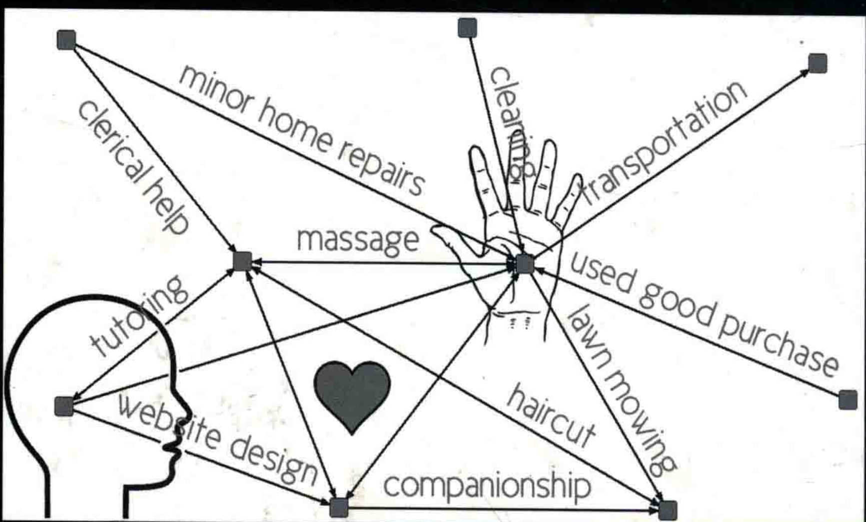
Equal Time, Equal Value

Community Currencies and Time Banking in the US



ED COLLOM, JUDITH N. LASKER
AND CORINNE KYRIACOU

ASHGATE

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

ED COLLOM
University of Southern Maine, USA

JUDITH N. LASKER
Lehigh University, USA

CORINNE KYRIACOU
Hofstra University, USA

ASHGATE

Published by
Ashgate Publishing Limited
Wey Court East
Union Road
Farnham
Surrey, GU9 7PT
England

Ashgate Publishing Company
Suite 420
101 Cherry Street
Burlington
VT 05401-4405
USA

www.ashgate.com

British Library Cataloguing in Publication Data
Collom, Ed.
Equal time, equal value: community currencies and time banking in the US.
1. Local exchange trading systems—United States.
2. Barter—United States.
I. Title II. Lasker, Judith, 1947– III. Kyriacou, Corinne.
332.5'0973–dc23

Library of Congress Cataloging-in-Publication Data
Collom, Ed.
Equal time, equal value : community currencies and time banking in the US / by Ed Collom, Judith N. Lasker, and Corinne Kyriacou.
p. cm.
Includes bibliographical references and index.
ISBN 978-1-4094-4904-1 (hardback : alk. paper) — ISBN 978-1-4094-4905-8 (ebook)
1. Currency question. 2. Money. I. Lasker, Judith N. II. Kyriacou, Corinne. III. Title.
HG255.C555 2012
332'.56–dc23

2012002374

ISBN 9781409449041 (hbk)
ISBN 9781409449058 (ebk)

MIX
Paper from responsible sources
FSC® C018575

Printed and bound in Great Britain by the MPG Books Group, UK.

EQUAL TIME, EQUAL VALUE

To all those collectively creating alternatives for a better world

Acknowledgments

The journey that has resulted in this book has been many years in the making. We have had the great fortune of meeting so many extraordinary people who have shaped the contents. First, we would like to thank all of the Time Bank members and staff who participated in our surveys, focus groups, and interviews. Over 900 people shared their experiences with us, and without them, there would be no story to tell.

Over the course of this project, the following individuals have generously provided us with their time, ideas, advice, and expertise. We are grateful for the various contributions of (in alphabetical order): Rachael Alfond, Paul Almeida, Lauren Baldasari, Monique Barrett, Kennedy Barteaux, John Baugher, Tara Bealer, Stephen Beckett, Marena Blanchard, Mashi Blech, Nate Boateng, Edna Bonacich, Orion Breen, Edgar Cahn, Maureen Cavaiola, Kym Dakin, Terry Daniels, Sarah Davis, Jane Driscoll, Francesco Duina, Katherine Ellin, Rob Ellis, Jay Espy, Eliot Field, Kent Gordon, Christine Gray-Cahn, Laura Gutierrez, Gordon Hamlin Jr., Susan Hansen, AnnMarie Hess, Linda Hogan, Barbara Huston, Lori Hutchins, Leslie Jones, Jessica Young Keefe, Ethan Kramer, Zane Kratzer, Robin Lakin, Abby LaPlante, Abby Letcher, Auta Main, Rachel Mandeville, Michael Marks, Ana Miyares, Cynthia Morose, Sharon Nepstad, Erin Niclaus, Mia Ntahobari, Mia Oberlink, Anu Paulose, Kathy Perlow, Stuart Ray, Charlene Roberts, Richard Rockefeller, Anne Rogers, Julia Schulman, Dick Schweppe, Judith Southworth, Danielle Suchow, Vinton Valentine, Christie VanKanegan, and Ana Vollmar.

We would also like to thank Neil Jordan and all of the editorial assistants at Ashgate for their support. The manuscript has benefitted from the comments and suggestions of the anonymous reviewers as well.

Finally, thanks to our families for their support and patience during the late nights and those weekends in Connecticut.

The Fan Fox & Leslie R. Samuels Foundation supported the research conducted at Member to Member. The University of Southern Maine provided institutional support in the form of course releases to Ed Collom. He was awarded the 2010-2011 Provost's Research Fellowship by USM's Office of the Provost and received a sabbatical in Fall, 2007 to begin this work.

Contents

List of Figures *vii*
List of Tables *ix*
Acknowledgments *xi*

1 Time Banks and the Community Currency Movement 1

2 Time Banks: Variety in Organization and Development 25

3 Why and Who: Motivations for Joining Time Banks and A Profile of Participants 53

4 Time Bank Organizations: Membership Size and Services Exchanged 83

5 Time Bank Members: Participation and its Determinants 111

6 The Outcomes of Time Banking 143

7 Conclusion: The Impact and Future of Time Banking 173

Bibliography *191*
Index *203*

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)
>
> "Banking your Time to Save you Money," *National Public Radio* (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.

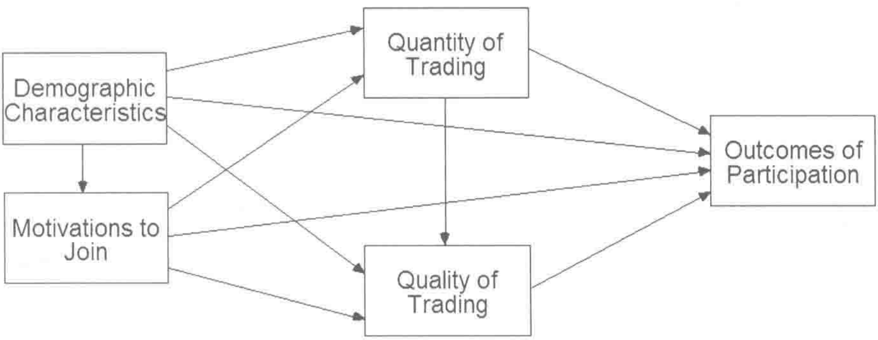


Figure 1.1 Model of inputs, processes, and outcomes of Time Bank participation

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 quantitative analyses of two of our cases, we then link these factors in statistical 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).