to the same question, noted:

"The goal of the [event] is not to make money. It's nice if we at least cover our expenses. Our mission is to [specific], so people who come to our [events] receive the non economic benefit that results from being more aware of these [specific group]."

Dave also expressed primarily a moral rationale for his organization’s participation in the grant program. He identified an educational benefit for himself and the people he spent the LC with as the most important part of the grant. He noted that

"...it is not only educational for me to use it, it gets me to think about what money is and what it represents but it also makes the people that I spend it with think about money as well."

"...So, for instance, if you wanted a Pepsi there are hundreds of places in Ithaca that sell Pepsi, but how many of those places accept HOURS? So in that way it makes people think about where their money is going – is it staying in the local economy or going to some corporation somewhere else?"

The final grant recipient interviewed (Linda) expressed a communal rationale for participation. Like the three other Ithaca HOURS grant recipients interviewed, the HOURS from the grant were used to recognize and honor volunteers. She claimed that
her experience of the giving HOURS as recognition to volunteers was the most important aspect of the grant for her:

“So I guess that to hand them the small amount of U.S. dollars we would have been able to afford to pay them might have seemed funny, but somehow handing them Ithaca HOURS and explaining that this was a grant and it somehow made it more special and more community spirited.”

(Response to question 2, Appendix 2)

Cross-Case Results

Through a cross-case comparison of the C$ and Ithaca HOURS loan and grant programs based on the interviews conducted in this study, the themes identified by informants between and within the units of analysis (i.e. the loan and grant programs) can be summarized. The majority of these themes have been discussed above; however, the themes that were identified by informants of both systems, as well as those apparent in each case, are systematically summarized here.

Three themes were common to both Ithaca HOURS and C$ loan and grant interviewees: 1) LCS loans and grants were seen as preferable to other sources of loans/grants, 2) recipients had a desire to promote the LCS as a result of the loan or grant, and 3) the loan or grant allowed recipient to help other system members. Quotes from individual informants are presented below to provide the reader with specific examples of these major themes apparent in both cases. These quotes are, of course, selective; however, they are representative of the major cross-case themes apparent through this research. These themes will also be discussed further in the following chapter.
Loan/Grant Preferable to other sources

All three loan recipients interviewed noted that the LCS loan was preferable to a loan through a bank, government agency\textsuperscript{41}, or a loan from family or friends. To be sure, the amounts available in HOURS-based LCS loans are generally lower than the amounts offered by banks.\textsuperscript{42} Nonetheless, interviewees from both systems did compare these services to bank loans and other sources that charge interest and/or require a credit check.

All grant recipients interviewed identified the fact the LCS grant was preferable to other, usually nonlocal, sources such as government, private and foundation grants. The primary reason they gave for this was that these granting institutions were not familiar, or even concerned with, the work that the CBO or initiative was seeking to fund. Grant recipient informants viewed an LCS grant preferable because it was much less time-consuming, a ‘friendlier’ process and more likely to be funded. John, a C$ grant recipient, compared the advantages of a C$ grant to an application for a government grant:

“The process is much easier. The result was successful as opposed to failure. So I put a lot more effort into the [government grant] than the C$ grant and it [government grant] was not successful. The [government grant] form is 8 pages long, there’s [sic] liability issues and deadlines and meetings and other things. None of that stuff was required by C$.”

In response to a probe question, (\textit{So the fact that the C$ grant was much easier was a major consideration in applying for a grant in C$ then?}), he responded:

\textit{[Becoming noticeably excited, speaking faster and more impassioned]}

“Absolutely, because the project was 100% volunteer-run and the effort... [brief pause - thinking of how to express idea] the fact is that volunteer projects are prioritized... I’m sure there is opportunities... but you have to put all your effort into a very limited number of things that

\textsuperscript{41} A C$ informant mentioned a government agency that made small-business loans to women.

\textsuperscript{42} HOURS loans usually range from C$ 50 – 2000 or 5 – 200 HOURS, the majority average less than the equivalent of $500.
will be successful and the damage done to a volunteer-run organization from a grant application that failed like the [government grant] is huge, right?...

_That ends organizations_, if you have a couple of committed people that put a bunch of time into grant applications then the project isn’t getting run, the [specific] aren’t getting [specific] and promoted because the energy is going into finding grant money. I mean if that grant fails then it may be that that whole project is damaged by it. _So it’s a very substantial thing to say that it was easy and successful to apply for a C$ grant than to apply for a cash grant._” (Informant’s emphasis)

Desire to promote LCS as a result of loan or grant

All loan and grant informants in both systems expressed a desire to promote the LCS in general as a result of receiving the loan or grant. The following quotes from one C$ loan recipient and one Ithaca HOURS grant recipient illustrate this point. Karen, a C$ loan recipient expressed a desire to promote the C$ program in general because of her experience with the loan process:

“I felt trusted and accepted – I felt it was possible, that it was easy – I wanted to tell everybody to join C$. Not just to get a loan, but because it’s a system that works – that is about making things easier and treating people with respect and having respect for currency.”

This desire to promote the LCS in general was also expressed by Linda, an Ithaca HOURS grant recipient, who presented volunteers participating in an event for which the grant was used claimed that:

“…it was nice to promote [HOURS] in that way and we gave all the [individuals who were given HOURS in recognition of their participation in the event] directories along with the HOURS and gave them a few ideas where they could spend them…”
Helping others

A third theme that was common to loan recipients and grant recipients in both systems was a perceived benefit, as a result of the loan or grant, of being able to help others in the system. Bill, a C$ loan recipient, began setting up a booth at C$ potlucks primarily because of the C$ 10 that he received, which he used to help pay his loan back; however, he recalled the following story that illustrates the opportunity to help people that his attendance at the potlucks presented to him.

“I had a table at last night’s potluck and I shared it with two women who are on [government assistance]. It’s a way for them to supplement their income. [Government assistance] only gives them enough for the basics and that’s it and this way they get to socialize, they make a little bit of money and they buy vegetables and eggs and stuff. I met them both at the potluck and for the past 6 potlucks or so I have taken them with me to give them a break. At the end of the month I take ____ down to the bottle depot because she collects bottles for extra money. You wouldn’t believe what a $100 worth of bottles looks like [laughs]. I try to help them out. In that way it’s good too because they get to socialize, they make a little bit of money, it’s not much but a little, sometimes they trade stuff for food, and they have the potluck - they get to eat good food too. There are a lot of good aspects about the club socially…”

Loan Recipients

Eight major points were identified as being important in the process of applying for, receiving and repaying a HOURS-based LCS loan by one or more of the three loan recipients interviewed (Table 4). The three themes which were common to loan and grant recipients in both systems have been discussed in the previous section.

All three loan recipients identified that the loan, of course, provided needed funds; a ‘price-based’ rationale. Both C$ loan recipients identified potlucks as central to their experience of the loan and the system in general. Karen saw the potlucks primarily as a way to promote her business and secondarily as a way to socialize, meet people and
“have fun.” Bill identified the opportunity to socialize, meet, and help people as the primary advantage of the potlucks and the opportunity to promote his business as secondary. Both C$ loan recipients first heard of the loan program at a potluck where a system coordinator described the loan and grant programs.

Table 4: Themes identified by Ithaca HOURS and C$ loan recipient informants and corresponding exchange arenas engaged.

<table>
<thead>
<tr>
<th>Loan Recipient Response</th>
<th>Price</th>
<th>Moral</th>
<th>Assoc</th>
<th>Comm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business received needed funds.</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Desire to promote LC system. **</td>
<td></td>
<td>C I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Potluck central to experience.</td>
<td></td>
<td></td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>4. Felt trusted and respected.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Helping other system members. **</td>
<td></td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>6. Preferable to other sources. **</td>
<td></td>
<td>C I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Sense of freedom and empowerment.</td>
<td></td>
<td>I</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* All informants identified a ‘price’ SOE as an important rationale.
** Identified by loan and grant recipients in both C$ and Ithaca HOURS.

The Ithaca HOURS loan recipient interviewed identified a strong ‘community building’ benefit to the HOURS system in general. The communal and moral rationales that were engaged by this loan recipient were integral to his overall experience of the Ithaca HOURS system itself. This is illustrated in the sense of freedom and empowerment he experienced as a result of receiving an HOURS loan. In response to question 10:

“It [HOURS loan] takes a lot of the anxiety out of borrowing money, which is a big part of what the local currency system is trying to do in general. You know we have this thing in society where people have the feeling that money controls them and this says ‘no you control money.” So that’s a lot of it, it just takes the anxiety out of borrowing money.

… the feeling of freedom about it [HOURS system], the sense of community about it – that we have this local money that all the other
people loan to each other and for a small business owner to have [amount of loan] that you have interest free there is quite a bit of freedom – a general feeling of ease and gratitude.”

**Grant Recipients**

Grant recipients identified nine points important to the grant process for them (Table 5). Several informants noted that the project or event funded by the LCS grant may not have been possible without the grant. Several grant recipients in both systems noted that they, and others in their group or organization, had an interest in the mission of the LCS and that they felt strongly about a “healthy local economy.” All of the informants who expressed this point identified this shared interest in the LCS’s mission as both a moral and communal rationale. This is because, as discussed previously, LCSs have a definitive moral basis and are ‘community-focused’ because these systems are designed to facilitate economic redistribution among its members.

All of the grant recipients interviewed noted that the funded project, event, or program received promotion as a result of the grant. This is because of the promotion that the LCS gives to the event through announcements at events (e.g. potlucks), advertisements in the system’s newsletter, word of mouth among system members, etc. This promotion is seen by informants as an associative benefit because their organization or event receives this benefit as a result of being a member of the LCS network and getting the grant. The benefit of attendance and participation at potlucks was, like C$ loan recipients, also important to C$ grant recipient informants.

Receiving and spending the LC was also seen as having moral and communal benefits for Ithaca HOURS grant recipients. As discussed above, Sara saw the process of “exploring the community” for ways to spend HOURS as a rewarding and educational
process. Dave noted that spending the LC received from the grant was a way to educate him and others by demonstrating “what money can do.” Joyce also identified an educational benefit that the grant made possible to the volunteers from her organization that received HOURS in recognition for their work. Finally, the use of LC grant program to provide a means for CBOs to acknowledge and recognize volunteer efforts was unique to Ithaca HOURS. This point will be addressed further in the following discussion of the results of this study.

### System of Exchange

<table>
<thead>
<tr>
<th>Grant Recipient Response</th>
<th>Price</th>
<th>Moral</th>
<th>Assoc</th>
<th>Comm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project may not have been possible without LC grant.</td>
<td>C II</td>
<td>I I</td>
<td>C C II</td>
<td>I I</td>
</tr>
<tr>
<td>2. Recipient’s interest in LCS’s mission.</td>
<td>C C II</td>
<td>I I</td>
<td>C C II</td>
<td>I I</td>
</tr>
<tr>
<td>3. Funded project received promotion.</td>
<td></td>
<td></td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>4. Potluck central to experience.</td>
<td></td>
<td>C C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Preferable to other sources. **</td>
<td>C III</td>
<td>C I</td>
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<td>6. Desire to promote LCS. **</td>
<td>C III</td>
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<td>7. Educational benefits.</td>
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<td>8. Way to acknowledge and recognize volunteers.</td>
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<td>9. Helping other system members. **</td>
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* All informants identified a ‘price’ SOE as an important rationale.
** Identified by loan and grant recipients in both C$ and Ithaca HOURS.

Table 5: Themes identified by Ithaca HOURS and C$ grant recipient informants and corresponding exchange arenas engaged.
CHAPTER SIX: DISCUSSION AND CONCLUSION

The primary research question and sub questions (see p. 55), based on the discussion thus far, can now be restated as: In which of the SOE ‘arenas’ do loan recipients and grant recipients in C$ and Ithaca HOURS engage and what variation do they express both within and between cases and units of analysis? This restated question comprises the original overall research question regarding the rationales that loan recipients and grant recipients express for their participation, and the sub questions addressing the variation within and between a) cases (Ithaca HOURS and C$), and b) units of analysis (loan programs and grant programs). The primary data collection method used to address this question was to interview two types of respondents: a) loan recipients, and b) grant recipients.

Rationales for Participation

Biggart and Delbrige’s (2004) claim that LCSs, in general, can best be categorized as moral and communal SOE is supported by the findings of this study. Two of the three loan recipients interviewed expressed a moral SOE as the primary rationale for their participation; however, the third loan recipient interviewee expressed primarily an associative SOE for participation. All seven of the grant recipients interviewed indicated that a moral SOE was a primary rationale for their participation, while two Ithaca HOURS grant recipients noted both moral and communal SOE as primary rationales. Price and associative SOE were also expressed by all informants, but as only secondary to a moral and/or communal exchange.
As discussed in Chapter Three and illustrated in Figure 2 (p. 54), these individual SOE 'arenas' are defined by: 1) the structure of social relations of actors as either 'universalistic' or 'particularistic', and 2) the basis of rational action engaged by actors as either 'instrumental' or 'substantive.' HOURS-based LCSs are difficult to define in terms of the structure of social relations because on the one hand, these systems are theoretically 'open' to any member of the community within which the LC is accepted for payment and exchange (a 'universalistic' structure of relations). On the other hand, the system is, in a sense, 'closed' because exchange is limited to only those who have agreed to accept the LC (a 'particularistic' structure of relations). Therefore, it is more appropriate and simpler to discuss the SOE which loan and grant recipients employ in terms of the basis of action (substantive or instrumental) expressed.43

**Substantive Basis**

A substantive basis of action was clearly the most important to loan and grant recipients in both Ithaca HOURS and C$ since all but one loan or grant recipient identified either a moral, or both a moral and communal, SOE as a primary exchange arena. This is not surprising considering that LCSs are intentionally designed to serve a moral and communal end. By establishing a local network of exchange that is specifically intended to ensure that the currency stay within a predefined 'community of place,' a LCS is designed to counter the negative effects resulting from official currency filtering out of the community. LCSs, in general, can be considered both "moral" systems, since they are designed to counter the inequities associated with the use of official currency,

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43 I would argue that the 'appropriateness' of focusing on the basis of rational action, rather than the structure of relations, of LCS participants in general is evident in Biggart and Delbridge's (2004) classification of LCS within a substantive (i.e. moral and/or communal) SOE.
and “communal” systems, since equitable redistribution within a specific community is concomitant to this moral end.

The individual loan and grant recipients interviewed for this study expressed the primacy of a substantive basis of action through the themes which they expressed. The experience of a C$ loan recipient (Karen) of being trusted and treated with respect and the sense of freedom and empowerment experienced by the Ithaca HOURS loan recipient (Allen) were discussed by both informants within the context of, and contrasted to, ‘mainstream’ lending institutions (banks, credit unions, etc). Karen’s view of these institutions was that they were untrusting and impersonal; Allen expressed a distrust and skepticism of lending institutions based on his experience of receiving a bank loan. He found the practice by some banks of charging fees (in addition to the interest charged) on loans as deceitful by stating that these banks “basically engage in fraud.” Therefore, the primary rationale engaged by Karen and Allen in choosing a LCS loan over one from a mainstream lending institution was clearly a ‘moral’ rationale.

For grant recipients in both systems a major theme was that they viewed the LCS’s mission and that of their organization (or the purpose of the funded event) to be consistent. As noted in the previous chapter, the organizations that received LC grants in both systems are focused on a moral and/or communal purpose. All of the grant recipients interviewed expressed a perceived benefit to receiving a grant from the LCS because they felt that the members of the LCS and those making the decision to issue a grant had a genuine ‘interest in’ and ‘cared about’ the funded project or event and the welfare of the overall community in general.
**Instrumental Basis**

With the exception of the C$ grant recipient who engaged primarily an associative SOE, ‘price’ and ‘associative’ rationales were expressed by loan and grant recipients as secondary to a substantive basis of action. Nonetheless, these ‘instrumental’ bases of action were important to informants. The price-based ‘need’ for the funds was, of course, an important factor for both loan and grant recipients in applying for a loan or grant. However, none of the informants identified a price-based need as their primary motivation by claiming that, for instance, a LC loan or grant was the easiest or fastest way to get the money for their business, group, or organization.

One of the C$ loan recipients (Bill) did identify an instrumental basis of action (specifically an associative SOE) as a primary rationale for participation. He was able to find the service that he required in the C$ network for considerably less than what the service would have cost him in the wider community because of the association he was able to establish with other system members. Grant recipients in both systems noted that the funded project or event was promoted as a result of their organization or group’s association with the LCS. HOURS-based LCSs often advertise the events and projects to which they issue grants in newsletters, on their websites, and other media. This practice, of course, provides advertising for both the group or CBO funded as well as the LCS issuing the grant.

**Case Studies**

This section further addresses the rationales engaged by loan and grant recipients first by discussing of the themes identified by informants from each of the cases individually and then by discussing the themes shared by informants from both systems.
Case-specific Themes

Calgary Dollars

The two loan recipients and two grant recipients all considered the monthly potlucks to be central to their experience of the loan or grant process. All four informants first heard of the loan and grant programs at a potluck and viewed potlucks as the primary way of promoting their business, event or organization to other system members. Both loan recipients saw potlucks as either a way to directly earn C$ by setting up a booth and selling items or services or indirectly by promoting their business to C$ members in attendance. One loan recipient (Bill) set up a booth at potlucks to earn C$ in addition to those he earns by accepting the LC for the service he sells within the system. The other loan recipient (Karen) viewed the monthly potlucks as a way of promoting her business within the C$ network and noted that she “had not been very good about attending potlucks recently.” She attributed the fact that she did not earn enough C$ to make one loan payment to her lack of attendance at potlucks. She accepted an offer made by a system coordinator to earn C$ to help pay the loan back by agreeing to help promote a C$ event, but she identified the potlucks as the primary way of promoting her business, “networking,” and increasing her income in C$.

The C$ grant recipients also considered potlucks as central in promoting their project to a group of people that were, according to them, more likely to be interested in and supportive of the funded project. 44 Hence, both grant recipients viewed the potlucks as a way to advertise both the specific C$ funded project and their organization in general to a very ‘targeted audience.’ This ‘associative’ benefit was identified as an important part of the grant process for both C$ grant informants. However, overall they expressed a

44 Both grant recipients in C$ received funding for a specific project, rather than a single event.
moral SOE for their participation in the grant program as primary because they considered the greatest benefit of the grant to be that it made it possible for them to advance the specific moral end toward which their organization is working.°5

Another specific theme unique to C$ of significance is the amount of funding that the organization receives compared to Ithaca HOURS and most other HOURS systems. As noted previously, C$ receives significantly more external funding than any other HOURS systems. In addition to the funding already received, C$ staff is currently seeking funding in official currency to supplement the system’s grant program. The program, if successful, would make it possible for C$ to provide matching funds in Canadian dollars obtained from external grants to C$ grant recipients. For instance, C$ could augment a complementary currency grant of C$ 1000 with an additional $1000 CA from external grants awarded to the C$ system ear-marked for this program and thereby provide a grant recipient with the equivalent of $2000 for the funded program or event.°6

There has also been at least one ‘in-kind’ donation of C$ in the form of grants to fund community events. For instance, the July 2005 C$ newsletter noted that a local natural food market (Sunnyside Market) that accepts C$ co-sponsored an event with the surplus C$ it had accumulated. This provided the funding for the event, increased the circulation of the C$ and gave the Sunnyside Market advertising exposure.°7

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°5 To maintain the confidentiality of the informants the ‘specific moral end’ toward which each of their organizations is directed is not mentioned here, however, both grant recipients interviewed represented CBOs that focused primarily on community activism.

°6 Based on personal communication with C$ system coordinator 01/06.

°7 Because HOURS-based LCSs are often presented with challenges concerning the circulation of the LC and the tendency for members who have difficulty spending all that they receive at certain times (Lepofsky and Bates, 2005), this innovative approach to addressing the issue may be of interest to HOURS-based LCS system coordinators.
The Ithaca HOURS loan recipient interviewed noted that he felt he had a ‘competitive advantage’ over other businesses in Ithaca because he accepted HOURS. He claimed that his participation in the loan program, specifically the need to repay the loan, caused him to increase the percentage of HOURS he was willing to accept for each sale and that this competitive advantage increased proportionately to the increase in the percentage of the HOURS he was willing to accept. Since HOURS-based LCS members are encouraged to accept only the amount that they can reasonably spend within the system, this finding may be of interest to HOURS-based LCS system coordinators because it illustrates that the demand for the LC resulting from the need to repay a loan may encourage borrowers to increase the amount of the currency that they are willing to accept.

The most notable case-specific theme identified by four of the six Ithaca HOURS grant recipients interviewed was that the grant was used to honor and recognize efforts of volunteers. One of these organizations presented the HOURS to volunteers in a formal award ceremony, two of the organizations acknowledged volunteers for the funded event with HOURS directly, and the other organization used the HOURS grant to purchase goods and services to present to volunteers in recognition of their efforts. This practice of using LC grants to honor and recognize volunteers is apparently unique to Ithaca HOURS and is, quite probably, the result of the specific institutional evolution of the system itself. However, this example may be of interest to coordinators in other HOURS-based LCSs in promoting grants as a way for organizations to recognize volunteers since it could
potentially introduce these individuals to the system and the concept of local currency in
general.

**Shared Themes**

*Loan/grant preferable to other sources*

All of the loan and grant informants expressed that they perceived LC loans or
grants as preferable to other sources of funding. Loan recipients, of course, identified the
lack of interest charged on the loan as a reason for this preference; however, none of the
three informants claimed that the lack of interest was the most important reason for
seeking a loan. Instead, they claimed that the LC loan was more ‘personal,’ ‘friendly,’
‘less of a hassle,’ or more ‘honest’ than a loan from a bank, government organization, or
other lending institution.

Grant recipients expressed similar (moral) reasons for preferring a LC grant to
one from a foundation, government or other large, non local grant making organizations.
All of the grant recipients claimed that the LC grant process was much easier and less
time consuming, however, this ‘price-based’ incentive was not the primary reason for
their preference toward a LC grant. Interviewees indicated that the individuals involved
with issuing the LC grant were genuinely interested in the funded project, that they
‘wanted’ to fund the program or event because they were members of the same
community and that, in the grant recipients’ view, this was not the case with other (non-
local) grant making organizations.

*Desire to promote LCS*

All loan and grant informants noted a desire to promote the LCS as a result of
their experience of receiving a loan or grant. This desire to promote the LCS was based
not only on a loan or grant recipient's positive experience with the loan/grant process but also on the perceived 'moral' and 'communal' benefits, for themselves and other system members, which they associated with participation in the system as a whole. In short, informants expressed an interest in a 'healthy local economy' and a desire to promote the LCS because it was directed toward this end.

**Helping others**

Local and complementary currency systems, by design, are intended to facilitate the equitable redistribution of the LC among system members. This is theoretically accomplished by ensuring that the currency does not leave the network by defining a specific community of space within which the LC is accepted for payment and exchange. Other mechanisms such as CS’s policy of permitting any member to set up a booth at potlucks (and receive an incentive to do so), or Ithaca HOURS egalitarian principle that everyone’s time should be valued equally, are intended to ensure that the LC serves to benefit everyone in the network. The potential for a LC to serve this purpose is attributed to the fact that it does not function as a store of value like official currency does and therefore, it has no real value other than as a medium of exchange and payment.

Because LCSs are, at least theoretically, based on a principle of equitable redistribution, this principle becomes institutionalized within the system. The institutionalization of a principle of equity and redistribution was expressed by the loan and grant recipients interviewed in this study and referred to here broadly as “helping

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48 This egalitarian principle of valuing everyone’s time equally, as based on Owen’s Equitable Labour Hours (Harrison, 1969; Wheatley, 2005), was adopted by Glover (1995a) in the HOURS model. However, in practice, Ithaca HOURS are exchanged in valuation to a ‘dollar’ amount. The tendency for LCSs (especially LETS) to take on characteristics of the wider capitalist economy has been noted (Lee, 1996; Lee, et al, 2004; Powell, 2002b; Williams, 1996b) and may be necessary for these systems to survive and gain acceptance within a community. Nonetheless, while this egalitarian principle was initially incorporated in the design of Ithaca HOURS (Glover, 1995a) the practice of valuing all members time equally is by no means presently a widespread occurrence in the Ithaca HOURS system.
others.” Several informants noted the value of ‘helping others’ in the system by spending the LC. Both of the loan recipients from C$ specifically stated that they felt as though they were helping another system member by spending the C$ loaned to them.⁴⁹ The loan recipient from Ithaca HOURS also noted a personal benefit to being able to ‘help out’ local artisans by hiring them to design a sign for his business in exchange for HOURS as a result of the loan. The grant recipients in both systems noted similar experiences with being able to help other system members directly with the grant or through their organization’s participation in the system.

_Funded project receives promotion (grants)_

All of the grant recipients interviewed noted that the funded project or event received additional promotion as a result of the LC grant. Ithaca HOURS and C$ both often list the organizations which receive grants from the system in newsletters and on their system’s website. Both grant recipients from C$ stated that they found potlucks to be important to the promotion of the funded project within the C$ network. Grant applicants are encouraged by C$ system coordinators to announce the project or event for which they are seeking funding at a potluck and, then, the C$ members in attendance vote whether or not to approve the grant. However, there has apparently been no instances of a grant being rejected by the members, since potlucks allow the applicant the opportunity to promote the project or event to an audience that is, according to the informants of this study, quite likely to support their organization and, therefore, likely to support the funded project or event.

⁴⁹ Note: C$ loan recipients used the loan to pay for services acquired from only one system member in both cases.
Conclusion

Theoretical Implications/Future Research

The broad theoretical value of this study is that it demonstrates the applicability of Biggart and Delbridge's (2004) typology to the analysis of LCSs and to the study of “consumer-based opposition movements” (Helleiner, 2000) in general. In addition to the CCM, Helleiner (2000) identifies three other consumer-based opposition movements to globalization as guided by the neoliberal agenda: 1) the fair trade movement, which seeks to promote equity and social justice in North/South trade relations; 2) “consumer boycott campaigns targeting products made by firms or countries that are violating human rights or violation standards;” and 3) “the voluntary simplicity movement, which seeks to encourage the more affluent of the world to reduce their levels of consumption and reject the materialistic values of the emerging transnational consumer culture” (Helleiner, 2000:35).

Supporters of the CCM and the three movements listed above all share a common belief that economic action should be guided by moral values such as equity and social justice, rather than exclusively by the traditional economists' concept of the “rational” economic actor concerned only with profit maximization. I contend that Biggart and Delbridge's (2004) typology could apply to future investigations of the economic action of individual actors in any of these “consumer-based” movements and the networks established within these movements because the typology allows for the inclusion of economic action that is based on a substantive basis of action without dismissing such

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50 The 'Systems of Exchange' typology may also be applicable to the study of local/community or complementary currencies when viewed from the perspective of other “movements” (e.g. the 'anti-corporate movement' [Starr, 2000], the 'sustainable consumption movement,' or others), however, I will limited this discussion here to what Helleiner (2000) has referred to as “consumer-based oppositional movements.”
behavior as an "irrational" or an "anomaly." Therefore, I argue that the Systems of Exchange typology (Biggart and Delbridge, 2004) could be applied to future research focused on any of these consumer-based oppositional movements, including further research focused on the CCM. HOURS-based LCSs in general, and specifically the loan and grant programs of these systems, are presently a relatively limited and isolated phenomena; however, this study does demonstrate the applicability of the SOE typology to a group of social phenomena that are, collectively, quite significant and widespread.

Additionally, for the reasons discussed in Chapter Three, I contend that the CCM could collectively be considered a unified social movement and that the New Social Movement approach may provide insight into this movement. Of course, the degree to which this 'movement' expresses the required 'unity' to be considered a "social movement" or not is, of course, entirely contingent upon the definition provided by the researcher(s) of what constitutes a social movement. Because this claim was not the focus of this study it has only briefly been discussed, however, the 'contextualization' of the CCM as a unified social movement, I argue, is important to the understanding and analysis of this 'movement.' This is apparently an unprecedented claim in academic research, unfortunately, due to the scope of this project and the research question addressed, this argument has not been fully explored here. Therefore, I would argue that the theoretical, analytical, and explanatory potential of future research focused on individual LCSs (or 'types' of systems) may benefit by contextualizing LCSs (or type of systems) as a unified social movement ("CCM").
Applied Implications

The applied benefit of this study is the potential value that it may offer to HOURS-based LCS coordinators in the development, maintenance, and/or promotion of loan and grant programs. Relatively few HOURS-based systems have active loan and grant programs and the in-depth documentation of the experiences of loan and grant recipients presented here and the findings of this study may be of interest to coordinators of these systems.

The development of individual LCSs is determined by the system’s organizational development, community setting, and many other factors unique to each system and the degree to which the findings of this study can be generalized to specific HOURS-based systems can best be determined by individuals familiar with the system. Therefore, the degree to which the findings of this study are ‘transferable’ to individual HOURS-based systems is left to system coordinators to determine.

However, two apparently innovative approaches to loan and grant programs identified in this study may be of particular interest to HOURS-based LCS coordinators, since they are likely the result of the specific organizational development of C$ or Ithaca HOURS. These two ‘innovative approaches’ are: 1) the proposed program which C$ is pursuing to use external grant funding to ‘match’ C$ grants with Canadian dollars, and 2) the use of Ithaca HOURS grants to honor and recognize the efforts of volunteers of a recipient organization or group. The details of these ‘case-specific themes’ have been discussed in above, and like the other findings of this study, the degree to which they are transferable to any other HOURS-based LCSs can best be determined by individuals familiar with the organizational development and community setting of that system.
Appendix 1:  
Examples of Significant Contemporary CCS

The Argentinean Experiments

A series of severe economic crises between December 2001 and July 2002 resulted in the subsequent “financial meltdown” of the Argentinean economy (Lietaer and Elgin, forthcoming; Pearson, 2003; Powell, 2002a). The Red Global de Trueque (RGT) “barter” network literally helped millions of Argentinean to survive during this time. The RGT began as an initiative of an environmental NGO in 1995 to promote economic and ecological sustainability and to aid the poor in the “exchange of goods and services without being restricted by access to money” (Pearson, 2003:216). At the height of the crisis “an estimated 7 million people were using the complementary currency on a regular basis” (Lietaer and Elgin, forthcoming). The RGT initiative has received a considerable amount of media and academic attention recently. The history and details of the RGT network is beyond the scope of this study, but it is important to acknowledge the significance of this network as an example of the scale at which certain CCS are being implemented in recent years.

CCS in Japan

Not only does Japan have more CCS currently in operation than any other nation, it also has the widest diversity of these projects. As of May 2003 there were a total of 600 CCS in operation in Japan (Lietaer, 2004b). The major types of CCS that Lietaer identifies are: 1) Fureai Kippu (“caring relationship tickets”), 2) “Eco Money,” and 3) “grassroots initiatives,” including at least two CCS using energy-backed currency units (ecbus) as the unit of account.
Lietaer (pg. 6) notes that there were 113 Fureai Kippu systems in operation in 1992, and that by mid-2003 there were 372 such systems. The Fureai Kippu (loving relationship tickets) are designed to provide care for the elderly and exchanges are based on a mutual credit system using hours of service as the unit of account. Eco Money, designed and managed by Toshiharu Kato, like all Japanese CCS, is widely supported by the government. The Eco Money projects are based on the exchange of services only. These systems are actually a series of ongoing “experimental designs” intended to determine what type of CCS works best for what purposes. There were 35 different Eco Money projects being experimented with simultaneously in 2003 (ibid).

There were an additional 175 “grassroots” CCS operational in Japan at the time of Lietaer’s research in 2003 (ibid). He refers to these systems as comprising a “grassroots school” due to the fact that they were initiated by local community residents, rather than having been coordinated and directed under a single national leadership, as are the Fureai Kippu and Eco Money systems. Twelve distinct types of CCS fall into this ‘grassroots’ category, most of these have been influenced by systems from other parts of the world (e.g., LETS, Time Dollars, HOURS based models, etc), although some are highly innovative and unique. Two of these ‘innovative’ CCS are the WAT and the Charcoal, both of which are based on an “energy backed currency units” (EBCUs) system.

EBCUs are a form of currency proposed by Douthwaite (1999a) and are based on the concept that a currency unit should be linked to (and reflective of) a scarce resource. Douthwaite contends that perpetual economic growth in a finite world is simply not possible, and proposes an EBCUs that would reflect this reality. “In other words, when
we save money, we should also be saving something vitally important, like the integrity of the natural world” (ibid:14).

The concept of EBCUs is gaining support in the CCM, as is evident in the success of the WAT and the Charcoal systems. The unit of account of the WAT is electricity: “1 kWh of electrical current generated by citizens’ cooperatives through renewable energies (wind, water, sun)” (Lietaer, 2004b:12). The means of payment in the WAT system, as with the LETS model, is a paper note. The Charcoal model, as would be expected, utilizes charcoal (specifically, 1 gram) as the unit of account, which, like the WAT, is exchanged via a symbolic means of payment represented with a paper note. The success of CCS in Japan in recent years is, quite probably, owed to the governmental support that these projects receive in comparison to many other countries.

**The Terra TRC**

The Terra Trade Reference Currency (TRC) initiative was announced officially at the “Future of Money Summit” in October of 2003 in Denver, CO (Lietaer, 2003). The Terra (the system’s unit of account) is designed to address the following four issues identified as problematic and potentially catastrophic to the global economy:

1. Massive job-losses (as a result of the increased efficiency of labor reducing technologies in an information age, among other causes).
2. A mounting world recession.
3. A lack of hard currencies and decreasing investments in Less Developed Countries (LDCs).
4. Conflict between short-term financial interests and long-term sustainability.

   (Lietaer, 2003; Lieater and Belgin, forthcoming; Kiuchi, 2004)

The Terra is backed by a “basket of commodities” consisting of “a dozen of the main international commodities, including gold” (Kiuchi, 2004). Proponents argue that backing the Terra with a number of commodities makes the currency
less susceptible to inflation. For instance, if one of the commodities fluctuates in price on the world market, this price change will be offset by the changes in prices of one or more of the other commodities (Lietaer and Belgin, forthcoming).

The Terra has a demurrage charge of 3.5 – 4% per annum, as well as a transaction fee charged to “cash-in” Terras for one or more of the commodities used to backed it. The demurrage fee, as mentioned previously, is a fee that encourages the circulation of a currency through a disincentive to hold on to the currency (a “negative interest,” in a sense). The proposed transaction fee also serves to encourage circulation because participants will wish to avoid the fee (Lietaer and Belgin, forthcoming; Kiuchi, 2004). The details of the structure and operation of the system can be accessed at http://www.terratrc.org/.
Appendix 2:
LC Loan and Grant Recipient Interview Guide

(Necessary explanations provided in italics)

1. When did you apply for the loan/grant?
2. What was the purpose of the loan/grant?
3. How long was your organization or business in operation at the time of receiving the loan/grant?
4. How did you hear about the loan/grant?
5. What was the amount of the loan/grant?
6. Did you attempt to get a loan/grant in federal currency from any sources prior to applying for a LC loan/grant? (Probe – why or why not? If yes – what sources?)
7. Do you feel that you received any non economic benefits from the loan/grant? (What were they if any?)
8. Were there any disadvantage to the loan/grant? What were they?— (Because local currency scrip is accepted in a limited number of locations and usually for only a percentage of total cost [or only a set amount] it is likely that some recipients may have had difficulty spending the loan/grant for the desired purpose(s)
9. Did you participate in trading local scrip before you received loan/grant? How long if yes? If no... why?
10. What do you remember most about the loan/grant?
   (Probe) Any personal experiences you remember?
11. What else do you remember about the loan/grant process that may help me understand what the experience was like for you?
12. What would you say to someone who was thinking about applying for a LC loan/grant?
13. Tell me what the loan/grant application process was like.
14. What improvements do you think should be made to the loan/grant program?
Appendix 3:  
LC System Coordinator Interview Guide

Interviews questions of LC system coordinators will focus on providing insight into the issues involved in the implementation, administration and maintenance of loan and grant programs. This information will be used to inform the investigator of the history and development of loan and grant programs in Ithaca and Calgary. Interviews will be directed toward determining what common elements are shared between the two systems. The Ithaca and Calgary systems have issued more loans and grants to community members and organizations than other LC systems. This study will provide insight into the reasons for this success and could potentially benefit the loan and grant programs in these communities as well as other existing and future LC systems.

1. What do you see as the (a. economic, b. non-economic) benefits of LC loan and grant programs?
   ...for the community, ...for the LC system itself? (Probe – what are the different benefits that loans have in comparison to grants and vice versa?)

2. What are the disadvantages and/or problems involved with loan programs?

3. What are the disadvantages and/or problems involved with grant programs?

4. What are the criteria used to evaluate applications for loans?

5. What are the criteria used to evaluate applications for grants?

6. Why have there been far more grants than loans issued? (This is true for both Ithaca and Calgary)

7. Are there any differences between the way your LC system promotes loans and the way it promotes grants? What are these differences if any?

8. What are the strategies that your system uses to promote loans and grants? Have these strategies changed over time? If so, how and please describe the changes and the reasons for the changes in strategies to promote loans and grants?

9. What advice would you give to LC system coordinators in other communities who are developing loan and grant programs?
Appendix 4:  
Informed Consent Form

TITLE: Local Currency Loans and Grants: An Inquiry into a Systems of Exchange Typology

This consent form may contain words that are new to you. If you read any words that are not clear to you, please ask the person who gave you this form to explain them to you.

INVESTIGATOR: Jeff Mascornick (Sociology MA student, University of Montana)  
1100 S. 4th St. Missoula, MT 59801: (406) 542-1593

Project Supervisor: Becky Richards, PhD  
Department of Sociology, The University of Montana  
Missoula, MT 59812: (406) 243-4061

PURPOSE: You are being asked to consent to an interview concerning your participation in a local currency loan/grant program. The data will be used to investigate the rationale that individuals have for participating in printed local currency loan and grant programs.

PROCEDURES: The interview will be conducted at your home, place of work (if appropriate) or at a mutually agreed upon public location conducive to audio taping. The interview will be approximately forty-five minutes in length.

RISKS/DISCOMFORTS: You may choose not to answer any of the questions and may end the interview at any time if any of the questions cause any discomfort to you. The interviewer may inquire about issues of debt and other financial questions specific that could potentially be sensitive topics. The interviewer can skip any question you prefer not to answer or end the interview at any time if you wish.

BENEFITS: Your participation in this study can potentially aid in the development and promotion of printed local currency loan and grant programs. Your participation will also benefit social science research by introducing these loan and grant programs to the academic community.

CONFIDENTIALITY: The data collected will be kept confidential and will be used only for the purposes mentioned above. The interview will be audio recorded to ensure clarity. Your identity will be disguised by using a pseudonym in any discussion of the study and presentation of the project. The audio tape (with pseudonym) will be destroyed after transcription.

COMPENSATION FOR INJURY: Although injury is unlikely to occur during this interview, the following liability statement is required in all University of Montana consent forms:

51 The title of this project changed after the IRB approval process.
"In the event that you are injured as a result of this research you should individually seek appropriate medical treatment. If the injury is caused by the negligence of the University or any of its employees, you may be entitled to reimbursement or compensation pursuant to the Comprehensive State Insurance Plan established by the Department of Administration under the authority of M.C.A., Title 2, Chapter 9. In the event of a claim for such injury, further information may be obtained from the University’s Claims representative or University Legal Counsel."

**VOLUNTARY PARTICIPATION/WITHDRAWAL:** Your participation in this study is completely voluntary. You may choose to withdraw from the study itself or decline answering any question(s) at any point without consequence.

**QUESTIONS:** If you have any questions concerning this study before, during or after the interview you may contact:

**Investigator:** Jeff Mascornick  
1100 S. 4th St. Missoula, MT 59801: (406) 542-1593  
jjm4114@yahoo.com

**Project Supervisor:** Becky Richards, PhD  
Department of Sociology, The University of Montana  
Missoula, MT 59812: (406) 243-4061

If you have any questions regarding your rights as a research subject, you may contact the Chair of the IRB through The University of Montana Research Office at (406) 243-6670.

**SUBJECTS STATEMENT OF CONSENT:**
I HAVE READ THE ABOVE DESCRIPTION OF THIS RESEARCH STUDY. I HAVE BEEN INFORMED OF THE RISKS AND BENEFITS INVOLVED, AND I AM AWARE I HAVE THE RIGHT TO HAVE ANY QUESTIONS CONCERNING THIS STUDY ANSWERED TO MY FULLEST SATISFACTION. BY SIGNING THIS FORM I AM ACKNOWLEDGING MY VOLUNTARY PARTICIPATION IN THIS STUDY. I UNDERSTAND THAT I WILL RECEIVE A COPY OF THIS CONSENT FORM.

PRINTED NAME OF RESEARCH PARTICIPANT ____________________________

PARTICIPANT’S SIGNATURE AND DATE ________________________________

INVESTIGATOR’S SIGNATURE ________________________________
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