Equal Time, Equal Value
Community Currencies and Time Banking in the US

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Chapter 1

Time Banks and the Community Currency Movement

Introduction

Sally has very poor vision and is unable to drive or read. While she has a home health aide several times a week, the aide does not assist Sally with her mail or bills and only handles health-related errands. Sally has no family nearby, and she doesn’t feel comfortable asking for help from her neighbors, whom she barely knows. To pass the time, Sally knits. Despite her vision problems, knitting is the one thing that brings Sally joy.

Murray is a member of the Time Bank organization that Sally joined, and he begins to visit once a week to read Sally her mail and to drive her to any errands that she needs to complete. For her part, Sally has agreed to donate knitted baby blankets to the local birthing center to give as gifts to new mothers. The birthing center, an organizational member of the Time Bank, offers advice and services to interested women, such as Monica, who eventually has her baby delivered by a midwife from the center. When Murray needs computer assistance several months later, Monica is happy to assist by hooking up his printer, installing software and providing ongoing technical assistance.

Most Americans engage in some form of economic transaction on a regular basis, daily in many cases. Some of these exchanges are for acquiring necessities, while others satisfy our desires. What is unique about the transactions presented above is that they were all conducted without the use of cash. Scenarios such as this are endless in Time Banking organizations, where members exchange goods and services in community networks that involve dozens or even hundreds of people. They are typical of the networks of sharing created by these local organizations all across the country. Time Banks are the most popular type in the U.S. of what has been called “community currencies,” localized exchange systems based on time or unofficial dollar equivalents as the medium of exchange. This study is the first to systematically investigate the phenomenon of Time Banking and its impact on communities and individuals.

In communities across the globe, people are creating their own local currencies or non-cash exchanges as a complement to the official national currencies that we consider to be “real money.” Community currency networks (also known as local or alternative currencies) are “do-it-yourself” (DIY) groups, established with
the intention of building social ties within a community and making goods and services more accessible. Neighbors and strangers alike are joining these self-help networks in a cooperative bid to make life better.

One of the fascinating aspects of community currencies is that they potentially appeal to many different kinds of people with varying motivations. Some people are short on cash, others short on friends, and others have physical limitations that make everyday activities difficult or impossible. In addition, there are many different ways to organize local currencies; they can be custom-tailored for the specific needs and interests of organizers. As such, these networks exist in many different forms. Some are quite heterogeneous, bringing together participants of all ages and social and economic backgrounds. Others restrict membership to certain groups, resulting in a more homogeneous membership.

Communities attempt to meet local needs in several ways. At the official level, towns, cities, counties, states, and the federal government collect taxes and use them to provide services through publicly funded systems. Non-profit organizations raise money to provide additional services. And individual volunteering is another well-recognized way of providing help to those who need it. Thus, government agencies, private foundations, organizations, and businesses spend billions of dollars and volunteers spend millions of hours each year on social programs to help individuals in need. But all of these are essentially one-way avenues, rather than systems of reciprocity. Few of these programs attempt to provide communities with the necessary tools to improve their own social environment through mutual efforts.

American history is full of examples of community self-help through cashless exchange of goods and services. These include bartering, scrip notes, baby-sitting and food cooperatives, and many other informal and ad hoc arrangements among people with similar interests and needs. However, in the past three decades a new movement has emerged. Local currency systems have been launched as formal voluntary organizations to enhance community-building for people who may not otherwise know each other and who have a wide variety of needs and interests.

Social Forces Driving the Need for Community Currencies

Many forces have contributed to the growing awareness of local currencies. As the following headlines from the “Great Recession” era suggest, perhaps the greatest is economic.

“Tough Times Lead to Local Currencies,” Time (Schwartz 2009)

“Communities Print their own Currency to Keep Cash Flowing,” USA Today (Bello 2009)

"Local Currencies Cash in on Recession," Los Angeles Times (Riccardi 2009)

"At this Bank, Time is the Free-Flowing Currency,"
Boston Globe (Barlow 2009)

New community currency organizations have been formed around the country as a result of greater economic need. The terrible decline of the global economy in the late 2000s led to community currency networks receiving more and more attention in the national and international media and among community-based and grassroots organizations. In the U.S. alone, major television networks, radio outlets, magazines, and newspapers have run stories about community currencies as a response to economic troubles.

These systems are of particular interest due to declining incomes and increased job loss, combined with lack of confidence in national and global economic systems. By creating a non-cash exchange system valued only in a certain region, participants can increase their access to a variety of goods and services that might not be available or affordable in the traditional marketplace. Moreover, as with the "buy local" movement, community currency is arguably a "tool that can help revitalize local economies by encouraging wealth to stay within communities rather than flowing out" (Meeker-Lowry 1996: 448).

Beyond the recent economic crisis, other social conditions of modern life have prompted people to look to community currencies. Putnam and many others have noted declines over the past several decades in civic participation and other forms of social capital: "social networks and the associated norms of reciprocity" (Putnam 2000: 21). This erosion of social capital, including indicators such as neighborhood ties and trust, has been compounded by forces such as suburbanization, increasing female labor force participation rates, smaller households, the spatial mismatch between jobs and home, and the required residential mobility of many employees.

Community currencies have been advocated to rebuild formal and informal community networks, which in turn can renew social capital and thus the well-being of individuals and groups.

Additionally, changes in the population and in the health care system have created many new health care-related needs. An increasingly aging population, often living alone and with chronic ailments, combined with the move away from hospitalization to home-based care and the decline in health coverage, all create diminished access to needed services and greater strains on households and extended families. Community currencies often address some of the gaps in care that these conditions create.

While there are many social, economic, and cultural changes contributing to the current attention to Time Banking, our research suggests that it can be very difficult to launch and sustain a Time Bank. Thus it is important to investigate the challenges and the ways in which different Time Banks have responded to them.
Purpose and Plan

The purpose of this book is to provide an in-depth investigation of Time Banking in the United States. While it is only one type of community currency, there are several reasons for choosing it for further study. First, Time Banks appear to be growing and are arguably the most successful form of community currency in the U.S. Second, as we will see, the Time Banking model is flexible and has some advantages over other forms with regard to sustainability. About half of U.S. Time Banks have paid staff, and most have either formal or informal ties to existing agencies and organizations. Third, since Time Banks record their transactions electronically in databases, this exchange data (which is critical for scientific analyses) is available. Printed local currencies are much less regulated and transactions are not formally tracked. By investigating each of the three major types of Time Banks, we are able to document and analyze the differences to illustrate the strengths and challenges faced in these different kinds of organizations.

Our research is based on case studies of three well-established Time Banks, a survey of Time Banks nationally, as well as previous studies. We have selected these three cases because they represent three different forms of Time Banks, they have existed for a long period (over ten years), and the authors have conducted research and worked closely with them over the years. The first is a stand-alone Time Bank that has broad goals and no specific constituency, Hour Exchange Portland (HEP) in Maine. The second case, Community Exchange (CE) in the Lehigh Valley region of Pennsylvania, was started by a hospital-sponsored collaboration among nonprofit organizations and is currently part of the hospital. Our third case is a Time Bank that was launched by a social HMO (Elderplan) to provide needed services to older members and help them remain independent, Member to Member (M2M) in Brooklyn, NY. Data from these cases will illustrate the major differences in organizational structures and challenges that exist in Time Banking as well as providing answers to the questions we ask about their impact on members.

The forthcoming analyses use multiple methods for the myriad of data that we have collected from the three Time Banks – participant observation, archival review, interviews, surveys, and analysis of secondary data. This project began with our fascination on the topic as we learned of it and began to carry out research on it. Two of us have been members of these systems and bring in on-the-ground experience. A survey of all Time Banks in the U.S. provides very valuable data on the nature of such organizations nationally, an important backdrop to the three cases. We have also interviewed founders and key activists within the movement. Naturally, we have reviewed the scholarly and popular literatures on the subject. We believe that this book fills a void in the literature on community currencies and will be of value both to scholars and to people who are involved with Time Banking or considering starting one.

In the current chapter, we first review the history of community currencies and locate Time Banking within that broader movement. We identify the characteristics
that have made it a social movement, and distinguish it from volunteering. We conclude with a discussion of the many potential benefits that advocates of Time Banking stress. Chapter 2 describes the variety among Time Banks nationally in terms of size, type of membership, duration, funding, and management. We then detail the creation, progress, and challenges of each of the three cases, focusing on characteristics that have allowed them to survive and succeed.

Chapters 3 through 6 are our analytical chapters. Here we present a variety of data addressing the major questions regarding the inputs, processes, and outcomes of Time Bank participation. Figure 1.1 provides the model that guides our analyses.

![Diagram](image)

**Figure 1.1** Model of inputs, processes, and outcomes of Time Bank participation

Chapter 3 focuses on inputs. First, we investigate the variety of motivations underlying participation in Time Banking. Next, we consider the demographic characteristics of participants and describe who joins. In a quantitative analysis of one of our cases, we then link these factors in multivariate tests to determine the extent to which demographics predict motivations. Using qualitative data from another case, we engage richer data about why certain types of participants come to join these networks.

The next major stage of participation in Time Banks concerns the exchanges – the process question is first addressed in Chapter 4. What happens within these networks? What is being exchanged? To find answers to these questions, we report results from our national survey of coordinators and a membership survey from one of our sites. We then extensively analyze the databases of transactions from two of our cases to identify the types of services that are most frequently exchanged. In quantitative analyses in Chapter 5, we develop a variety of indicators measuring the size and characteristics of participant’s trading networks. We then explore the extent to which demographics and motivations impact the quantity of exchange and the quality or type of networks that are created in these systems. Using social network analysis, we visualize these networks and investigate who trades with whom.
The final, and arguably most important, stage of participation concerns outcomes. To what extent do these networks produce economic, social, and health benefits for individuals, organizations, and communities? In Chapter 6 we use qualitative data from two of our cases to provide rich details on the impacts of these networks. Quantitative data from all three of our cases are also employed to test for the major determinants of these outcomes.

Chapter 7 is an analysis of Time Banking to date, including findings of interest for those who are considering starting a Time Bank. We provide a sociological interpretation of these practices, consider the dilemmas of the larger localism movement in the neoliberal era, and reflect on the future of Time Banking. Throughout the book, we think about “success” and the variety of forms it takes in this movement.

Making Money: The Roots of Contemporary Local Currency

As a medium of exchange, money provides a common unit to measure value as well as being a storage mechanism for future use. These characteristics are what made money transcend the limitations of barter by adding greater convenience and efficiency to economic transactions (Solomon 1996). With all its advantages, however, official money is always scarce relative to needs and desires. If the formal economy does not provide sufficient opportunities for people to access the goods and services they need, people will find alternate means. According to Zelizer (1994: 1), “Money multiplies… everywhere we look people are constantly creating different kinds of money.” Recent examples (of the variety we will not be studying) include “Bitcoin,” “Liberty Dollars,” and “Slow Money.”

If we can create money, it follows that there is no longer any need to say ‘we can’t afford to – we don’t have the money’ when faced with problems… What matters is not if we can afford to or not, but if we have the time, resources and knowledge to solve our problems and then the willingness and ability to commit this time, resources and knowledge to the task. (North 2010: 15-16)

The contemporary community currency movement emerged in the early 1980’s. The extent to which these efforts are unique and original is debated by scholars. From the tenth through the thirteenth century, most of Europe had local currencies existing alongside centralized money (Rushkoff 2009). Two other often-cited examples are barter and scrip (Greco 1994, Solomon 1996, Raddon 2003, North 2010). Bartering clearly has a long history. In its purest form, it is a simple swap of goods or services between two parties. As Raddon (2003: 12) argues:

The positive notion of barter conveys the personal, face-to-face and relational nature of community currency activity. When you barter you get something
of another person’s, and they get something of yours. Unlike the typical retail situation, barter always requires a conversation.

The other common comparison is made to Depression-era scrip, paper notes that were a response to the economic crisis. As Greco (1994: 2) explains:

History is full of examples of successful local initiatives aimed at providing exchange media, but the Great Depression of the 1930’s saw this done on an unprecedented scale. There were literally hundreds of scrip issues that were put into circulation by a variety of agencies, including state governments, municipalities, school districts, clearing house associations, manufacturers, merchants, chambers of commerce, business associations, local relief committees, cooperatives, and even individuals.

Depression scrip provides local currency advocates with “a historical instance of local money receiving strong backing of businesses and municipal governments” (Raddon 2003: 15).

Understanding Contemporary Community Currencies

Time Banks and other forms of community currency differ considerably from their historical predecessors. First, they are not based on an assumption of bilateral exchange; instead, their key innovation is the use of multilateral bartering, a form of serial reciprocity (Offe and Heinze 1992). That is, one does not need to find a single individual to exchange needed services with, but rather can provide and receive services within a large network of people with a wide variety of talents and needs. As illustrated earlier by the example of Sally, Murray, Monica, and the Birth Center, exchanges occur within a broad network in which one person or organization provides for a second person or organization that may never reciprocate back to the first but can instead offer something needed by a third.

Secondly, such exchanges may occur at different times, as needs arise. Thus, local currencies expand commerce by connecting a network of people and often businesses together in an ongoing process. And third, unlike the informal nature of bartering and the use of scrip as an emergency measure, community currencies are formal membership organizations that are intended to be long-lasting and to complement the mainstream economy.

Since this idea of non-cash, multilateral exchange is so different from what we are used to (some may consider it revolutionary), it is often hard for people to understand. Some potential participants are skeptical and find it hard to believe that one’s time could be used as a currency. The popular metaphor “time is money” not only shapes our thoughts and actions (Lakoff and Johnson 1980), but can literally be true in the case of community currencies. In a focus group with pioneering staff who have started Time Banks, we heard about the recruitment challenge of helping people to “get” the concept. As one of the founders told us, even after people join,
... at the beginning I think it’s an issue of de-programming and reprogramming; at the beginning people refused to receive, everybody’s willing to give but they don’t want to receive. And the issue of reciprocity is a challenge. Because everybody wants to give .... (Founders Focus Group 2009)

To complicate the problem of understanding the concept even further, terminology for these types of organizations varies tremendously in written accounts. For example, some writers, both scholarly and in the media, use the terms “complementary currency” or “alternative currency” as an umbrella term that might include non-local forms of non-cash programs such as airline miles and other reward programs. In this study we are interested in the form of alternative currencies that are locally-based – referred to here as “community currencies” or “local currencies,” and we focus on Time Banks within the context of such local organizations. However, “Complementary currency” is a generic term for the wealth of contemporary alternative exchange systems which exist alongside mainstream money. A wide range of complementary currencies have been springing up in developed and developing countries since the 1990s as a response to social, economic and environmental needs, in the form of skills-exchanges, modern-day barter, green versions of supermarket reward schemes, and even notes and coins. (Seyfang 2009: 141)

Most of these new forms are local, community currency organizations. By the end of 2010, there were at least 140 in the United States and more than a thousand globally that have been launched in the past three decades.

Another question commonly asked about community currencies is whether the exchanges are legal and/or taxable. Community currencies are perfectly legal, though the specifics vary by country. In the United States, the private issuance of paper money (but not coins) is permitted as long as it does not resemble the legal tender issued by the federal government (Solomon 1996). As we discuss below, the tax implications vary by system type and country. Most importantly for our focus on Time Banks in the U.S., the exchanges in those organizations are not taxable, by explicit ruling of the Internal Revenue Service (see below).

How Does it Work?

While all community currency systems differ somewhat, each is premised on creating a local currency as a measure of and mechanism for the exchange of services and goods. Participants publicize the goods or services they wish to offer and/or obtain through a directory, newsletter, notice board, website, or listserv. Interested parties contact one another or a staff member, negotiate the transaction, and then arrange it. The recipient “pays” with, and the provider receives, credit in the form of recorded hours or local currency notes that can be used for making
purchases from other participants in the system. The idea is to decrease the need
for conventional money by increasing the individual’s access to resources in the
local community and thereby decreasing their dependence on conventional money
and traditional markets alone.

As in the formal economy, exchanges in local currency systems are usually
initiated by the buyer, the person seeking a service or good. Thinking about these
transactions from an economics perspective, the “risk” of participation is assumed
largely by the sellers or providers of the service or good. That is, the sellers are
receiving the local currency under the assumption that it will be useful within
the network for future purchases. In the formal economy, sellers receive money
that is linked to the Federal Reserve System and accepted anywhere around the
country. Therefore, greater risk rests with the buyer. Internet auction sites such as
eBay also illustrate this. The buyer utilizes the product description and the seller’s
ratings to make an informed bidding decision. Still, the buyer takes a greater risk
since she or he must usually pay for an item before they receive it and can inspect
it. The buyer assumes the seller is legitimate and will actually deliver the product
as described. Thus, in local currency systems, a sense of trust is very important.
New recruits, in particular, must believe that the community currency has utility.
Unlike traditional volunteer and charity programs, community currency
networks empower both providers and receivers of services, broadening the scope
of valued services and expanding the proportion of the population that can actively
participate in the local economy. They often include people whom the traditional
employment sector tends to exclude, people who are old, disabled or lacking
certain skills or education. And they are based on the principle that every person
has something to offer.

It is also key that there is ordinarily no distinction between “providers” and
“receivers”; all members are both. Consequently, the term “co-production” has
been coined to explain how the community currency model – Time Banking
programs in particular – operate (Cahn 2000). The co-production principle dictates
that skills and services provided by the disenfranchised are necessary to rebuild
individual lives as well as whole communities. Thus, all members of a community
regardless of age, health status, or traditional training – can and should be agents
of change as providers as well as recipients of services. The concept of change in
this context refers both to the validation of the contributions of all members of a
community, as well as a recognition that such contributions enhance community
access to services and products which may not be readily available in the
existing market.

The formal market economy is often inefficient in including goods and
services that cannot be easily quantified in terms of dollars and cents. Often termed
“informal,” services such as friendly visiting, medication reminders, or assistance
with reading or shopping are things one cannot readily purchase in a store. Yet
these are often the very things needed to maintain independent living and a high
quality of life.
Community currency networks are potentially a perfect venue for these types of “friendly favors.” Furthermore, the element of reciprocal exchange inherent in community currencies minimizes the emotional stress sometimes experienced by receivers of goods or services in traditional charity programs. For example, scholarly research has found that the elderly tend to desire independence and autonomy and are less enthusiastic about receiving help than providers are about giving it (Lee 1985). In such unbalanced power relations, the inability to reciprocate can detract from their quality of life (see also Krause et al. 1992). In a study of three generations of women, Brody et al. (1983) found that members of the oldest generation were most apt to dislike receiving help from those whom they were not able to assist in return. Instead of a one-way social service provision, community currencies can empower those in need by providing opportunities for them to contribute what they can to the network.

Types of Community Currencies

Since the early 1980s, there have been three basic types of community currency systems in operation across the world: Local Exchange and Trading Systems (LETS), Hours systems, and Time Banks (Meeker-Lowry 1996). The latter are the most flexible and vary accordingly. Time Banks are either stand-alone and based in a neighborhood/community or agency-based, “embedded” in an organization. Among the embedded Time Banks, some have open memberships while others are restricted to the member clients/residents of the host agency or organization. It is important to note that there is such a wide variety of community currencies and practices that any overview can only be an approximation of the complex reality on the ground. This is also part of the attractiveness of these systems, they are subject to constant innovation and adaptation to local conditions.

LETS

Local Exchange and Trading Systems began in British Columbia in the early 1980s and have been the most widespread form of local currency schemes internationally. They tend to be stand-alone groups administered by volunteers. Some have organizational members (local businesses and nonprofit agencies), but all stress individual, member-to-member trading. The value of these “virtual” currencies is usually pegged to the national currency. Participants report their exchanges to an administrator who tracks circulation in a database. While never being extensively pursued in the U.S. (see Solomon 1996), it is estimated that there have been thousands of LETS started across the world (Cohen-Mitchell 2000, UNILETS Online 2012). Researchers have concluded that LETS activity peaked in the mid-1990s and a substantial proportion of LETS are no longer operating (Seyfang 2002, North 2003). Low trading volumes and the insufficiencies of administration by volunteers have plagued many systems (see Aldridge and Patterson 2002).
Moreover, since LETS currencies are not exempt from tax and welfare benefit calculations in some countries, they are often not very attractive to the poor and unemployed (Seyfang 2003).

Hours

The growth of LETS in the late 1980s inspired a community activist to establish a local currency system in Ithaca, New York in 1991 (see Glover 2000). Ithaca Hours is a paper currency whose value is linked to the U.S. dollar. Each “One Hour” Ithaca bill is equivalent to $10 since this was the approximate average hourly wage in the area at the time the system was started. The notes come in six denominations ranging from One-Tenth Hour ($1) to Two Hours ($20). Despite being called “Hours,” the currency is not based on the labor time expended in any given transaction. Nonetheless, in all of these systems, negotiation often occurs between transacting individuals. Since its founding, thousands of individuals and hundreds of businesses have exchanged the currency.

This model spread rapidly across the United States during the 1990s according to research by Collom. He identified 82 Hours systems that had been attempted in the U.S. from 1991-2004. Only 17 were still active as of 2004, a 20.7% survival rate (Collom 2005). In an updated analysis, Krohn and Snyder (2008) found that two more systems had been started, but only a total of 12 were active as of 2007 lowering the survival rate to 14.3%. Nearly all Hours systems are stand-alone, run by volunteers, and have a mix of organizational and individual members. The challenges of retaining dedicated administrators and recruiting new participants, a shortage of useful services, and insufficient resources have hindered these systems (Collom 2007b).

Time Banking

In the United States, the Time Bank concept was originated in 1980 by Edgar Cahn, a law professor and former special counsel and speechwriter for Attorney General Robert Kennedy. He implemented the first Time Bank in Miami, Florida in the mid-1980s (see Cahn and Rowe 1996; Cahn 2000). Unlike Hours systems or scrip, Time Banking does not use paper representations of money nor is there any equivalence with standard U.S. monetary values. The currency is time – however long it takes to do something is what it is worth. A participant spends an hour providing a service to another and their account is credited one Time Dollar while

1 Cahn is widely recognized as a pioneer for his independent development of the Time Bank concept and continues to be a leader in the international movement today. Earlier, a Japanese woman named Teruko Mizushima wrote about the idea of a time-based complementary currency in 1950 and launched the Volunteer Labor Bank in Osaka in 1973 (see Lietaer 2004, Miller 2008).
the recipient's account is debited. All types of work, and hence all workers, are equal in value.

The core values of Time Banking as distributed by the umbrella organization of the U.S. movement, TimeBanks USA (2012), are as follows:

ASSETS
We are all assets.
We all have something to give.

REDEFINING WORK
Some work is beyond price.
Work has to be redefined to value whatever it takes to raise healthy children, build strong families, revitalize neighborhoods, make democracy work, advance social justice, make the planet sustainable. That kind of work needs to be honored, recorded and rewarded.

RECIPIROCITY
Helping works better as a two-way street.
The question: “How can I help you?” needs to change so we ask: “How can we help each other build the world we both will live in?”

SOCIAL NETWORKS
We need each other.
Networks are stronger than individuals. People helping each other reweave communities of support, strength and trust. Community is built upon sinking roots, building trust, creating networks. Special relationships are built on commitment.

RESPECT
Every human being matters.
Respect underlies freedom of speech, freedom of religion, and everything we value. Respect supplies the heart and soul of democracy. When respect is denied to anyone, we all are injured. We must respect where people are in the moment, not where we hope they will be at some future point.

The earliest Time Banks were often called service credit programs or banks and had paid staff. These embedded, agency-based programs were intra-generational, recruiting older persons to help other older people remain independent and in their home – in some cases creating a safety net that extended beyond the limitations of traditional social programs (Coughlin and Meiners 1990, Meiners, Treat, and McKay 1996). Today, many Time Banks are still based in existing organizations (such as hospitals, schools, churches, or social service agencies) and target the socially and economically marginalized – the young, the elderly, the poor, and the disabled (Seyfang and Smith 2002). However, other Time Banks are stand-alone.
community-based networks which bring together people from very heterogeneous backgrounds. The Time Bank model is flexible, and there is a wide range of programs in existence today.

A coordinator is often employed to recruit participants, provide orientation, match providers and recipients as needed, track the hours, and distribute statements to members or make them available online. The statements of accrued and owed hours ("Time Dollars") are the record of one's balance in the "bank." The more formal administrative structure of Time Banks has helped make them more successful than the other forms of local currencies. Moreover, Time Dollars are tax-exempt (more on this below) and the systems are seen much more favorably among policy makers as they have been promoted primarily for their social (not economic) benefits (see Greco 1994, North 2003, Seyfang 2003).

Despite this more politically-neutral framing, the egalitarian Time Dollars are actually more radical than Hours and LETS, which are pegged to national currencies (see Bowring 1998). That is, in Time Banks, one person's hour of service is always equal to another's, regardless of the services provided. When local currencies are valued according to national currency equivalents, as in Hours and LETS, they reproduce the wage inequality that prevails within the mainstream economy. Since exchanges are valued in the amount of time providing in Time Banks; there is no distinction in value according to a person's education, skills, or marketplace assessment. It is thus a potentially revolutionary ideology, challenging meritocratic and class distinctions and functionalist ideas about stratification that require compensation according to the importance, scarcity, and difficulty of a service, resulting in very unequal compensation in the market economy.

Given the lack of a physical currency and the fact that many social services are provided within their networks, Time Banking is often seen as a form of volunteering. Yet the scholarly literature on volunteering does not provide a definitive answer, the applicability of the volunteer concept is questionable. The groups themselves and the individuals acting within them should each be considered. All local currency systems are "voluntary associations," "a group of people who share an interest and have agreed to pursue it jointly" (Pearce 1993: 18). More specifically, community currency systems can be considered "mutual-benefit associations" since "the prime beneficiary is the membership" (Blau and Scott 1962: 43). Yet some networks are also 501(c)(3) non-profit, "voluntary organizations" (Pearce 1993) with paid administrators. In these cases, the groups are more of a mixed type, taking on aspects of "service organizations" (Blau and Scott 1962).

Some advocates view community currency participants as "volunteers" (see Cahn and Rowe 1996) and the earliest Time Bank programs in the U.S. often had the word "volunteer" in their titles (see Coughlin and Meiners 1990). Nonetheless, the premise of local currencies is that participants must give and receive (spend the currency), so the volunteering frame does not fit. Transactions in these networks are nearly always initiated by a request from the recipient, not the provider (or "volunteer"). Indeed, these networks simply will not function unless participants
request products or services. Coordinators often have to remind their memberships
to spend the currency that they have banked.
As Wilson (2000) notes though, whether “volunteers” can receive material
rewards is open to debate. Smith (1981) argues that being a volunteer is a matter
of degree. At the one end, “pure” volunteers “would be individuals receiving no
remuneration whatsoever while performing very valuable services” (1981: 23).
On the other (less than pure) end, volunteers can be paid for “activities that have a
market value greater than any remuneration received for such activities” (1981: 23).
Since Time Dollars are an egalitarian currency (based on the amount of time it
takes to provide a service), the relationship to market value is difficult to compute
in these networks. Nevertheless, we do make the effort in Chapter 4 to show the
considerable economic value of exchanges in our cases.
Two other distinctions in the volunteering literature also do not seem
very applicable here. First, the differences that Wilson (2000) notes between
associational volunteers (members working for their organization) and program
volunteers (members working on behalf of their organization) are not relevant.
Second, the dichotomy between self-oriented versus community-oriented forms
of voluntarism (see Janoski and Wilson 1995) provide little clarification to this
puzzle either. While Time Banks are “mutual benefit associations” and therefore
self-oriented, they also typically strive to build social capital and improve the
community as a whole. The results we present in this volume will help inform the
questions surrounding community currency participation and volunteering.
The Time Bank model of local currency appears to be growing; TimeBanks USA
reported distributing 188 start-up kits in response to requests in 2009, double
the number requested in 2008 (TimeBanks USA 2009). Yet as we will see in
Chapter 2 and Chapter 7, sustaining Time Banks can be very challenging. In
Chapter 2, we will describe our national survey of coordinators in detail. In our
effort to produce a comprehensive list, we have identified 128 U.S. Time Banks in
existence in late 2010. Timebanking UK, the umbrella organization in the United
Kingdom, began in 1998 and had 224 programs by 2011 (Hoppley and Mackey 2011).
In addition to LETS, Hours, and Time Banks, there are also hybrid models, as communities tend to tailor these networks for their own specific needs. For example, the large-scale barter networks of 2000-2003 in Argentina were a reaction to the extreme devaluation of the national currency (see North 2007, 2010). In the United States, the BerkShares project in Western Massachusetts has also received much publicity since it began in 2006 and has subsequently been replicated in several other U.S. communities. However, this model is quite different from the other types of local currencies since membership is limited to businesses. Instead of a neighbor-to-neighbor network, it is a printed discount scrip (see Solomon 1996) or “buy-local-and-get-a-discount” program. Yet it has many of the same goals of creating community through promoting interaction among residents of the area and with local businesses (Witt 2009). Rushkoff (2009) distinguishes these scrip programs with exchange rates for regular dollars from LETS, Hours,
and Time Banks. He argues that the latter are “even more promising” since they are “quite literally earned into existence” (Rushkoff 2009: 238).

Community Currencies as Social Movements

Although Time Banks and other community currencies are organized within and indeed restricted to specific local areas, nevertheless we argue here that collectively these exchange networks comprise a social movement and that individual systems are what scholars refer to as “social movement organizations” (SMOs). There are many definitions and theories concerning social movements.

Community currency can easily be considered a social movement under McCarthy and Zald’s (1977) belief-centered definition.

A social movement is a set of opinions and beliefs in a population which represents preferences for changing some elements of the social structure and/or reward distribution of a society ... we view social movements as nothing more than preference structures directed toward social change. (McCarthy and Zald 1977: 1217-18)

Participants in these systems most certainly have preferences for change. Indeed, they have acted on behalf of these preferences. Yet community currency is a unique type of social movement. In Starr’s (2001) survey of anti-corporate movements, community currency is characterized as a “relocalization” movement. Hess (2009) considers it a localist movement along with community gardens and buy local campaigns. Seyfang (2009) ties it to local food and alternative housing, another form of sustainable consumption. Leyshon and Lee (2003) also see local currencies, “day-to-day experiments in performing the economy otherwise” (2003: 16), as part of the anti-globalization movement in terms of both their activists and their goals. Community currency has been an ongoing topic at the World Social Forum, a global network of individuals and organizations involved in the process of seeking and building alternatives (Leite 2005). Local currencies have been used at some of the annual gatherings and are part of their larger vision of a “solidarity economy.”

Not all social movement scholars would agree that such organizations may be considered as proper social movements. For example, Tarrow’s (1998) widely cited conception of social movements is quite stringent. He discusses four necessary elements which distinguish social movements from other social phenomena: a) disruptive, collective challenges, b) the existence of common claims and interests, c) the establishment of a collective identity, and d) sustained interaction with elites, opponents, and authorities. Community currency systems are not based upon nor do they normally involve any disruptive protest or sustained interaction with opponents. Participants in community currency systems have chosen to use their participation to supplement their interaction with the mainstream economy.
or to minimize their participation in the formal economy, or in extreme cases, exit
the mainstream economic system; however, they are not engaged in collective,
contentious interaction with any other party.

McAdam and Snow (1997) provide a slightly different definition of movements
that relaxes the disruptive and contentious tactics element somewhat. They see
“social movements as collectivities working with some degree of organization
and continuity to promote or resist change through a mixture of extranstitutional
and institutionalized means” (McAdam and Snow 1997: xxii). Thus, social
movement tactics need not necessarily be disruptive, only “extrainstitutional.”
The creation of alternative local economies appears to meet this criterion since
community currencies usually operate outside of major social institutions, even
if they are embedded in local organizations. Snow, Soule, and Kriesi (2004: 9; italics in original) have a similar conceptualization: “we argue that movements
be considered as challengers to or defenders of existing institutional authority –
whether it is located in the political, corporate, religious, or educational realm.”
To a certain extent, community currency systems do challenge the institutional
authority of the mainstream, capitalist economy.

If it is acceptable that community currency can be considered a movement, it is possible to be more specific and to characterize it as a particular type of social movement. The closest parallel to local currencies in the social movements literature seems to be with what have been called “communal” (Kanter 1972) or “communitarian” (Zablocki 1980) social movements. These movements seek to establish small-scale social systems to remedy [the] ills of the larger society (Kanter 1972: 62) and “to live according to their own value systems outside of established social institutions” (Appelbaum and Chambliss 1995: 544). The definitive characteristic of communal movements is that they build alternatives to mainstream social institutions. Therefore, such movements can also be labeled simply as “alternative” (Collom 2007a). As Rothschild-Whitt (1979: 510) states:

Alternative institutions may be defined in terms of their members’ resolve to
build organizations which are parallel to, but outside of, established institutions
and which fulfill social needs (for education, food, medical aid, etc.) without recourse to bureaucratic authority.

Unlike most movements that are studied in the literature, alternative social movements are not necessarily “oppositional.” They create their own social space to defy mainstream institutions (rather than engaging in sustained, disruptive interaction with them). Flacks (1974: 70, 1988) has argued that social movements and activists need “to find ways to make history through everyday activity. Such activity includes countless experiments to reconstitute patterns of everyday life …” Using these words, community currency is an “everyday” social movement in which participants make history directly by influencing the conditions and terms of their everyday lives. Other notable alternative social movements include communal living (see Zablocki 1980), community supported agriculture or “box
schemes” (see Purdue et al. 1997), urban gardening (Cavanagh and Mander 2004), and the growing home schooling movement (see Collom and Mitchell 2005). McCarthy and Zald’s (2002: 540) social movement organizations (SMO) framework is a useful one when considering the nuts and bolts of different local currency systems:

These main SMO demographic variables are: (1) the extent to which the leadership is volunteer or is paid; (2) the geographic scope of operations (local versus state and/or national); (3) whether the SMO has any members and if so whether the members are individuals or other organizations (or some combination of the two); and (4) whether the SMO is a stand alone or is affiliated in any way with a network of groups.

LETS, Time Banks, and Hours systems all share a focus on a local geographic scope of operations, though some are loosely tied into a national or international network such as TimeBanks USA. For the other three SMO variables, however, the different forms of local currencies vary.

A major difference between LETS and Hours systems versus Time Banks is that the former tend to be led by volunteers, whereas the latter more often have paid administrators. Previous research has shown that community currency networks, like many grassroots organizations, have difficulties maintaining administrators who are volunteering their labor (Aldridge and Patterson 2002, Collom 2005). Tremendous time and energy is required to launch and coordinate these systems. With volunteer leadership, the likelihood of “burnout” is high, and it is often difficult to recruit new leaders as people step aside. The Time Bank model (Cahn and Rowe 1996) is based on having a coordinator or staff, ideally working in an office. The availability of staff brings much greater stability to these formal organizations. Of course, this institutionalization comes at a cost, as Time Banks require much greater resources than LETS or Hours systems. As our cases will demonstrate, funding for Time Banks comes from a variety of sources and poses its own challenges.

Membership is the next variable in the McCarthy and Zald framework. While Hours systems do not require membership – anyone can acquire the currency in a local bank or business – most local currency groups have a membership enrollment process. Also, anyone in the community can apply to join in the majority of these networks. As we will see in Chapter 2, some Time Banks are restricted, as their programs target specific constituents. In addition to individual members, most local currency systems also have organizational members. These organizations tend to be small businesses, cooperatives, or nonprofit agencies. In addition to saving money and building community, organizational members can also recruit new customers by joining a local currency system. For example, a nonprofit community theater company has a lengthy mailing list and joined their local Time Bank to get help with the bulk mailing of their monthly newsletter. The Time Bank recruited members and formed a bulk mailing team who get together on a monthly
basis to earn hours preparing the mailings. The communal work environment is also an excellent opportunity for socializing. In return, the theater company offers tickets to their performances to members of the Time Bank. The theater company becomes more visible to Time Bank members, and it gains new customers.

The final variable from McCarthy and Zald’s (2002) SMO framework concerns whether the system is stand-alone or whether it is affiliated with other networks or organizations. Most LETS and Hours systems are stand-alone, grassroots organizations, while about half of U.S. Time Banks are housed in existing agencies or organizations, and others have strong collaborations with other organizations. As with the case of paid administrators, this is also a resource issue. Stand-alone systems usually incur greater operating expenses. Those with affiliations can often reduce their overhead expenses. As we illustrate below, this variable alone plays a large role in shaping Time Banks.

Another characteristic that distinguishes Time Banks from LETS and Hours is that Time Banking has been ruled as tax-exempt activity by the Internal Revenue Service. This is due to the fact that the currency of Time Banks is measured in hours rather than dollars and is considered volunteerism by the IRS. The electronic credits and debits within a Time Bank are all based on the amount of time that a member spends providing a service to another.

Despite the obvious value of the services and the extensive record keeping involved, the IRS nonetheless concluded that these credits “have no monetary value,” and service recipients do not incur a “contractual liability.” The agency saw that these Time Dollars are fundamentally different from money. They provide recognition and a form of bonding rather than a cash reward. “Credits posted to the volunteers’ accounts serve merely as a means to motivate the volunteers,” the IRS said. (Cahn and Rowe 1996: 78-79)

Following this close attention to legality in the Time Banking movement, volunteer insurance policies were strongly encouraged in the early days (Cahn and Rowe 1996). Today, the tracking software distributed by TimeBanks USA contains a disclaimer and requires that participants agree to not hold the organization liable for any harm or injury incurred during participation. In the U.K., the tax implications of Time Banking are more complex; goods that are exchanged for time credits are counted as taxable income while services are not. Moreover, at one point, the Department of Work and Pensions notified disabled Time Bank members that they may be disqualified from state disability allowances since Time Banking was interpreted as a form of work (see Seyfang and Smith 2002).

Most LETS and Hours systems, on the other hand (and ironically given the name of the latter), peg their local currency to the national one. Therefore, exchanges within these systems are treated as taxable income and the member is responsible for reporting it to the government (Glover 1995, Solomon 1996, Aldridge and Patterson 2002). This has been identified as a major limitation of LETS networks (nearly all of which have been started outside of the U.S.).
1 Since LETS activity is considered taxable income, this is a disincentive for all 2 participants, but particularly those who are receiving welfare benefits or state aid 3 (Williams 1996b, Fitzpatrick 2000).
4
5
6 Outcomes: The Many Possible Benefits of Time Banks
7
8 Advocates of community currency networks cite a myriad of goals and potential 9 outcomes and view these systems as tools to combat several ongoing social 10 problems. Outcomes are arguably the most important arena to investigate. They 11 ultimately tell us what these networks do and if they work. In Chapters 6 and 7 12 we will discuss the outcomes and the policy implications of our results. There are 13 three different levels at which local currencies can potentially produce positive 14 effects: individual, organizational, and community. Individual-level outcomes 15 are benefits to participants personally. Organizational outcomes are those that 16 strengthen the organization administering the program. Community outcomes 17 create positive benefits for the local region. The major types of outcomes include: 18 economic, social, health, resources, ideological, and environmental.
19
20 Economic
21
22 Most Time Bank proponents stress the potential economic advantages to 23 individuals participating in these networks. After all, these trading systems 24 exist to facilitate non-cash exchanges of services and goods. This makes these 25 currencies particularly relevant in tough economic times. The unemployed and 26 underemployed are ideal candidates since they usually have needs and the time to 27 participate. This framing has made these alternative markets appealing to many. 28
29 Organizations that participate in or administer local currency programs can also 30 reap some economic benefits. For example, a small business member may be able 31 to get some services through the local currency system (such as website design 32 or bulk mailing) that they would have to pay cash for otherwise. Additionally, 33 as networks grow, host or partnering organizations gain greater visibility in the 34 community and may attract new customers or clients as a result. As previously 35 mentioned, many Time Banks are housed in hospitals and social service agencies. 36 These administering organizations can save money by having members assist one 37 another – for example with appointment reminders – rather than having to pay 38 people to perform those services. 39
40 On the community level, Time Banks and other community currencies can 41 arguably help strengthen local economies. By supporting the talents of local 42 residents and businesses, these networks encourage wealth to stay within a 43 community rather than flowing out of it (Meeker-Lowry 1996, Bowring 1998, 44 Shuman 1998). These “closed economies” prevent seepage, since the currency 45 must be used within the system (Williams 1996c). Local money networks can 46 promote the trading of goods and services, while national money often restricts 47
exchange because of its scarcity. As in the case of independent, local businesses, 1 these networks keep resources local instead of losing them to distant shareholders 2 of major corporations (Mitchell 2007, Hess 2009).

Social

Social scientists have long argued that individuals and societies benefit from 7 the existence of strong social networks. Founding sociologist Emile Durkheim 8 theorized that the division of labor in modern society is based on the principle of 9 interdependence, in which individuals produce a small component of what society 10 needs, and obtain what they need by exchanging their products for comparable 11 goods or services. Social cohesion develops as skills become more specialized and 12 people come to depend on each other (Collins 1994). Social psychologists, at least 13 since Charles Horton Cooley and George Herbert Mead in the early 20th century, 14 have addressed the centrality of social networks and groups to which an individual 15 belongs and their role in the formation of individual identity. In this view, one’s 16 sense of self emerges largely through social interaction with others. 17

Community currency advocates regularly stress the social benefits of 18 participation. By promoting interpersonal interaction through transactions and 19 social events, new bonds are formed and existing ones are strengthened. These 20 social effects may particularly benefit certain types of participants. For example, 21 several studies indicate that older Americans have smaller social networks overall 22 (Marsden 1987, Lin, Ye, and Ensel 1999, McPherson, Smith-Lovin, and Brashears 23 2006) and that the aged have less frequent contact with their network members 24 (Morgan 1988, Antonucci and Akiyama 1987). For the elderly, community 25 currencies may also facilitate interactions outside of one’s age group. Since age 26 homophily – the tendency to interact with people in the same age group – is quite 27 strong in the United States (McPherson, Smith-Lovin, and Cook 2001), community 28 currencies may serve a social integration function. Furthermore, new evidence 29 shows that social isolation caused by language barriers and other challenges of 30 immigration can be overcome by community currency networks (Stern, Cherry, 31 and Oberlink 2009).

Communities can also gain some social benefits. In an era of declining social 33 capital, local currencies have appealed to those stressing the importance of 34 community (see Boyle 1999, Cahn 2000, Putnam and Feldstein 2003, Raddon 35 2003, Schor 2010). In decades past, family, friends, and neighbors served as 36 informal support networks and accomplished many of the same exact tasks that 37 community currencies do today. Yet for reasons outlined previously, social capital 38 in our communities has eroded. A vibrant local currency system can generate 39 greater trust within a neighborhood and may increase civic engagement as well.
Health

Participation in a local currency can produce individual health benefits. Health psychologists and medical sociologists have amassed a great deal of evidence documenting the correlation among social support, social networks, and individual well-being, both in general and in relation to specific illnesses such as diabetes. For example, Bailis and Chipperfield (2002) found that positive identification with a social group enhances a person’s ability to adjust to negative health-related circumstances. McAvay, Seeman, and Rodin’s (1996) review of the literature concludes that social integration, particularly when the quality of relationships is good, is related to reduced mortality and improved mental health, as well as recovery from illness, while social isolation and poor social relationships are associated with worse health outcomes. Similarly, Kawachi and Berkman (2001) concluded in their review that social ties are generally conducive to better mental health, and possibly to improved cognition among elderly people.

Another study evaluating social bonds, by researchers Ryff and Singer (2000), concluded that nurturing contact or interactions with others is linked to longer and happier life spans (see also Kenrick, Neuberg, and Cialdini 2002). Hence, research provides support for the notion that individuals who maintain strong social bonds employ superior coping skills when faced with stressful events and are more resistant to life threatening illness. Researchers have also suggested that social support plays an important role in self-efficacy, a person’s level of confidence in his or her ability to perform specific behaviors. Higher levels of self-esteem, self-efficacy, and self-worth are thought to help people adapt to stressful life events and prevent depression.

Resources

In addition to economic, social, and health benefits, individual participants can gain a variety of resources by participating in a local currency system. Some argue that these networks can serve as bridges to formal employment as participants gain experience and expand their skill sets (Williams et al. 2001a). These networks can also promote the appreciation of skills which may not be deemed valuable by the traditional market economy (Seyfang 2004, Seyfang and Pearson 2000).

The premise of local currencies is that all people have skills and can make valuable contributions to society. The aging population presents unique opportunities for community currency advocates (see Collom 2008). The idea of “co-production” is particularly relevant here. The elderly often have needs for “friendly favors” that are not easily found in the formal economy. On the other hand, the elderly often have spare time to contribute to these networks. Community currency practitioners may have special tasks (such as telephone companionship) that the elderly can perform. In return, older participants may receive assistance (such as medication reminders) that allows them to “age in place,” that is, stay living independently in the community, in their homes.
At the organizational level, participating organizations can gain greater visibility in the community and resources such as new customers or clients. Organizations that administer local currencies can also gain new resources by offering member-provided services that they were not able to offer without the program. Community currency networks can also serve as resources for the community as a whole. Local officials can steer residents to successful systems. In 2009, New York City started its own Time Bank serving Manhattan, and while it is a stand-alone program, it maintains a formal collaboration with Time Banks serving other boroughs within the city and often refers residents to programs within their own neighborhoods (Blech 2009).

I ideological

There are a variety of ideological or values outcomes that individual participants in local currencies could gain. As Hess (2009) notes in his overview of localist movements, people from across the political spectrum may support such initiatives. Localism can appeal to socialists who want to see more local government ownership, to communalists and decentralists who wish to see the growth of independent local economies, to neoliberals who support the small-business sector as a solution to social and environmental problems, and to liberals who seek greater regulation of local land use and federal legislation that ends corporate handouts. The bluest of Democrats may find themselves agreeing with the reddest of Republicans, at least on the strategy of local economic control as a means for improving the environmental, health, and quality of life of their shared, place-based communities (Hess 2009: 51).

The contemporary community currency movement has emerged in part as a response to global capitalism and its "race to the bottom." Some Leftist activists envision local currencies as anti-capitalist, political projects (see Starr 2001, North 2006). In a world where global leaders say "there is no alternative" (TINA), radical do-it-yourselfers (DIY) are attempting to model an alternative to capitalism. Community currencies are seen as a potential mechanism for non-exploitative economic exchange in which labor is not commodified or treated unequally. In addition to Leftists, libertarians may also support these DIY systems. Those who seek to become more self-reliant are able to use these networks as a means of acting out on behalf of the variety of values they cherish. Altruism is another set of values that participants can fulfill by participating in a local currency. Many volunteers seek to "give back" to their communities. Local currency participants are likely to gain some of this same satisfaction by assisting others with their needs.
1 Ecological

At the community level, the ecological benefits of local currencies have also been stressed by advocates (see Bowring 1998, Helleiner 2000, Seyfang 2001a, North 2006). At a time when buying and eating locally are becoming increasingly popular, community currencies fit right in. In one list of positive grassroots possibilities, they are included along with buy local campaigns, farmers’ markets, local food co-ops, community banks and loan funds, and urban gardens (see Cavanagh and Mander 2004: 229). Community trading networks promote principles of egalitarianism, ecology, and sustenance through independence from the outside market economy (Lee 1996, Solomon 1996). Such local enterprise relies less on out-of-area products, decreasing the environmental externalities of long distance transportation and trade (Hawken 1993, Milani 2000).

16 Conclusion

Time Banks have become increasingly visible in the United States in the early twenty-first century, building on a history and tradition of informal exchange systems. An economic recession, declining social capital, and a healthcare system that inadequately serves an increasingly aging population have led more and more local activists to pursue these do-it-yourself projects. In this chapter we have described the basic concepts of Time Banking, contrasted them to other forms of alternative currency, and located them in the context of social movements. We believe them to be an important component of the growing movement to create local alternatives to the global and national economies; they may also serve significant goals of personal and community development.

Yet few empirical studies exist to assess these efforts. We know little about who joins these networks, why they join, what happens within them, and what impact they have on individuals, organizations, and communities. Our objective is to provide a thorough investigation of Time Banking – the most flexible, popular, and successful form of community currency in the United States. In the next chapter we report the results of our national survey of Time Bank coordinators and then describe our three cases, focusing on issues of founding, staffing, budget, organizational structure, membership, and challenges and opportunities. In subsequent chapters we present our results on motivations to join, demographics of members, the nature and intensity of exchanges, and the outcomes of participation. As more people around the world invest their energy and time in creating such alternative exchange networks, what can they expect to result from their efforts?