Examining Local Currency Systems: A Social Audit Approach

Gill Seyfang

Centre for Urban Development and Environmental Management
Leeds Metropolitan University
Brunswick Terrace
Leeds LS2 8BU, United Kingdom

International Journal of Community Currency Research
1997: Volume 1
ISSN 1325-9547

Seyfang, G. (1997) 'Examining Local Currency Systems: A Social Audit Approach, *International Journal of Community Currency Research* Vol 1 <www.uea.ac.uk/env/ijccr/>

Introduction

Local currencies have been advocated by 'alternative' and 'green' economists as a progressive step towards sustainable local economic development (Boyle, 1993; Dobson, 1990; Ekins, 1986). It is claimed that local currencies promote self reliance, and that this in turn enables more sustainable development (Galtung, 1986; Robertson, 1978; Ekins, 1993; Fotopoulos, 1993). One form of local currency, the Local Exchange Trading System (LETS), was first established in 1983 and was originally based on the commercial multilateral barter systems, but adapted to include individuals and non-commercial trade in a community, and at a fraction of the cost. LETS designer Michael Linton and others make wide ranging and substantial claims for this local currency, encompassing greater and more robust economic development, improvements in environmental quality, and qualitative factors such as reinforcing social and environmental ethics of responsibility, equity, mutual self-help and community development (Linton, 1993; Dauncey, 1988; LETSgo Manchester, 1994). LETS is perhaps the most common form of local currency in use today, with over 300 LETS in the UK at present.

The claimed advantages of LETS over traditional efforts to promote development are that it is rooted in the informal sector, and can usefully employ people and resources which are excluded from the formal economy (Davis and Davis, 1987). In this sense, LETS can be seen as a way of formalising the traditional informal economy of gift exchange networks, volunteerism and charity (Offe and Heinze, 1992). However, the aim of LETS is also to extend the spirit of the informal economy into the formal sector: to recreate "tribal or village communitarian economies" (Linton, 1993) in modern towns and cities. It is clear from such claims that as a form of currency, LETS is intended to achieve far more than simply lubricating local economies. Socially equitable and community building objectives are equally important to LETS organisers and participants, and in some cases outweigh the economic aspects altogether (Jackson, 1995; Williams, 1995b; Langseth, 1994; Sutcliffe, 1994).

As described below, traditional assessment procedures such as cost-benefit analysis would not attempt to consider these social, equitable, and generally non-economic factors in a project appraisal. However the intention here is to examine LETS and assess it according to its own objectives, rather than those of a different value system. In this paper, it is hoped to establish to what extent a case study LETS achieves the goals it sets itself. So a method is required which explicitly allows qualitative and non-economic aspects to be analysed. One such method is Social Auditing, discussed below.

Examining Lets: The Social Audit Methodology

In a recent study, Zadek and Evans (1993) defined social auditing as "a process of defining, observing and reporting

measures of an organisation's ethical behaviour and social impact against its objectives" (p.7). The aim of social auditing is to provide information for members of the organisation concerned, and the general public, about the wider effects of an organisation's activities and how they change over time, with the intention of constraining business practices for the public interest (Hopwood, 1978). This study, and social auditing in general, follows the New Economics philosophy of attempting to reform the market economy by reintroducing ethical and redistributive principles into company accounting and business decision making, and internalising social and environmental costs.

Over the last 25 years, there has been a growing concern with the lack of accountability of business and public organisations, and issues of 'corporate social responsibility' have become common features of modern business management (Zadek and Evans, 1993). In the early 1970s, social audits of businesses were often carried out externally and without the cooperation of the firm, by groups such as the Consumers' Association, Friends of the Earth and Social Audit Ltd, who claimed to act in the public interest (see Medawar, 1978). These would often not be recognised or validated by the firms concerned, but aimed instead to influence public opinion.

In the 1980s, businesses began to use social reporting as both an internal management tool, and as a means to promote themselves as socially responsible organisations. Various methods of social auditing have been employed, reflecting different views on the ways firms should respond to their social environment. These include environmental auditing, specific social programme audits, energy accounting, social (monetised) balance sheet auditing and human resource/asset accounting (Belkaouri, 1984; Filios, 1984). However according to Lessem (1977), corporate social auditing suffers from what he describes as 'too much conventional wisdom' and a lack of effort to explore new approaches, overgeneralisation and rationalisation of inadequate performance.

Zadek and Evans (1993) also note that social auditing as practised today by businesses is a progressive step forward, but has several limitations. These are that the scope of corporate social audits are usually limited to selected areas which portray a positive image, whereas external, confrontational audits usually focus on only negative areas; they are usually undertaken as a one-off rather than as part of an ongoing process; and unlike financial and environmental auditing, there is no requirement for validation or disclosure of results. Thus, a strategic model and clear guidelines are needed to enable effective, systematic and comprehensive social auditing.

There are two other fields where social auditing has been developed and implemented as an appraisal tool. The first is the public sector, where concern about the social and community costs of plant closure and ensuing unemployment have prompted wider-ranging project analysis than usual. It is noted that although this form of social auditing is predominantly employed for assessing the effects of economic decline, the framework could as easily be used for evaluating possible new developments (Haughton, 1987). Another public policy-related implementation is the social needs audit (Percy-Smith, 1992), which establishes baseline information on various types of need in a target community through consultation with residents, experts and national standards. Social policy is then evaluated according to its impact on these needs, rather than by applying efficiency criteria.

A second arena where social auditing is receiving greater attention is in the fields of community enterprise and cooperative development. Accounting for the community benefits of such initiatives is essential for their legitimation, and much progress has been made in the search for alternative indicators and socially-relevant measuring techniques (Pearce, 1993; Community Enterprise Lothian, 1994).

Social auditing may become as standardised and rigorous as financial auditing, but it must be recognised that at present there is no universal method, and indeed that the acceptance of an auditing method which accounts for social values, non-market and qualitative factors would require profound changes in attitudes and values to motivate the effort. Social accounting is a strategy employed to reform and bound the market system, and as such represents a shift away from conventional neo-classical ideology of individualism and self-interest, to a more communitarian view of society (Belkaouri, 1984). Indeed, Gray argues that conventional accounting "... is not a socially neutral technology ... [it] is the principle determinant of what constitutes 'success' ... [and is] the application of traditional neo-classical economics ... informed by a narrow and limited view of morality and ... motivated by an exceptionally narrow view of efficiency" (Gray, 1995:2-3). Tinker argues that social accounting can potentially resolve the conflict between public and private interests which results in alienation and the erosion of socially considered preferences. However, as above, he notes that attempts to improve corporate responsibility are futile without "addressing the socio-environment that galvanises acquisitive and competitive behaviour" (Tinker, 1984:200).

From these comments, it is clear that social auditing is a non-conventional approach and is part of the neo-Keynesian tradition, emphasising public values and the importance of accounting for the full costs of economic activity, even if these are not monetised. The choice of assessment method is thus an ideological decision. Conventional neo-classical cost-benefit analysis (CBA) assesses economic changes in terms of markets, prices and an overall net gain or loss in

efficiency. This is based on uni-dimensional value ranking in monetary terms. From this viewpoint, LETS would only be a desirable initiative if it was able to generate an improvement in economic efficiency. Social CBA is an extension of this approach, which assesses improvements in social efficiency. Environmental assets and social quality can be monetised and brought into the CBA decision-making framework but again, increasing efficiency is the only criterion for success. O'Neill describes this practice with reference to Marx's observation that "through money, goods and relationships that are often incommensurable in their use-value are treated as if they were commensurable in exchange" (O'Neill, 1993:121).

Social auditing however, can be used to assess performance according to multi-dimensional criteria; for example equity may also be valued, but not monetised. Thus, value comparisons can be made, but these are not assumed to be commensurate in monetary terms (O'Neill, 1993). This approach is particularly relevant to the evaluation of LETS, because as LETS has been described, non-market benefits and ethical principles are considered significant. The strategic social audit method proposed by Zadek and Evans (1993) allows for this - indeed, identifying the value base of the organisation is an essential prerequisite for choosing suitable indicators of performance: "social audit processes within different organisations may focus on very different social and ethical interests, and so require different methods and indicators" (ibid, p. 21).

This pragmatic method involves a blend of qualitative and quantitative indicators which are defined with reference to the organisation's 'mission statement' and value base, which is assumed to encompass broader goals than just economic efficiency, and also with reference to the opinions of key stakeholders. Further, the indicators chosen must enable comparisons over time, and with other similar organisations, social norms, legal standards and 'best practices'. There is no attempt to monetise qualitative data as this could result in oversimplification and emphasis on an overall 'profit' or 'loss' result. Instead, numeration is preferred where appropriate (eg surveys of attitudes) but it is considered unreasonable to quantitatively judge the relative importance of costs and benefits to different stakeholders. The aim is therefore to record the different perspectives of the organisation's stakeholders rather than impose a consensus.

It is thus an evaluation of an organisation on its own terms, and in the case of LETS, would value non-market benefits and subjective opinions in addition to economic factors. While this type of assessment would not be considered valid by a neo-classical economist, it is nevertheless valid and consistent on its own terms, reflecting as it does a different ideological position. To be accepted by conventional economists, LETS would need to satisfy the increased efficiency criteria of CBA, but this type of analysis is not the purpose of this paper, and indeed, its uni-dimensional quantification is considered an inadequate response to social and economic development. Instead, as LETS is such a new phenomenon, it is important to first understand and assess it on its own terms using a social audit.

The methodology used to assess one particular LETS as a case study is based upon the above strategic social audit approach, and is also relevant to two approaches listed by Belkaouri (1984). These are the 'macro/micro social indicator' method which measures an organisation's (micro) performance in areas of (macro) social indicators (quality of life of members and the community); and the 'constituency group attitudes' audit, which uses both factual and subjective information to evaluate the impacts of a pluralistic organisation on its stakeholders, who may have differing interests. Ideally, a social audit should be conducted regularly, and the results from each used to inform the process of the next - the method should develop through a participative relationship between the auditor and the organisation, as shown in figure 1 below.

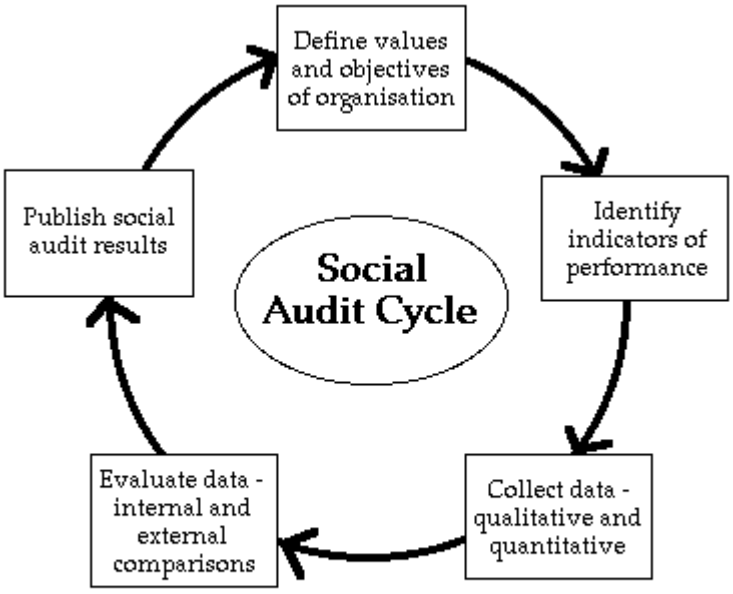


Figure 1: The Social Audit Cycle

Unfortunately, the audit reported here suffers from time limitations and an inability to repeat and improve the process over time, or have the audit externally validated. For the same reasons, it is not as rigorous or comprehensive as might be desired. However, it is hoped that by developing the method and applying it even in an abridged form (one audit cycle), the LETS social audit will be of both academic interest and practical relevance to LETS participants. The practical application of this methodology is developed in the next section.

Applying The Social Audit Methodology

The social audit process described above is here applied to the LETS in Diss, Norfolk, UK, as a case study of a social audit. Following the methodology outlined above, this section describes how the social audit cycle was conducted, the limitations experienced, and the modifications to the method which became necessary.

1) Define The Values And Objectives Of The Organisation

Identifying the values with which LETS is most closely associated in the media and in its own publicity, the objectives of LETS can be defined generally as reinforcing social and public preferences through community participation and strengthening the informal sector, and enabling economic activity where it had been previously hampered by shortages of the means of exchange, and so valuing skills and resources not normally exploited by the market. Economic market efficiency is relevant, but equity and ethical concerns are at least as important.

Diss LETS does not have a formal constitution or an official 'mission statement', but the Letslink UK Draft Constitution which was circulated to local groups (Letslink 1994a) confirms the value base and objectives inferred above. The aims and objectives of LETS as stated in this document are:

- To develop and encourage the experience of community in the locality through the establishment of a Local Exchange Trading System.
- To stimulate the creation of social and economic benefits by and for its members and the people of the locality.

From this statement and the value base discussed above, it can be assumed that LETS would be seen as a desirable initiative if it could be shown to enhance community awareness and equitable or cooperative behaviour among its members, even if there were no discernible net economic benefits. It is these multi-dimensional objectives which most markedly define LETS as requiring an assessment method which is different from the efficiency-oriented analysis of conventional neo-classical values.

2) Identify Indicators Of Performance

Based on the above mission statement and general LETS literature, a range of indicators have been employed with which to evaluate Diss LETS according to its own objectives. These are summarised in Tables 1 and 2 below. They are intended to allow both qualitative and quantitative information to be considered, to allow comparisons with both other LETS and the conventional external economy, and also to enable comparisons over time, should the audit be repeated.

Table 1 outlines the audit areas and relevant indicators to evaluate the creation of economic and social benefits from LETS. The volume of trade (sterling equivalent) over a given period, and the number of members trading give a crude measure of the scope and scale of economic benefits, although they may not be net economic benefits. Economic significance of LETS can be estimated in quantitative terms by calculating the average member's personal LETS expenditure and comparing this with the cash economy. The variety of goods and services on offer can indicate how comprehensive LETS is as an alternative monetary system and the potential for benefits, although the advertisement of a service does not guarantee its availability, or indicate its quality, or how much it has been used. The issue of local self-reliance is addressed by looking at what, if any, locally produced goods are available as import substitutes. There are several methodological problems associated with these quantitative indicators which are explored and resolved below; the source data for several of the quantitative indicators is included in Appendices 1 and 2 (held outside the article).

Of particular importance is the issue of creating new opportunities for economic activity, as opposed to diverting trade from the external economy. A trade which would not have occurred in the conventional economy (due to cash shortage or structural unemployment, for example) has no financial opportunity cost, and so represents a positive net economic benefit. Where economic activity occurs in LETS which would otherwise have taken place as normal in the cash economy, there is presumably a net cash benefit, though there are issues of efficiency to consider. In a similar vein, the costs of LETS activity to both members and non-members should be considered, and also any benefits for non-members, to assess overall net benefits.

However, as explained, this audit is not attempting a comprehensive quantified efficiency analysis of LETS, although such a study would doubtless be both useful and illuminating. Here, reduced efficiency may be acceptable if accompanied by compensating 'community' benefits. These are included in the 'experience of community' indicators shown in Table 2, which are intended to evaluate the extent of participation in the system, and social activity related to LETS. This also includes the subjective opinions of members about why LETS is important to them - possibly as part of a wider belief system or philosophy, or because of the practical benefits it brings. Examples of non-competitive or altruistic behaviour are assumed to represent greater community awareness and cooperation than would normally be found in the external economy, and these factors are included in this section.

Table 1: Indicators Of Economic And Social Benefits

Audit Area	Indicators	Ql	Qt	LETS	Cash	Method Of Data Collection
Economic benefits	Volume of trade		X	X		Survey and case study data from coordinators
Extent of Benefits	Number of members		X	X		Survey data
Scope Of Benefits	Variety Of 'Offers'	X	X	X	X	Directories
Economic Significance Of Lets To Members	Per capita trade; % of total expenditure or income in local currency		X	X	X	Survey and accounts data; interviews with members
Mobilising previously unutilised skills and resources	LETS trading which represents new economic opportunities	X	X	X		Interviews with members

Social or environmental benefits from local import substitution	Local goods production on LETS		X	X	X	Directories, and empirical data from coordinators
Benefits to non-members	LETS-supported businesses or community services	X		X		Data from coordinators
Costs to members	Membership fees, transaction costs	X	X	X	X	Data from coordinators
Costs to non-members	Tax evasion or diverted trade etc	X			X	Data from coordinators

Table 2: Indicators Of 'Experience Of Community'

Audit Area	Indicators	Ql	Qt	LETS	Cash	Method Of Data Collection
LETS collective events	Social events held?	X		X		Survey and case study data from coordinators
Membership participation	% membership actively trading		X	X		Survey and accounts data
Participation in addition to trading	% membership who attend organisational meetings and social events		X	X		Survey data, interviews with coordinators
Non-tangible benefits	Subjective opinions on why LETS is important	X			X	Interviews with members
Altruistic, non-competitive behaviour	Examples of non-market behaviour on LETS	X			X	Interviews with members

Key to Tables 1 and 2

Ql	Qualitative data
Qt	Quantitative data
LETS	Compare to other LETS economies
Cash	Compare to the Cash economy

3) Collect Data

Information was obtained from the Diss LETS case study by consulting the local LETS newsletter and directory, and also by conducting interviews with two coordinators (responsible for memberships and transactions respectively) and four other members, which were recorded for subsequent transcription of the relevant details. The intention in each of these cases was to elicit the information required for assessment by the chosen indicators, and it was felt that a standardised written questionnaire or set of fixed questions might not reveal the subtleties of members' economic and

social positions or opinions; informal interviews were the most appropriate method, but these were not unstructured. Before and during each discussion, the interviewee was shown the relevant list(s) of questions displayed in Tables 3 and 4 below, and each point was discussed until the interviewer was clear on their answers, and they felt they had been fairly represented. By explaining briefly to the interviewee exactly what the interviewer wanted to find out, this method has the advantages of uncovering more information than a rigid questionnaire would have, particularly in the case of discussing subjective attitudes and where terms such as 'unemployment' and 'economic benefits' may be interpreted in different ways.

Factual information on the LETS was provided by the coordinators, with reference to their accounts, directory and membership records. Selection of members for interview was partially influenced by their recommendations and knowledge of trading patterns, as the concern was to include a cross section of members for the social audit, representing high-, average- and low-activity traders.

Table 3: Interview Reference Sheet (Coordinators Only)

Economic and Social Benefits:

- What is the volume of trade (Sterling equivalent) in this LETS? eg monthly turnover
- Are there any locally produced goods (as opposed to services) available? If so, is there significant trade in them?
- What are the costs of membership? Are there any costs or inconveniences incurred when recording transactions?
- Do you think there are any benefits or costs of LETS to non-members?

Developing the 'Experience of Community'

- Do you hold any LETS social events or meetings? If so, what percentage of the membership typically attends these events or meetings? If attendance is particularly high or low, what do you think are the reasons for this?
- What percentage of the membership are actively trading? If activity is particularly high or low, why do you think this is?

Table 4: Interview Reference Sheet (All Members)

Economic and Social Benefits:

- How many pounds sterling equivalent of local currency do you spend or earn in LETS, eg per month? What percentage of your total income or expenditure do you estimate this to be?
- Would you like to be more active in LETS trading? If so, what do you think is stopping you? How could LETS be more effective?
- Does LETS offer you new opportunities to trade or be productive, which you would be unable to do in the normal economy because of unemployment or cash shortages, for example?

Developing the 'Experience of Community'

- Why is LETS important to you?
- If LETS social events or organisational meetings are held, do you attend them? Why/why not?
- Do you behave differently within LETS than in the normal economy? For example, do you pay or receive more or less than the 'going rate' for labour? Or is it important for you to know the person you're trading with?

The main source of general information used on other LETS was the published results of the Letslink UK survey (Letslink 1994b). This was gathered from a sample of 57 LETS who responded to a questionnaire which was sent to most of the 200 LETS in the UK at the time. The coordinators of about 30 LETS were also contacted, selected because of their large size, or their involvement with local councils, businesses or food suppliers. In these cases general factual information was requested on the above initiatives, membership size, age of the system, average turnover, and a directory to assess what goods and services were available, with particular reference to locally produced

goods. Six replies were received, containing varying amounts of usable information, and these are referred to in the audit where appropriate, in addition to the general survey information, for comparison with Diss LETS. It is important to note that while the Letslink survey was considered by its organisers to be generally representative of UK LETS, the survey conducted here was not intended to provide a representative sample. The responses obtained were all from larger than average systems and the intention was to compare Diss LETS with these to see whether there were qualitative as well as quantitative differences in performance.

4) Evaluate The Data, Making Both Internal And External Comparisons

As with any study of this type, the method as practised is rarely as comprehensive as the method which is proposed, and the Diss LETS social audit is no exception. As the evaluations progressed, several limitations of the methodology, of access to information, and of how much was achievable in the time available became apparent.

While as accurate a depiction as possible of the case study was obtained, certain comparisons with other LETS and with the cash economy have been neglected where impractical, and surrogate indicators have at times been necessary. For example, all the case study interviewees spoke in general terms about how significant their LETS income was compared to total income, but only one estimated the percentage of total income which this represented; obtaining these measures for members of other LETS would have been even more unworkable. Instead, the absolute rather than relative values of economic significance were considered, on an individual basis for the case study, and on an averaged per capita basis for comparison with other systems. This provided crude but adequate estimates of economic significance, and enabled easier comparisons with both the Letslink survey, and the other LETS for which turnover and membership figures were provided.

5) Publish Social Audit Results

See below.

Diss LETS: A Social Audit

Diss LETS was established in July 1993 and was approaching its first anniversary when surveyed. It was quite a small system with 35 members, which had shown slow but steady growth in membership and trading over the first year. Diss is a small market town in rural south Norfolk, and many of the LETS members live in outlying villages or in the neighbouring small town of Eye, across the county boundary in Suffolk, rather than in Diss itself. The geographical spread of the system was intended to enable a greater number of people to have trading connections with each other, but brings its own problems in terms of the physical and psychological divide between Diss and Eye.

Character Of The LETS

It was felt that there was a distinct type of person likely to be involved with LETS, and that the system had a strong 'alternative' or 'green' character. As one member commented "You've got an awful lot in common with anyone who joins a LETSystem... all these people, all their kids would be in Woodcraft Folk, for instance!" Another felt that this homogeneity tended to result in the same types of services being offered by different people, and it was also recognised that the 'middle class, middle aged' image was detrimental in terms of attracting different types of people to join (particularly the young, the unemployed, and pensioners, who could perhaps benefit considerably from the system). It has been well documented elsewhere that LETS memberships show a distinct bias towards those with 'alternative' or 'green' beliefs and toward the well educated unemployed (Sutcliffe, 1994; Offe and Heinze, 1992; Williams, 1995a; Williams, 1995b; Jackson, 1995; Langseth, 1994; Lee, 1996). While Diss LETS was clearly seen as being operated by and for middle class 'greens', there was little unemployment among members.

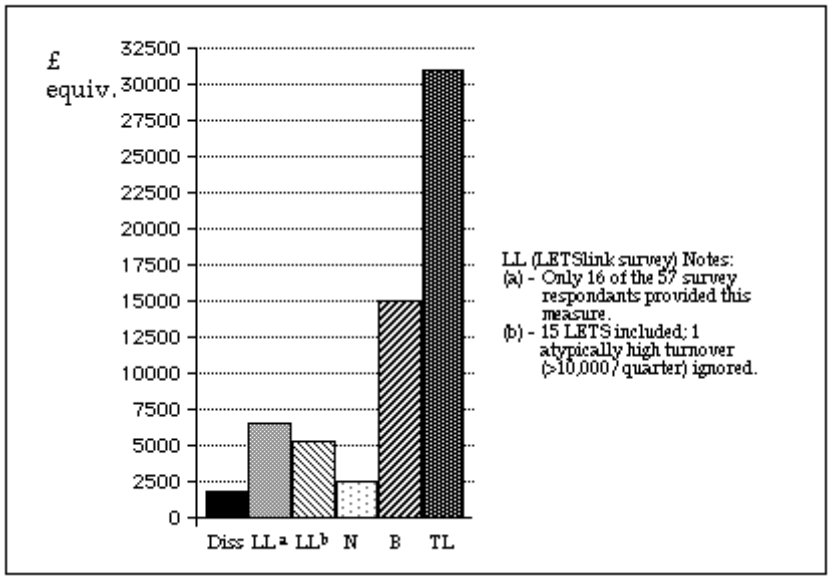
Diss LETS was growing on a word-of-mouth basis, a strategy considered to be essential by some members because of the trust-based nature of the system, but again, others saw it as too slow and ad-hoc a method for demonstrating the economic advantages of the system to people who could benefit from it most. It was generally accepted as inevitable that LETS would always be (and be seen as) part of the 'alternative scene' rather than a mainstream economic strategy, and this characteristic was inevitably reinforced by a recruitment policy which relied on existing social networks. This type of self-selecting membership growth is typical of LETS, as shown in other studies (Williams, 1995b; Dobson, 1994).

Note: Information from the six LETS listed here and the Letslink survey has been used for comparison with Diss LETS where appropriate, and the following abbreviations have been used in some instances:	
B	Bristol iDEALETS
F	Frome LETS
L	Leicester LETS
N	Nottingham LETS
TL	Tradelink (West Wilts LETS)
W & L	Warwick and Leamington LETS
LL	Letslink survey

Economic Benefits: Trading And Membership

In its first year of operation, Diss LETS members traded the local currency (discs) equivalent of 1849 (1 disc = 1; expenditure is the same as income for the system as a whole)(1) . This is 28-35% of the Letslink survey annual trade averages of 6496 and 5256 shown in figure 2 below, which in turn is very much less than two of the unrepresentative sample systems also shown. It would be expected that as this yearly period includes the early establishing phases of Diss LETS, this measure will be an underestimate of the current rates of yearly turnover. Tradelink in contrast was a well-established system, being 3 years old.

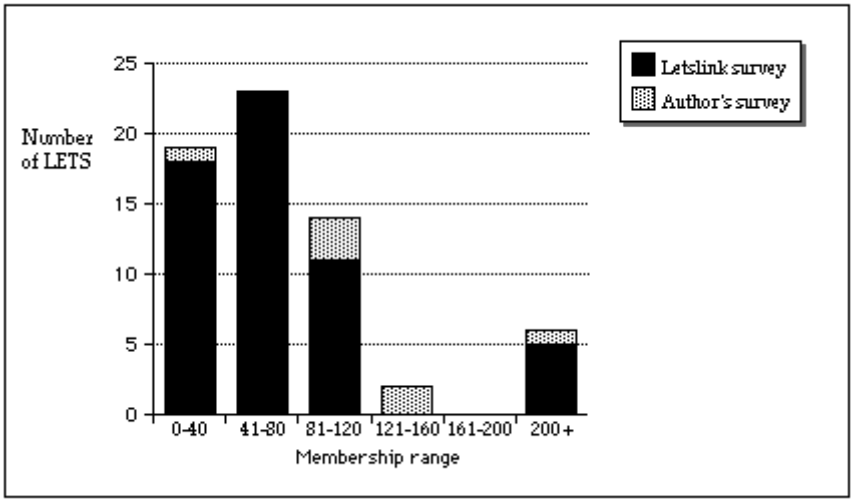
Figure 2: Volume of LETS trade per year (£ equivalent)



At the time of survey, Diss LETS had 35 members; this had grown steadily from about 17 when the system began operating. In relation to other systems, Diss was smaller than average. Figure 3 below illustrates the sizes of LETS from the Letslink survey (range from 0 to 333; mean size 70), and shows the numbers of LETS which fall into each

membership range (2) . Diss LETS is included in the 0-40 category, and it can clearly be seen that the rest of the author's sample is unrepresentative in terms of size as well as turnover (figure 2 above).

Figure 3: Survey results showing LETS memberships



The yearly expenditures (3) from Diss LETS accounts varied from 0 to 347 discs with a mean of 68 (4) ; trading of individual members within joint accounts cannot be separated out. Figure 4 below illustrates the distribution of expenditures across this range (see Appendix 1 for source data) and from this it can be seen that five accounts have not made any outgoing transactions other than two discs for administration; a further two accounts spent very little (less than five discs per year). These seven accounts represent nine people in total which is 32% of the membership.

The income distributions shown in figure 5 indicate a similar pattern, varying from 0 to 355 discs; total income equals total expenditure; the mean is also 68. Five accounts have had no income at all, and a further one has received less than five discs; this represents eight people, or 29% of the membership, with very little income (less than five discs per year). For the purposes of this analysis, it is considered reasonable to describe these very low traders as non-traders. It has been suggested in other surveys (Letslink 1994b) that up to a third of LETS members do not trade at all, or only trade extremely insignificant amounts, and the figures here appear to confirm this observation.

Figure 4: Distribution of expenditure from Diss LETS accounts

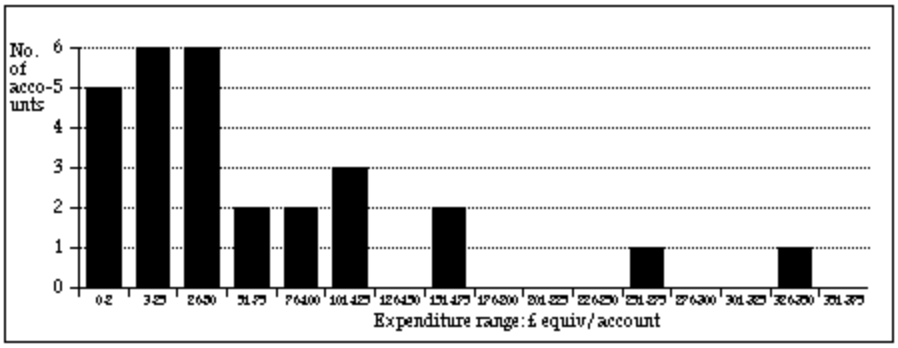
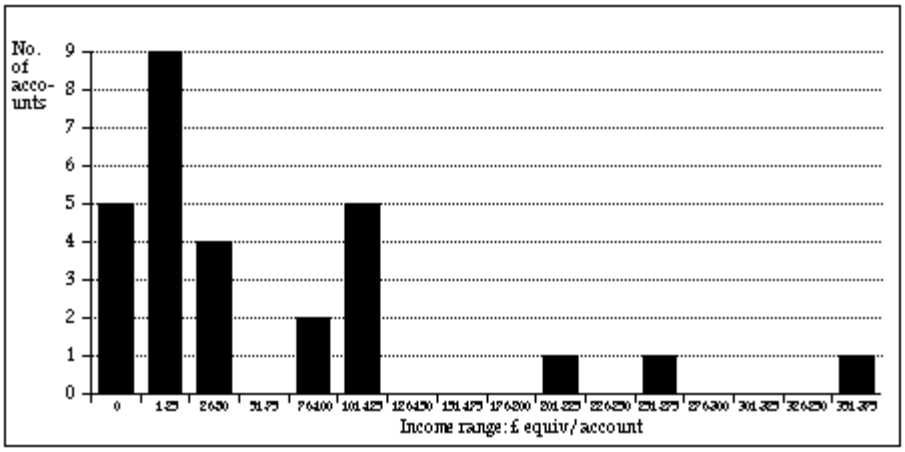
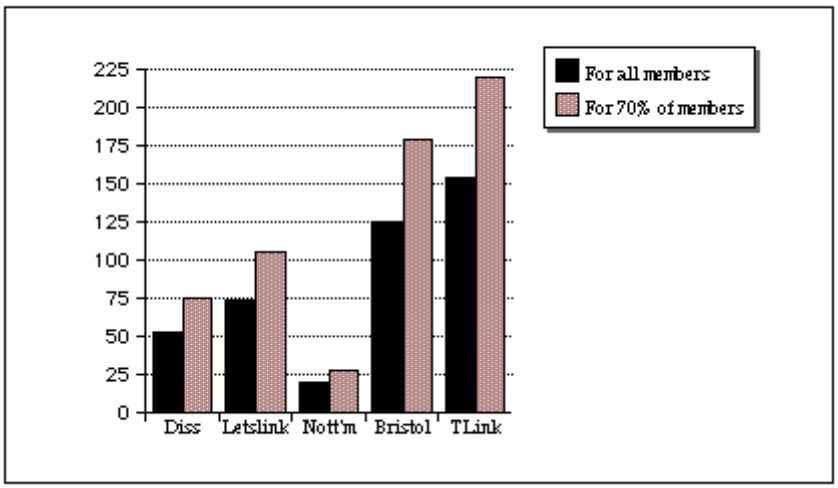


Figure 5: Distribution of income to Diss LETS accounts



Average personal Diss LETS expenditure is calculated by dividing system expenditure by total membership and is 53 discs/year as shown in figure 6 below. However, as approximately 30% of members do not trade at all, this is an underestimate of active members' trading. Excluding non-traders from the calculation, the average personal expenditure of the active 70% of members is 75 discs/year. This adjusted figure is shown alongside the previous measure for each LETS in figure 6. The Letslink survey found that the mean personal expenditure was 74 for all members and 105 assuming only 70% trading; the Diss LETS averages are approximately 30% lower, but neither figure is likely to be significant compared to cash transactions. Generally, Diss LETS members reported that their LETS expenditures or incomes were insignificant compared to cash transactions. Only one member estimated the percentage of total income which her regular 25 discs/month represented, and this was approximately 5%. For two other members, their average weekly or monthly LETS income or expenditure over the whole year was insignificant, but was in fact comprised of one or two large trades which were significant at the time.

Figure 6: Mean yearly personal LETS expenditure (£ equivalent)



Economic Benefits: The Scope Of Trading

Although problematic, quantifying the range and variety of goods and services offered on LETS, and therefore estimating the comprehensiveness of LETS, and the scope of and potential for economic benefits, provides some useful measures (5) . In addition to the many problems of simplification, it should be remembered that although goods and services may be advertised, they may not always be available. The variety and range of goods and services advertised as being available on Diss LETS was very good compared with four much larger systems; there was a marginally greater range than for three of the other systems which had up to three times as many members. Figure 7 below shows quantified measures of 'variety' for these five systems (see Appendix 2 for source data), and a further examination of the proportions of each of the five categories for each LETS demonstrates the differences between the systems (see figure 8 below).

Figure 7: Quantitative measures of 'variety': comparing the ranges of goods and services available on five LETS

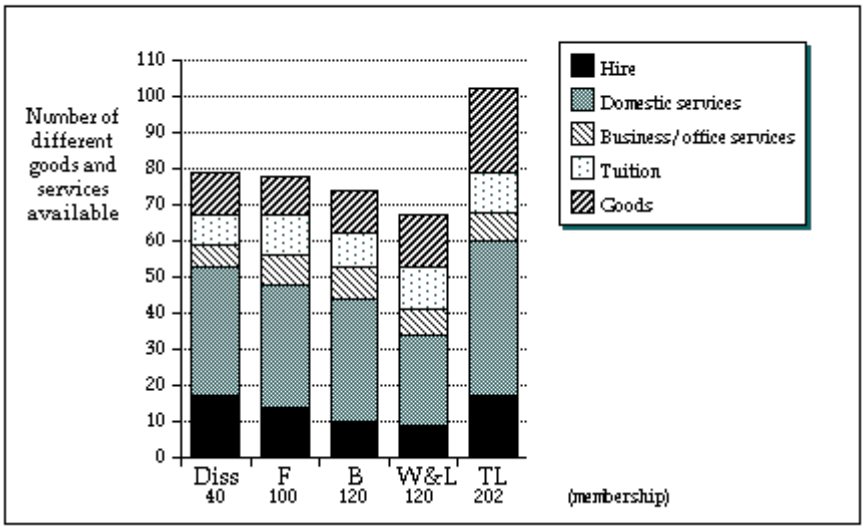
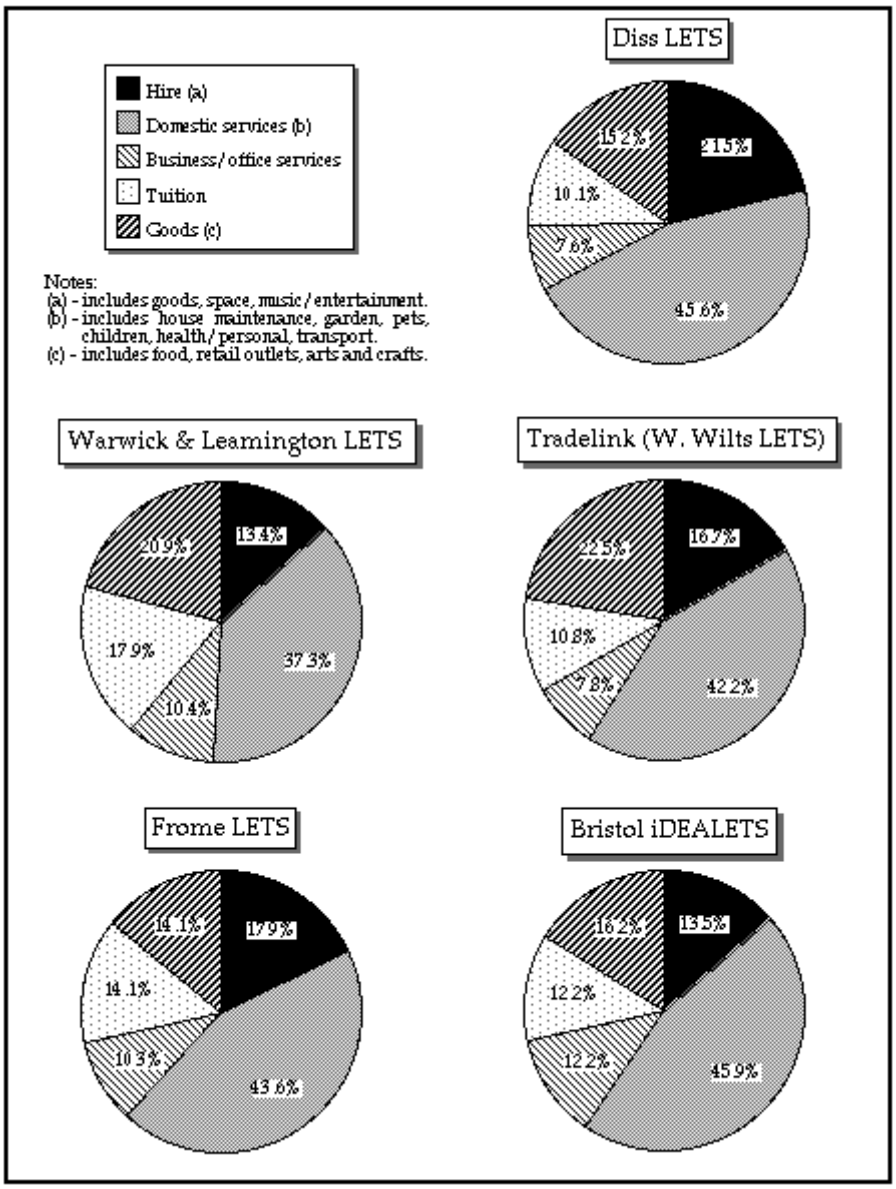


Figure 8: LETS 'variety': comparative distributions of different types of goods and services on offer in five systems



Diss LETS had the highest proportion (21.5%) of goods and services for hire and the second highest of domestic services (45.6%). The other three categories of goods and services were relatively poorly represented in comparison with the four other systems. Diss LETS had the lowest proportions of business and office services (7.6%) and tuition (10.1%), and the second lowest percentage of goods (15.2%). Interestingly, in comparison with Tradelink which had over five times as many members, the only significant differences in the representation of the five categories of goods and services were that Tradelink had proportionally about 5% less for hire and about 7% more types of goods and retail outlets. Comparing all the systems, the difference in percentage between the highest and lowest in any of the five categories was no more than 9%, which suggests that whatever the size of the system, the range of goods and services available will fall roughly into the same category proportions.

Compared to the conventional economy however, the ranges above could not be considered comprehensive. The most obvious omissions were food on a large scale, and goods in general. While not apparent from the above statistics, it was clear from interviews and correspondence with LETS coordinators that often, even when some fresh food (such as organic fruit and vegetables, milk, eggs etc) was available, it was usually in small quantities and trade in these goods was insignificant compared to services. Tradelink reported that their primary food producers had been 'busy'; they were also campaigning for more food to be available on the system, and were organising coordinated food growing on gardens and allotments. Nottingham LETS had some organic allotment produce and herb plants available, but the trade in each of these was very low (less than 10 equivalent in each case, over a year). Leicester LETS had a similar organic

farm arrangement, with the farmer making about 30 transactions a month in weekly deliveries, and being the most successful of the three businesses on the system. Warwick & Leamington LETS had a limited amount of allotment-grown vegetables available, and planned to increase the quantities produced. Diss LETS probably had less food available than these other systems, but with only a fraction of the membership of these systems it would be expected that food and other goods would become more available as the system grows. However, without involving businesses, there is likely to be a limit to the amount of staple goods available on any system.

Also, the scale of LETS trading from the retail outlets in the 'goods' category above cannot be assumed. For example, Diss LETS had one shop willing to accept 10% payment in discs, but so far had had no LETS customers. Similarly, a vegetarian catering company on Nottingham LETS which took part payment in local currency had not yet begun LETS trading. The Letslink survey found that 39% of the sample systems had shops/businesses operating, with an average of two per system; but without information on how much LETS trading they do, it is impossible to assess their significance or success. Certainly it seems that there is very little import substitution occurring on LETS, either in Diss or in any of the other systems mentioned here.

Economic Benefits: New Opportunities

The question of whether LETS allowed people new opportunities to be economically active produced surprising responses. All six Diss LETS members interviewed said that it had; they would not have conducted some or all of their LETS trading in the cash economy. The reasons given for this varied. For two members, it was at least partly because they would not have been able to afford to pay for those services in cash; one member had recently spent the equivalent of 50 on house maintenance and commented that "it was really great knowing that I could earn that back doing lots of other little things and not pay for it all at once."

However, five of the interviewees also felt that at least some of the services they used on LETS were a luxury or a treat which they would not be able to justify spending cash on, even though they could have afforded to. Maths tuition was cited by two members as an example of something they would not have paid cash for; similarly gardening and house cleaning were described by two others as services they would "struggle on and do myself" and "probably rationalise that I didn't need" without LETS. As another described it, "there are certain things we wouldn't spend money on, and think it was something we should do ourselves, and yet there is a sense in which getting it on LETS seems like getting it for free... it's extras, it has enriched our lives, rather than provided necessities." It appears that even where cash income was sufficient and financial considerations were not a priority, there was an appreciation of the opportunity cost of spending cash, which was absent on LETS. This could be because of their perception of LETS as a community-based initiative, in which they were happy to make an investment in terms of the work they would do in return.

It was felt by all members that LETS offered new and diverse opportunities to work and earn credit, by enabling people to 'branch out' and use many different skills which might not be valued or utilised in their formal employment; however the extent to which this facility was utilised was limited in most cases. Similarly, there was a great appreciation of the socially equitable benefits of LETS in terms of building confidence and self-esteem, and offering training opportunities for the unemployed, but again there were few examples of these potentials being realised. These aspects are commonly cited as positive features of LETS in other studies (Jackson, 1995; Williams, 1996b; Sutcliffe, 1994).

It is noteworthy that the highest spender and the second highest earner on Diss LETS were conducting regular trades (hire of facilities) of about 25 discs per month, which had been ongoing for some time and were transferred to LETS from the cash economy when the system was established. The earner in this case also indicated that for some of her other transactions, she would probably pay the same people in cash for their services if there was no local currency. Obviously these are instances where LETS has not created new economic opportunities within the system itself. Nevertheless, in these cases where cash transactions are transferred to LETS, the cash which would have been used is liberated and made available for alternative expenditures, producing a net gain in economic activity.

From this, it seems that the unemployed would be most likely to benefit from new economic opportunities, having less money and more time than people in paid employment. Most Diss LETS members were in full or part time work, and four of the six members interviewed explicitly stated that they were not involved in LETS for economic reasons at all. Other surveys estimate the proportion of unemployed members to be between 25-43% (Letslink, 1994b; Williams, 1995b; Williams, 1996b; Sutcliffe, 1994). It would seem that Diss LETS has a lower than average proportion of unemployed members, which probably contributes to the fact that financial considerations were not given by most of the members as the main reason why LETS allowed them new opportunities to trade.

This situation is to be expected in a fairly new system however. As one Diss LETS member described it, the initiators and early members of the system were dynamic, busy, 'concept-oriented' people who were attracted to the idea of LETS rather than the economic benefits it could bring them; over time, it was expected that the system would attract people who prioritise the economic aspects of the system. This pattern was also reported by Tradelink: their inactive members tended to be the people who became involved early on, and more recent members have been much more active, having joined because the economic benefits were there to be seen. Other surveys have also described this evolutionary tendency (Jackson, 1995; Williams, 1995b).

Direct And Indirect Costs Of LETS

The costs of participation in Diss LETS came in three main forms. Yearly membership fees were on a sliding scale from 1 to 4 according to income, and 7 for a household joint account. Two discs had been deducted from each account to reimburse administrators, and it was expected that this would be repeated whenever a newsletter was produced; this was expected to be twice yearly. The cash costs of running the system (postage, photocopying etc) were recovered from new membership fees. These amounts were lower than the average yearly fee of 6.20 reported in the Letslink survey (range from 0 to 15), but there was no information from this source on LETS currency charges to cover administration costs. Frome LETS charged 2.50 to join, an annual 5 units subscription and a further local currency levy of 10% on all transactions for administration; Tradelink membership cost 3 plus 10 local units, and 2 units were deducted quarterly from accounts for administration. In comparison with these, Diss LETS members faced a lower local currency cost of participation.

Diss LETS trades were recorded by the completion of a transaction slip by the spender, and its deposit in one of the two collection points in Diss. The most commonly used point was a wholefood shop. These slips were collected every week or so by the transactions coordinator for entry into the accounts. The inconvenience of this arrangement and thus the direct transaction costs would depend upon whether members were patrons of the particular shop, or whether they had to make a special journey to submit their slips. It was felt that most Diss LETS members visited the shop regularly and so this was not a problem. Most other LETS used a telephone answering system for members to record transactions (the cost therefore being limited to that of a local phone call, with minimal inconvenience) but this had not been introduced for the Diss system.

There were also inconvenience and travel costs associated with performing a trade which may be significant. One member noted for example that although there were small quantities of vegetables available on the system, it was too inconvenient to travel several miles just to buy, in this case, a few courgettes. It was felt that while it was beyond the scope of Diss LETS at present, it would be advantageous to have a LETS centre and meeting place in Diss (similar to the one in Stroud, rent paid in local currency), at which goods in particular could be traded more easily. Mostly the trades were in services though, and the cost of obtaining those services would be little different to that in the cash economy, involving a telephone call to make a mutually agreeable arrangement.

Wider Impacts Of LETS

Regarding Diss LETS as part of the wider local economy, there was no indication of either benefits or costs accruing to non-members. The potential for benefits to the wider locality were seen as primarily related to the establishment of non-profit making community services or small businesses with insufficient cash income. One example of this in practice from Tradelink was that of a cosmetics manufacturing business which was started as a hobby on LETS, and expanded into the cash economy after first establishing a customer base and sufficient demand within the protected LETS environment. It would be expected that this type of opportunity would most likely be realised in a large system rather than a small one such as Diss.

The most obvious cost of LETS to non-members was that of avoided tax liabilities; LETS income declaration for taxation purposes is the responsibility of the individuals concerned rather than the system. Since trading and income on Diss LETS was relatively low, and few people offered the skills from which they earned cash income (which would be liable for taxation), it was felt that the avoided tax cost was minimal in this case. Indeed, it was mentioned that this might be a reason for some members restricting the services they offered on LETS to hobbies or fringe activities rather than their usual occupation. However, it was also indicated by one coordinator that most Diss LETS members were not in favour of the present Conservative government, and would not object to tax evasion, and this was confirmed in principle by one other member.

Social And Community Benefits

The social and community benefits of the system were significant, as were the ways in which economic behaviour on LETS differed from the cash economy. Diss LETS social events had been held for two reasons: to allow members to get to know one another, and to stimulate trading. In the first year there had been three social gatherings, with quite low attendance (six to ten members, representing 17-28% of the membership). Similarly, the bi-monthly planning and administration meetings which were open to all members were only attended by one or two members in addition to the four coordinators, representing 14-17% of the membership. The two coordinators interviewed felt that this low attendance was due to the fact that LETS members tended to be busy people with many interests, possibly involved with several similar groups, and who did not necessarily need the social interaction opportunities offered by the system. Again, it was suggested that the system would expand over time to include more unemployed or retired people, to whom these social benefits might be more important, and all members thought the social side of LETS would be important for people who were new to the area. There was also a suggestion that members living in Eye were reluctant to travel to Diss for these events, and vice versa. Of the other four members interviewed, one regularly attended LETS meetings and events, because she enjoyed meeting new people and was more likely to trade with people she was familiar with. Another would have liked to attend more, but was often unable to, and the other two members had deliberately not got involved because of similar commitments elsewhere, and the priority of their own social lives. Other systems reported holding regular craft fairs and traders evenings in order to promote trade and familiarity between members, but attendance figures were unavailable for comparison.

The percentage of Diss LETS members engaged in trading was about 70%, and this concurs with observations made by other LETS coordinators, as discussed above. Of the six members interviewed, two said that they would be more active in the near future because of large transactions which they had planned. However, all six said that they were not as active in LETS as they would like to be, mainly due to lack of time or energy (particularly for those in paid employment), but also because of limited opportunities to trade more, either because there was little available on the system which they wanted, or due to several other people offering identical services. This appears to confirm the statement made by one member that "If you're working full-time, LETS can't possibly work because your time's too valuable".

So why do people who do not necessarily have much to gain in economic terms, who maybe trade very little because their time is committed elsewhere, and who do not even particularly want the services available, become involved in LETS? There was a strong commitment to the idea of LETS as a community-based tool for egalitarian social and economic development, in all the members interviewed, and this sentiment is reflected in the answers to the question "Why is LETS important to you?" quoted in figure 9 below.

Figure 9: "Why Is Lets Important To You?

"I think we're all idealists and we can't actually change the world, but we can run this system as we would like the world to be run.

This is some way that I can actually choose where my money is going, I know that my money isn't going to be spent on Trident missiles or polluting the sea or go to multinationals."

Female member (coordinator)

It's the idea of getting away from the money economy and extending the barter system in a group of people with like-minded views of life, where everything shouldn't be dominated with money and people can get by in different ways... using skills they aren't able to use during the normal 9 to 5 routine."

Male member (coordinator)

On a personal level it's useful because it enables us to think more creatively about things that we might like to have, or to offer.

It's such a radical political tool... it's about bringing out your power in the community... it's inevitably going to lead to people doing everything for themselves, taking responsibility for how you want your life to be..."

Female member

"It's important to me on a personal economic level in that I am able to do things and then earn discs from other people doing really diverse activities...

My favourite thing about LETS is that people who are on benefits, are unemployed or on low pay, or who don't have a lot of training but who do have massive amounts of life experiences and skills, can use those and trade them for their own benefit as well."

Female member

"I'm excited about it because there's no money involved, it's crucial that you can build up a deficit or a surplus without feeling that you're in comparison with other people.

It expands the whole sense of the worth of people in the community - the fund of skills and expertise that people have."

Female member

"There's a small group which I am connected with through the LETS. It is a connection which I wouldn't have otherwise, and it's a support connection, and I feel good about that.

LETS is the start of an economic relationship which is based much more on trust and knowing the person."

Male member

The advantages of being able to work more flexibly and in different ways on LETS was seen as especially important in relation to young unemployed people; one member commented "Forget about unemployment, let's talk about 'creative work', not 'jobs'". Another member noted that Diss LETS in particular tended to lubricate a pre-existing informal economy between people who in general knew each other already, and filled in the gaps where people would not normally feel able to ask for help, or would not bother.

One aspect of Diss LETS which was significantly different to the cash economy and also to many other LETS, was the principle that all labour should be equally valued at the equivalent of 5 an hour, regardless of the type of work, thereby making it a time-based currency. This was described as a "central tenet" by both coordinators. Three of the other members agreed and their comments included: "I think you can't possibly get into quantifying what one person's work is worth, over somebody else's", and "it's essential, because otherwise we get back into the way of mainstream society where some people can't afford the services of other people and are denied those opportunities". It was widely felt that this was an empowering, and also a non-competitive, non-exploitative, and therefore a non-capitalist, strategy. Lee (1996) notes that one important aspect of LETS is its ability to put into practice the non-market based valuations of its members, and clearly this opportunity is crucial to many Diss LETS members.

However, it was also recognised that not all members understood or concurred with this political stance, and that it might deter them from offering their professional skills, or from joining at all. This view was echoed by one member who pointed out that if this was the case, then trading would be inhibited and opportunities limited, contradicting the aim of enabling wider participation. He added that "It's not necessarily a reflection on the worth of a person whether you charge more or less. There are things which I'm quite happy to do for free or for relatively little, and there might be other things which I really would like to be highly paid for, I would like to see what the circumstances are, and similarly for the other person... LETS is a step towards an economy where exchange isn't necessarily balanced, where you are taking into account the needs and requirements [of both parties]". Indeed, socially equitable redistribution of wealth and opportunity within LETS can occur without the need for such regulations, as found by Williams (1996a). The ideological differences highlighted here in this discussion of monetary valuation of labour reflect fundamentally different political views on economic relationships. It should be noted that despite the opposing views, the LETS structure is able to accommodate both positions, though not necessarily at the same time, depending on how the system is organised.

The other main difference between LETS and the cash economy which was mentioned was that depending on the service required, it was quite important to some members to know (or get to know) the person they traded with. Also, there were significant opportunities to become friendly on a social level with other members in a way which would not normally occur when employing tradespeople in the cash economy.

In summary then, compared with other systems, Diss LETS was smaller in terms of size, turnover and average personal trading levels, but had a very good range of goods and services available, and the costs of participation were lower than average. In terms of LETS fulfilling its own objectives, it must be said that the creation of new economic opportunities on financial grounds was limited, and the net economic benefits were marginal, particularly for people in paid employment and with an adequate cash income.

However there was a strong sense that participation in the system was desirable for political and ethical reasons, and this 'warm glow' effect of even passive participation has been widely noted in other studies (Jackson, 1995; Sutcliffe, 1994; Langseth, 1994). Where trading had occurred it was felt to incur a lower opportunity cost than the cash economy, and so new opportunities were felt to have been created for those reasons. Overall the community benefits of the system were seen as most important, and it was in this area that Diss LETS was most successful in fulfilling its objectives.

Conclusions

This paper has reported the results of a social audit of Diss LETS. This has revealed that relative to other LETS, the Diss system:

- Is smaller than average, with consequently lower volumes of trade both for the system as a whole and for individual members.
- Has a wide range of goods and services available, being marginally more than some other systems with two to three times as many members.
- Has a lower than average quantity of goods available (estimated to be partly related to the number of businesses on the system); there is very little local import substitution.
- Incurs lower direct costs of participation, but probably roughly the same indirect costs (inconvenience and transaction costs).
- Displays broadly the same characteristics as do other systems, being composed of predominantly middle class people with 'alternative' or 'green' ideals and an adequate cash income, who were attracted to the system by its relevance to these beliefs rather than for the economic benefits of the system.

Comparing the Diss system against its own objectives and the theoretical claims made for LETS:

- There were few net economic benefits; the level of trading was low, and 'insignificant' compared to cash income or expenditure for all members interviewed. LETS was seen as marginal to economic activity as a whole.
- The creation of new economic opportunities was limited. With one exception, the members interviewed said that they could have afforded to conduct nearly all their LETS purchases in the conventional economy if they had wanted to, but in many cases they would not have considered spending cash on those things; LETS allowed the purchase of 'treats' or luxuries, not necessities.
- While new opportunities to earn credit flexibly and using many different skills were highly valued, there were few examples of this potential being realised.
- The potential for the creation of new economic opportunities for existing members was also limited. This was primarily due to most members being in paid employment, and having less time and more cash income than, for example unemployed or retired people who could perhaps receive significant economic benefits from the system.
- This potential was also limited by the absence of staple goods on the system. This helps to explain the lack of import substitution and the non-realisation of benefits attributable to greater self-reliance.
- There were very large social and community benefits, which far outweighed the economic importance of the system for most members. These included becoming friendly with new people through LETS trading, 'lubricating' and making more effective a pre-existing informal economy, removing financial barriers between people, and the opportunities to diversify the concept of 'work' to include many different types of creative and productive activity outside the formal definition of 'paid employment'.
- The most prominent of these was the egalitarian principle that all labour time should be equally valued - a "central tenet" of the system. While this was not universally approved, the principle of re-appraising the value of productive work outside of market valuations was considered important by all.
- These community-strengthening aspects were seen as the most attractive features of Diss LETS to its members (who were sympathetic to the underlying ideals), and it was in this area that the system most successfully fulfilled its objectives.

- Even where personal trading was extremely low, members expressed a desire to be involved with a system which supported their ideals and political beliefs; there was a 'warm glow' benefit of participation.

In conclusion, Diss LETS was smaller, though similar in character to other systems; it offered relatively few economic benefits but large social and community benefits. In comparison with the intentions and claims of LETS designers, the Diss system is marginal and unsuccessful, because it had no mainstream businesses involved, was perceived by its members as an 'alternative lifestyle' sideline, and it had not yet attracted members for whom it could offer significant economic benefits. However this does not mean that the future of LETS has to be large scale and mainstream in order to be successful.

Small scale LETS may continue to provide considerable community and social benefits to their like-minded members, but the challenge will be to make LETS more relevant and economically useful to those low income, retired or unemployed groups who could perhaps benefit from it most. This paper has raised several questions surrounding the obstacles to widespread participation in LETS by these groups, and these barriers need to be explored and ways of overcoming them developed. Are the internal impacts of wage controls and intentionally equitable procedures in fact counterproductive? The socially homogenous nature of the LETS membership may exclude other groups, and if LETS is colonised by people attracted for ideological reasons, where does that leave those who could benefit economically? If the threat of income tax liability prevents members offering their professional skills on LETS, does that restrict the scope of available services to low- and un-skilled labour? How do social security regulations affect unemployed members' participation?

Finally, and to return to the theoretical claims made for LETS at the beginning of this paper, the impacts of LETS need to be better investigated to assess its potential - in practice, not merely in principle - to facilitate a more sustainable local economic development. The hyperbole surrounding LETS and sustainable development cannot be accepted at face value, and systematic analysis is required to uncover the nature and extent of LETS' contribution to a more equitable and environmentally benign development, as well as the ways in which this can be facilitated.

Notes

Note 1
Back to text

Based on Linton's definition of LETS, it is assumed here that in all cases one LETS unit is equivalent to 1; this was explicitly stated for Diss LETS and also for two out of the other six LETS for which some information was obtained. There appears to be some confusion about whether a LETS which uses standard hourly rates of payment can also claim to have Sterling equivalence: the Letslink survey (see below) found that 65% of UK LETS equated their currency to Sterling and most of the remainder used a common hourly rate. However, Diss LETS and one of the other two systems mentioned above who stipulated that one LETS unit equals 1, also encouraged or enforced the use of a standard time-based payment such as 5 units per hour. It is thus considered that all LETS units have Sterling equivalence, and the issue of uniform labour wage rates is included in 'community benefits' as an example of non-conventional economic behaviour.

Note 2
Back to text

It is unclear whether the membership figures used for the Letslink (1994b) survey and the three other LETS refer to the number of members or the number of accounts. Diss LETS had 35 members using 28 accounts; the actual membership size was used for Figure 3 (LETS memberships) and for calculating per capita trading, and the number of accounts was used for showing income and expenditure distributions. There was no correlation between high (over 100 discs/year) income or expenditure, and shared accounts.

Note 3
Back to text

This yearly period avoids misrepresentation due to possible seasonal changes in trading patterns, but has several drawbacks. Of the LETS surveyed by Letslink, three quarters began operating in 1992 or 1993, and were showing regular growth of turnover. For systems such as Diss LETS which had only been established for one year, initial turnover would be expected to be low compared to later figures for that year as people became more accustomed to using the system over time. From this, it seems reasonable to argue that annual turnover figures will understate

current trading activity. However, as ideally the audit would be conducted on a regular (eg annual) basis, these problems would become less and less significant over time. So as a limitation of the method, it only really applies in the case of a one-off study.

Note 4
Back to text

Membership levels at the time of survey were used for calculations of average yearly personal LETS expenditure and income. Where the system had increased in size over that period (the Letslink survey (Letslink 1994b) reported mean monthly recruitment to be 3.4 new members per system), this average would under-represent the expenditure of people who had been members for the whole of that period. This problem would diminish in significance if the audit were repeated regularly.

Note 5
Back to text

The source information (LETS directories) was by its nature brief and generalised, and gives no indication of the quality of work offered, or of the extent to which any particular offer has been taken up. Further, the classification of several similar services under one title (such as 'cooking/catering') conceals the differences in the ranges of services on offer in each LETS. Further simplification entails greater inaccuracies, for example, the 'goods' category includes the 'food' sub-category which in turn includes food-related services such as cooking/catering, as well as locally produced food goods. This category also covers shops and businesses participating on the LETS, but makes no distinction between those that provide goods (locally made or otherwise) and services. Given these limitations, the numerical measures of 'variety' are at best only rough, relative indicators rather than precise, absolute measurements of the range of goods and services available on LETS; they are nevertheless useful indicators.

Bibliography

Belkaouri, A. (1984) *Socio-Economic Accounting*, Quorum Books, London.

Boyle, D. (1993) *What Is New Economics?*, New Economics Foundation, London.

Community Enterprise Lothian (1994) *Counting Community Profit: Defining And Measuring The Community Benefits Of Local Development And Business Enterprises*, Conference Proceedings, Community Enterprises Lothian, Edinburgh, UK

Dauncey, G. (1988) *After The Crash: The Emergence Of The Rainbow Economy*, Greenprint, Basingstoke.

Davis, H. and Davis, L. (1987) "The Local Exchange Trading System: Community Wealth Creation Within The Informal Economy", *Plan Canada*, issue unknown, pp. 238 - 245.

Dobson, A. (1990) *Green Political Thought*, Harper Collins, London.

Dobson, R. (1993) *Bringing The Economy Home From The Market*, Black Rose Books, Montreal and New York

Ekins, P. (ed) (1986) *The Living Economy: A New Economics In The Making*, Routledge, London.

Filios, V. (1984) "Social Accountability And Its Auditing", *Socio-Economic Planning Sciences*, Vol. 18, No. 2, pp. 117 - 125.

Fotopoulos, T. (1993) "The Economic Foundations Of An Ecological Society", *Society And Nature*, Vol. 1, No. 3, pp. 1 - 40.

Galtung, J. (1986) "Towards A New Economics: On The Theory And Practice Of Self-Reliance", in Ekins, P. (ed) *The Living Economy: A New Economics In The Making*, Routledge, London.

Gray, R. (1995) "Social And Environmental Accounting Research", *GEC Programme Briefings*, No. 5, Sept 1995, ESRC Global Environmental Change Programme, University Of Sussex, UK.

Haughton, G. (1987) "Constructing A Social Audit: Putting The Regional Multiplier Into Practice", *Town Planning*

Review, Vol. 58, No. 3, pp 255-265

Hopwood, A. (1978) "Social Accounting - The Way Ahead?", *Social Accounting*, Chartered Institute of Public Finance and Accountancy.

Jackson, M. (1995) *Helping Ourselves: New Zealand's Green Dollar Exchanges*, ANZAC Fellowship Report, (available from M. Jackson, Dept of Geography, La Trobe University Bendigo, PO Box 199, Bendigo 3550, Victoria, Australia)

Langseth, T. (1993) *Groenne Dollar Paa New Zealand: Lokale Penger For En Baerekraftig Utvikling, (Green Dollars In New Zealand: Local Money For A Sustainable Development)*, Master's thesis, University of Oslo

Lee, R. (1996) - "Moral Money? LETS And The Social Construction Of Local Economic Geographies In Southeast England", in *Environment and Planning A*, Vol 28, No 8, pp 1377 - 1394

Lessem, R. (1977) "Corporate Social Reporting In Action: An Evaluation Of British, European And American Practice", *Accounting, Organisations And Society*, Vol. 2, No. 4, pp. 279 - 294.

LETSgo Manchester (1994) *Publicity material*, LETSgo Manchester, (23 New Mount St, Manchester, M4 4DE).

Letslink UK (1994a) *February Newsletter*, Letslink UK, Warminster, (61 Woodcock Rd, Warminster, Wilts, BA12 9DH).

Letslink UK (1994b) *May Newsletter*, Letslink UK, Warminster, (61 Woodcock Rd, Warminster, Wilts, BA12 9DH).

Linton, M. (1993) *Local Currencies Information Pack*, Landsman Community Services Ltd, Courtenay, Canada.

Medawar, C. (1978) *The Social Audit Consumer Handbook*, Macmillan, London.

Offe, C. and Heinze, R. (1992) *Beyond Employment: Time, Work And The Informal Economy*, Polity Press, Cambridge UK

O'Neill, J. (1993) *Ecology, Policy And Politics: Human Well-Being And The Natural World*, Routledge, London.

Pearce, J. (1993) *At The Heart Of The Community Economy: Community Enterprise In A Changing World*, Calouste Gulbenkian Foundation, London

Percy-Smith, J. (1992) "Auditing Social Needs", *Policy And Politics*, Vol. 20, No. 1, pp 29-34

Robertson, J. (1978) *The Sane Alternative - Signposts To A Self-Fulfilling Future*, self published (The Old Bakehouse, Cholsey, Wallingford, Oxon, OX10 9NU).

Sutcliffe, L. (1994) "Blue Mountains LETS Survey", in Chadwick, M. (ed.) (1995) *Blue Mountains LETS*, mimeo

Tinker, T. (1984) "Accounting For Unequal Exchange: Wealth Accumulation Versus Wealth Appropriation", in Tinker, T. (ed) *Social Accounting For Corporations: Private Enterprise Versus The Public Interest*, Manchester University Press, Manchester.

Williams, C. C. (1995a) "Trading Favours In Calderdale", *Town And Country Planning*, Vol 64, No 8, pp 214-215

Williams, C. C. (1995b) "The Emergence Of Local Currencies", *Town And Country Planning*, Vol 64, No 12, pp 329-332

Williams, C. C. (1996a) - "The New Barter Economy: An Appraisal Of Local Exchange And Trading Systems (LETS)", in *Journal Of Public Policy*, Vol 16, No 1, pp 85-101

Williams, C. C. (1996b) - "Local Exchange And Trading Systems: A New Source Of Work And Credit For The Poor And Unemployed?", in *Environment and Planning A*, Vol 28, No 8, pp 1395-1415

Zadek, S. and Evans, R. (1993) *Auditing The Market: A Practical Approach To Social Auditing*, New Economics Foundation, London, and Traidcraft Exchange, Gateshead.

International Journal of Community Currency Research
1997: Volume 1
ISSN 1325-9547

Examining Local Currency Systems: A Social Audit Approach

Appendices

Gill Seyfang

Back to the main article

Appendix 1

Table 1 below shows the yearly turnover of Diss LETS, the Letslink survey mean, and three other systems for comparison. It can be seen that there is a clear correlation between the annual trade and the age of any particular system, confirming the proposition that for a one-off study of a new system, annual trading figures will under-represent trading rates as they include the slow start-up period.

Table 1: Comparing Annual Volume Of Trade and Age of LETS

LETS groups	Trade (Equivalent)	Months of Operation	Start-Up Date
Diss	1849	12	July 1993
LETSLink Survey mean (a)	6496	6-30	1992-3
LETSLink Survey mean (b)	5256	6-30	1992-3
Nottingham	2500	15	April 1993
Bristol	15000	21	October 1992
Tradelink	31000	36	July 1991

Notes:

(a) - Only 16 of the 57 survey respondents provided this measure.
(b) - 15 LETS included; 1 atypically high turnover (>10,000/quarter) ignored

As up to 30% of LETS members were found to be inactive traders, the mean personal trading figures are calculated both for the entire membership, and for 70% of the members, as shown in Table 2 below.

Table 2: Calculating Mean Personal LETS Trade					
	Diss	**LETSLink**	**Nottingham**	**Bristol**	**Tradelink**
Volume of trade/year	1,849	181,960	2,500	15,000	31,00 0
Membership	35	2,466	130	120	202
70% of Membership	24	1,726	91	84	141
Mean Personal Trade					
For all members	53	74	19	125	153
For 70% of members	75	105	27	179	219

Table 3 below lists the accounts data for Diss LETS, showing total yearly expenditure (out) and income (in) for each of the accounts, and also the number of members who use each account. A total of 35 people used 28 accounts, and there was no correlation between high (over 100 discs/year) income or expenditure, and shared accounts. Only one of the seven high spending accounts, and two of the eight high income accounts were jointly held.

Table 3: Diss LETS account statistics; expenditure, income and the number of members using each account		
Expenditure	**Income**	**Number of Members**
0	0	1
2	0	1
2	15	1
2	40	1
2	0	1
4	4	2
5	0	2
11	17	2
16	10	1
20	20	1
22	0	1
28	46	2
32	10	1
34	17	1
36	33	1
37	110	2
42	110	1
51	6	1
61	110	1
77	10	1
97	96	1
112	38	1
117	92	1
125	265	1
156	113	1
159	110	1
252	222	3
347	355	1

1849	**1849**	**35**

[Back to the main article]

Appendix 2

The source information used to compile the following tables was taken from the directories of Diss LETS and four other systems for comparison, and was by its nature brief and generalised. Simplifying even further, the tables below give no indication of the differences in the ranges of services on offer in each LETS, the quality of work offered, the numbers of people offering a particular service, or of the extent to which any particular offer has been utilised. The authors classification of goods and services is entirely subjective.

The numerical measures of variety are summed at the end of each general area, and totalled at the end in table 18. In addition to this, five broad categories of goods and services are compiled from the areas in tables 4-17, which are shown in Table 19. These are discussed below and referred to in the Diss LETS social audit. The systems analysed are: Diss LETS; Warwick & Leamington LETS; Tradelink (W. Wilts LETS); Frome LETS; Bristol iDEALETS.

Table 4: Arts and Crafts

Good/Service	D	WL	TL	F	B
Cartoons/illustrations		X	X		
Clothes design			X		
Jewellery		X	X	X	X
Knitting	X	X	X	X	X
Paintings		X	X	X	X
Photography (B&W darkroom help)		X			X
Picture Framing	X		X		
Poster design	X	X	X	X	
Pottery		X	X		
Screen printing	X		X		
Sewing	X	X	X	X	X
Stained glass crafts	X	X	X	X	X
Toy making	X	X			
Subtotal	**7**	**10**	**11**	**6**	**6**

Table 5: Business and Office

Good/Service	D	WL	TL	F	B
Accountancy/book keeping advice	X		X	X	
Article/copy writing				X	X
Courier		X			X
Help with CVs/job applications	X		X	X	X
Legal/planning regulations advice	X		X		X
Letter writing	X	X	X	X	X
Marketing/management advice		X	X	X	X
Photocopying	X	X	X	X	X
Translations				X	X

Typing/Word Processing/DTP	X	X	X		X
Use of electronic mail facilities		X			
Use of fax machine		X	X	X	
Subtotal	**6**	**7**	**8**	**8**	**9**

Table 6: Children

Good/Service	D	WL	TL	F	B
Babysitting/childminding	X	X	X	X	X
Collecting children from school	X	X		X	X
Hire of equipment/toys etc		X	X	X	
Meeting other parents	X	X		X	X
Nursery (part LETS payment)			X		
Parties for children (inc. catering)		X	X	X	X
Subtotal	**3**	**5**	**4**	**5**	**4**

Table 7: Food

Good/Service	D	WL	TL	F	B
Conserves/pickles etc.			X		
Cooking/catering	X	X	X	X	X
Eggs			X		
Fruit pressing/cider/wine making	X		X		
Meat			X		
Milk			X	X	
Organic fruit and vegetables (in season)	X	X	X		X
Washing up	X	X	X		X
Subtotal	**4**	**3**	**8**	**2**	**3**

Table 8: Garden

Good/Service	D	WL	TL	F	B
Allotment space for hire	X				
Collect compostable material/garden waste	X	X	X		X
Fir ewood	X				
Gardening	X	X	X	X	X
Landscaping		X	X	X	X
Organic/conservation/permaculture help	X	X	X	X	X
Stone walling			X		
Tree surgery/maintenance	X		X		
Wood chopping	X		X	X	
Subtotal	**7**	**4**	**7**	**4**	**4**

Table 9: Health and Personal

Good/Service	D	WL	TL	F	B
Alternative healing (massage, therapy etc)	X	X	X	X	X
Beauty treatments/advice	X	X	X	X	
Counselling	X	X	X	X	X
Country/nature walks or bicycle rides			X		X

Disability help/advice	X				X
Education advice	X				X
Funeral advice/coffins etc					X
Granny sitting, nursing etc	X	X	X	X	X
Haircutting		X	X	X	
Midwifery			X	X	X
Nutrition advice		X	X		
Organisational/campaigning advice		X			
Sauna/spa					X
Shopping	X		X	X	X
Waitressing					X
Subtotal	**7**	**7**	**9**	**7**	**11**

Table 10: Hire (excluding goods mentioned in other categories)

Good/Service	D	WL	TL	F	B
Battery charger (car)	X		X		
Bicycles			X	X	
Books	X				X
Camping equipment	X		X	X	X
Caravan	X		X		
Catering equipment			X		
Computer/accessories			X	X	X
Disco DJ/amplifiers/lights	X	X			X
Gardening equipment		X	X	X	
Holiday cottage	X		X		
Musical instruments		X			
Musical studio recording		X		X	
Puppet theatre	X			X	
Record collection	X		X	X	
Tools/DIY equipment	X	X	X	X	X
Trailer (for car)	X	X	X		
Subtotal	**10**	**6**	**11**	**8**	**5**

Table 11: House Maintenance

Good/Service	D	WL	TL	F	B
F B Architect - plans etc		X	X		
Building work (light)	X	X	X	X	X
Carpentry	X	X	X	X	
Carpet cleaning			X	X	
Casual labour	X	X	X	X	
Domestic chores (cleaning, ironing etc)	X	X	X	X	X
Electrical repairs		X			X
Electrical wiring etc	X	X	X	X	X
Furniture restoration			X	X	

House sitting/plant watering (holidays)	X	X	X	X	X
Interior design	X		X	X	
Mechanical engineering (welding etc)		X	X		
Mini skip hire				X	
Packing for moving house	X				
Painting and decorating	X	X	X	X	X
Plumbing	X	X	X	X	X
Recyclables collection	X	X			
Removals	X		X		
Washing machine use	X		X		X
Subtotal	11	12	15	13	9

Table 12: Music and Entertainment (see also 'hire')

Good/Service	D	WL	TL	F	B
Musical services (bands, performers etc)	X	X			X
Video filming of events (camcorder)			X	X	X
Video taping from TV	X			X	
	Subtotal	**2**	**1**	**1**	**2**	**2**

Table 13: Pets and Animals

Good/Service	D	WL	TL	F	B
Bee-keeping help	X				
Dog walking	X	X	X	X	X
Feeding pets while owner is away	X	X	X		X
Horses - any help	X		X		
Pet-sitting	X	X	X	X	X
Subtotal	**5**	**3**	**4**	**2**	**3**

Table 14: Retail Outlets (accepting 10-20% payment in LETS)

Good/Service	D	WL	TL	F	B
Clothes shops			X		
Cosmetics			X	X	
Crafts				X	X
DIY materials		X			
Indian imported goods					X
Plants/herbs			X		
Traidcraft/fair trade shops	X		X		
Wholefood shops				X	X
Subtotal	**1**	**1**	**4**	**3**	**3**

Table 15: Space for hire

Good/Service	D	WL	TL	F	B
Artists studio	X				
Barn/hall for meetings/functions	X	X	X	X	X
Bed and breakfast	X		X	X	X
Gardens (for parties etc)	X		X		

Room for therapy (etc) practitioner	X	X	X	X	X
Workshop (inc tools)			X	X	
Subtotal	**5**	**2**	**5**	**4**	**3**

Table 16: Transport

Good/Service	D	WL	TL	F	B
Bicycle maintenance		X	X	X	X
Car maintenance	X	X		X	X
Chauffeuring	X		X		X
Lifts	X	X	X	X	
Minibus/van hire		X	X		
Subtotal	**3**	**4**	**4**	**3**	**3**

Table 17: Tuition

Good/Service	D	WL	TL	F	B
Art		X	X	X	X
Car maintenance		X			
Computer skills	X	X	X	X	X
Cookery			X		
Crafts		X	X	X	X
Dancing	X		X	X	
Driving		X		X	
First aid				X	
Languages	X	X	X	X	X
Literacy	X	X	X	X	X
Maths/sciences	X	X	X	X	X
Musical instruments	X	X	X	X	X
Performance (theatre, circus skills etc)		X			
Sports	X	X	X		X
Yoga/relaxation	X	X	X	X	X
Subtotal	**8**	**12**	**11**	**11**	**9**

Table 18: Total 'Variety'

	D	WL	TL	F	B
Total	79	77	102	78	74
Membership size	40	120	202	100	120

For further comparison of these figures, the above 14 areas are grouped into five broad categories, as shown below. These are illustrated and discussed in the Diss LETS social audit. This method is very useful for establishing the proportional distributions of different types of goods and services, but suffers from the consequences of simplification. With more detailed information to work from, it would be possible to conduct a more accurate analysis of this type; to a large extent this analysis was limited by the generalised nature of the accessible data.

Table 19: Summary of 'variety' area subtotals and classification into five main categories.

Category	Area Subtotals	D	WL	TL	F	B
Hire	Hire	10	6	11	8	5
	Music / entertainments	2	1	1	2	2

	Space for hire	5	2	5	4	3
	Category total	17	9	17	14	10
Domestic Services	House Maintenance	11	12	15	13	9
	Garden	7	4	7	4	4
	Pet s / Animals	5	3	4	2	3
	Childr en	3	5	4	5	4
	Health / Personal	7	7	9	7	11
	Tran sport	3	4	4	3	3
	Category total	36	25	43	34	34
Business / Office	Business / Office	6	7	8	8	9
	Categor y total	6	7	8	8	9
Tuition	Tuition	8	12	11	11	9
	Category total	8	12	11	11	9
Goods	Arts and Crafts	7	10	11	6	6
	Food	4	3	8	2	3
	Retail Outlets	1	1	4	3	3
	Category total	12	14	23	11	12

Back to the main article

Gill Seyfang: *Examining Local Currency Systems: A Social Audit Approach - Appendices*

International Journal of Community Currency Research
1997: Volume 1
ISSN 1325-9547