

Bridges into Work? An Evaluation of Local Exchange and Trading Schemes (LETS)

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ABSTRACT Recently, the policy community has been paying particular attention to Local Exchange and Trading Schemes (LETS) as potential bridges into work for the unemployed. Up until now, however, there has only been piecemeal evidence on whether LETS are effective in this regard. In this paper, therefore, the full results of the first comprehensive evaluation of LETS are reported. In order to feed into the 'evidence-based policy-making' process, we evaluate whether LETS are effective first, as bridges into employment, second, as bridges into self-employment and, third and finally, at building reciprocal exchange networks. Our finding is that although LETS provide an indirect bridge into employment by improving employability, they are most effective as seedbeds for the development of self-employed business ventures and as vehicles for facilitating exchange beyond employment. For LETS to become more effective bridges into work for a wider range of the unemployed, nevertheless, a number of barriers to participation need to be tackled. The paper concludes by outlining how this could be achieved.

Introduction

Originally pioneered in Canada during the 1980s, Local Exchange Trading Schemes (LETS) are non-profit-making schemes designed to encourage people to come together to trade services and goods amongst themselves using a local currency instead of sterling. They are created when a group of people form an association and create a local unit of exchange (e.g. 'bobbins' in Manchester, 'solents' in Southampton). Members then list their offers of, and requests for, goods and services that they wish to exchange in a directory, priced in the local unit of currency. Individuals decide what they want to trade, who they want to trade with, and how much trade they wish to carry out. The price is agreed between the buyer and seller. The association keeps a record of the transactions by means of a system of cheques written in the local LETS units. Every time a transaction is made, these cheques are sent to the treasurer who works in a similar manner to a bank sending out regular statements of account to the members. No actual cash is issued since all transactions are by cheque and no interest is charged or paid. The level of LETS units exchanged is thus entirely dependent upon the extent of trading undertaken. Neither does one need to earn money before one can spend

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it. Credit is freely available and interest-free (see Boyle, 1999; Croall, 1997; Douthwaite, 1996; Hart, 2000; Lang, 1994; Lietaer, 2001).

In recent years, there has been a great deal of interest by policy makers in the potential of LETS as bridges into work for the unemployed (DETR, 1998; DfEE, 1999; Home Office, 1999; SEU, 2000). Up until now, however, there has been little evidence available on whether LETS are effective in this regard. Most previous studies have been comprised of one-off studies of individual LETS and have frequently not even considered this issue. Instead, they have tended to focus upon LETS as a new type of moral economy (e.g. Lee, 1996), a response to globalization (e.g. Pacione, 1997 a, b, c), a tool for promoting 'green' politics or sustainable development (e.g. Fitzpatrick & Caldwell, forthcoming; Seyfang, 1998) or a new social movement (e.g. North, 1996, 1998, 1999; O'Doherty *et al.*, 1999; Purdue *et al.*, 1997). Here, therefore, we build upon the few one-off studies of individual LETS that have focused upon these schemes as bridges into work for the unemployed (e.g. Barnes *et al.*, 1996; Williams, 1996a, b, c).

Given that most of the support for LETS in policy-making circles has been precisely because they are assumed to be potentially useful bridges into work for the unemployed (cf. DfEE, 1999; SEU, 2000), the aim of this paper is to evaluate critically whether this is indeed the case. To facilitate 'evidence-based policy-making', we here report for the first time the results of a comprehensive national evaluation of LETS.¹

The initial problem was to identify all LETS in the UK. All contacts listed in the directory of LetsLink UK, the national co-ordinating agency, as well as others known to the researchers, were telephoned to identify whether LETS existed in their locality and to uncover others known to them. This 'snow-balling' method resulted in 303 LETS being identified in the UK. A postal questionnaire was then sent to the co-ordinators of these 303 LETS surveyed in 1999, of which 113 responded (37 per cent) and 72 (64 per cent) agreed to a membership survey. Given that this co-ordinators survey displayed that LETS are heterogeneous in nature and that half have fewer than 50 members and three-quarters fewer than 90, a stratified maximum variation sampling technique was employed to select 26 LETS for a full membership survey using five key variables identified from the co-ordinators survey (i.e. their regional location, urban/rural milieu, affluent/deprived neighbourhood, membership size, nature/intervention in pricing). Some 2515 questionnaires were despatched to all members of these 26 LETS. Eight hundred and ten members responded (34 per cent). These surveys enabled us to analyse the size and composition of LETS, how they operate and the ways in which LETS acted as bridges into work for members. Both the co-ordinator and membership surveys were analysed using SPSS.

Alongside this quantitative research, two LETS in contrasting areas were chosen for in-depth action-oriented ethnographic research (semi-rural Stroud and the deprived inner London borough of Brixton) to enable exploration of both the problems and issues involved in developing LETS as bridges into work. In each case, an initial postal questionnaire of all members was conducted, followed by ethnographic action research using Stringer's (1996) 'look-think-act' methodology for a six-month period working with the LETS co-ordinators. The aim was to gather richer understandings of both the constraints on members' participation and the meanings that participants attach to their engagement with LETS. In-depth interviews were conducted as well as focus group discussions to both cross-check different participants' views and to explore how they evolved. To further understand the constraints on participation in LETS, and explore the implications of attempting action to resolve them, groups of non-members were approached. Adopting a flexible approach because the groups involved had different ways of working and varying amounts of time, a mixture of methods was again used including questionnaires, semi-structured interviews to group discussions and presentations followed by question and answer sessions. The groups approached included

job clubs, unemployment centres, ex-offender associations, parent and toddler groups, women's refuges, church groups, pensioner clubs, groups of people with physical and mental disabilities, and resident associations.

Finally, and to complete this multi-method empirical approach, in-depth face-to-face interviews were conducted with a range of LETS development workers in the UK. The net outcome was a survey of all 303 LETS co-ordinators (with a 37 per cent response rate), 2515 members (with a 34 per cent response rate) and 200 non-members coupled with 78 in-depth interviews, 13 focus groups and action-oriented ethnographic research for six-month periods in LETS in two contrasting locations. Below, we evaluate the results of over 11,000 pages of questionnaire responses and 2000+ pages of interview and focus group transcriptions.

To evaluate LETS, we first analyse their magnitude, the reasons that they are set up, who joins them and why they join. Following this, we then evaluate the extent to which they represent bridges into work for the unemployed. To do this, three contrasting ways in which they might do this are evaluated:

- their effectiveness as springboards into employment;
- their effectiveness as seedbeds for developing self-employed business ventures; and
- their effectiveness at creating reciprocal exchange networks.

Our finding is that, although LETS do indirectly provide a bridge into employment by improving employability, they are more effective as seedbeds for the development of self-employed business ventures and for creating livelihoods beyond employment. However, significant barriers prevent a wider range of the unemployed from joining and participating in LETS. To conclude, therefore, we analyse these barriers as well as how they might be tackled.

Evaluating LETS as Bridges into Work

In order to evaluate whether these social economy initiatives are bridges into work for the unemployed, we commence by examining the extent and nature of LETS in the UK, including the prevalence of the non-employed in LETS and why people join. This then provides the basis for an evaluation of the extent to which these schemes provide a springboard into employment, a seedbed for self-employed business ventures and a bridge into reciprocal exchange networks.

The Extent and Nature of LETS

A preliminary problem confronted at the start of this research was that very little information existed on even the number of LETS in the UK. The directory produced by the national co-ordinating agency, LetsLink UK, was quickly found to be incomplete and outdated. Contacting each of the co-ordinators included in this directory to find out whether their LETS existed and about other LETS known to them, we found that many either no longer functioned or had never become operational. Others had not even been previously identified. In total, some 303 LETS were found to be operating in the UK (in contrast to the 400–500 often quoted in the press in recent years). Of the 37 per cent who responded to the co-ordinators survey, it was found that LETS had a mean of 72 members and an average turnover equivalent to £4668. Extrapolating from this, it can thus be estimated that there are some 21,800 LETS members in the UK who trade the equivalent of some £1.4m worth of goods and services using local currencies. This might seem an insignificant amount. For the individuals involved, however, LETS have a considerable impact on their lives, as will be shown below.

Why are LETS created? Examining the original reasons for setting them up, the most common rationale was to facilitate community building (33 per cent) followed by combating

poverty (15 per cent), sharing skills (10 per cent), creating an alternative economy (9 per cent), pursuing sustainable development (4 per cent) and encouraging local economic development (3 per cent). These rationales, however, soon changed in many (29 per cent) LETS once they became operational. In all these cases, it was community-building rationales that became more prominent, and economic rationales such as creating an alternative economy less so. This was often linked to a change of personnel. Men who set up LETS had more ideological rationales (e.g. developing an 'alternative' to capitalism) whilst the reasons for women founding LETS were nearly wholly grounded in practical community-building motives. Over time, moreover, men tended to drop out of their 'leadership' role (often as they become disillusioned) and women took over their more practical community-centred rationales. Similar trends have been identified previously in New Zealand (Williams, 1996d) and Australia (Williams, 1997) in the evolution of LETS.

Who, therefore, joins LETS in the UK? As Table 1 displays, the finding is that membership is skewed towards particular socio-economic groups. Over two-thirds of the members of these schemes are women, who in the wider society also tend to be those binding community together through their reciprocal exchange activity within the extended family and social or neighbourhood networks (e.g. Gregory & Windebank, 2000; Williams & Windebank, 1999).

Table 1. Characteristics of UK LETS members

	%
Age group	
Under 20	0.7
20–29	6.1
30–39	24.9
40–49	29.5
50–59	22.4
60–69	11.8
70 or over	4.7
Employment status	
Full-time employee	19.5
Part-time employee	18.4
Self-employed with employees	2.8
Self-employed without employees	25.1
Voluntary worker	1.5
Registered unemployed claiming benefit	4.9
Home-maker	7.9
Student	1.4
Retired	14.6
Permanently sick	3.3
Other	0.6
Gross annual household income	
< £4160	8.5
£4161–6499	7.4
£6500–9099	12.2
£9100–14,299	22.5
£14,300–19,499	13.2
£19,500–24,699	11.3
£24,700–33,799	13.4
>£33,800	10.8
Gender	
Men	31.3
Women	68.7

Membership also tends to be skewed towards the 30–59-year-old age group and those who live either in relatively low-income households and/or are non-employed. If non-employment and low household incomes are taken as surrogate indicators of social exclusion, therefore, then the membership is skewed heavily towards the socially excluded. Just 38 per cent of members were employees and a mere 34 per cent lived in households with a gross income of more than £20,000.

Turning to why people join, the membership reveals some starkly contrasting reasons. A quarter (25.2 per cent) of the membership joined for ideological purposes. LETS for them are ‘expressive communities’: acts of political protest and resistance to the ‘mainstream’ where ideals can be put into practice (cf. Hetherington, 1998; Urry, 2000). Of the remainder, just 2.5 per cent join explicitly to improve their employability. The remaining 72.3 per cent see it either as a ‘social’ vehicle for building communities, meeting people or helping others (22.9 per cent) or an ‘economic’ vehicle for overcoming their lack of money (12.2 per cent), exchanging goods and services (20.1 per cent), using skills (1.1 per cent) and receiving a specific service (8.8 per cent). ‘Social’/community-building reasons tend to be cited by the employed and relatively affluent, and economic reasons by the relatively poor and unemployed.

Given this concentration of low-income households and non-employed people in the membership, and the fact that they join for mostly economic reasons, the effectiveness of LETS is now evaluated as bridges into work. To do this, they are evaluated, first, as bridges into employment, second, as seedbeds for developing self-employed business ventures and, third, as instruments for creating livelihoods beyond employment.

Evaluating LETS as Bridges into Employment

A principal reason that UK government departments are currently supportive of LETS is because they are seen as a potential means of inserting people into employment (e.g. DfEE, 1999; SEU, 2000). For example, the Social Exclusion Unit, when giving Policy Action Team 1 (PAT1) its terms of reference, asked it to ‘consider whether participation in LETS could represent a useful transition to the open labour market’ (DfEE, 1999, p. 113). As PAT1 recognized, however, little hard evidence has so far been available on whether or not this is the case (DfEE, 1999). In order to shed light on this issue, we here draw upon the wide-ranging data collected to consider three specific facets of this issue. First, we consider the number of formal jobs directly created by LETS, second, their ability to act directly as a springboard into employment and, third and finally, their role in acting indirectly as a bridge into employment.

Examining the number of direct jobs created by LETS, the finding is that this amounts to no more than a few handfuls, since mostly volunteers run them. However, although this social economy initiative does not itself generate jobs directly, some 4.9 per cent of members surveyed asserted that LETS had *directly* helped them gain formal employment. This was entirely because working in the LETS office administering the scheme had enabled valuable administrative skills to be acquired which they had then been able to use to apply successfully for formal jobs. As such, their ability in this regard is limited since only a small number of people can at any one time play a prominent role in administering the scheme. Given that there are 300 LETS, the scope exists for only 600–900 people at any one time to use LETS in this manner.

The benefits of using LETS in this regard are summed up by a 50–54-year-old unemployed single woman:

Coming into LETS I’ve had a lot of interaction with other people, lots of different people, and it helps me with my confidence. I’m going to learn how to do the directory,

and I've been inputting cheques into the computer accounts so I'm learning different things through my LETS work. I think I just enjoy the contact with other people and the fact that I'm getting LETS responsibilities now, it makes me feel that I'm a bit important and getting invited to meetings, it's really good. And writing up messages in the day book, someone put 'good idea, well done' – well it just makes you feel valued and that you are making a contribution . . . I've been out of work for over two years and I've had problems getting references from previous employers because they say that they can't remember that long ago, which is upsetting . . . so I should be able to get references from the LETS for the work I'm doing, which will help in looking for paid work when I'm ready.

However, this is not the only way in which LETS provide a bridge into employment. They also improve employability more indirectly and their potential in this regard can potentially reach a much larger number of the unemployed. This ability of LETS to improve employability occurs indirectly in several ways. On the one hand, the act of participating in LETS enables both skills to be maintained and new skills to be acquired. Many members, for example, saw LETS as an effective vehicle in this regard. Their feeling was that LETS were useful in the sense that they allowed skills that they possessed, that were currently unwanted or unvalued in the formal economy, to be maintained or enhanced through their LETS exchanges. For others, however, LETS were a tool for acquiring new skills. Indeed, some 15 per cent of all members asserted that LETS had enabled them to acquire new skills, and this figure rose to 24.3 per cent amongst the registered unemployed. These new skills acquired were related mostly to computing, administration and interpersonal skills.

It is not only through skills acquisition and maintenance, however, that LETS improve employability indirectly. They also do so by boosting self-confidence and self-esteem. Some 27 per cent of all respondents asserted that LETS had boosted their self-confidence and this had been the case for 33 per cent of the registered unemployed. Engaging in exchange on LETS was very important in this regard for a large share of the non-employed. First, and given that their unemployed status meant that they often felt that the formal economy did not value them, the act of being able to sell their services on the LETS provided them with a significant boost to their self-worth. Second, it was often sufficient merely to realize that they had something to offer that was important in boosting their confidence. As one registered unemployed woman put it:

I sometimes go through the LETS Directory and I look at what other people offer and it's really interesting because you forget about things that you are able to do, . . . sometimes I get so depressed that I think I can't do anything and when you look through the LETS Directory and you see all these skills being offered and then you say 'Yes, I can do that too! . . . You remember all these things that you in a way take so much for granted that you don't even think that that is a skill, you just take it for granted and you don't use it but if you look through the Directory and you have a lot of time on your hands and you don't know what to do then it kind of wakes you up to the fact, first of all that you're not alone . . . and secondly it wakes you up to all the things that you can do and that's been very positive.

However, if some find that LETS provide a fillip to their confidence, it can also have the opposite effect when the services offered are not taken up by anybody. For a particular group of registered unemployed whose services had not been purchased, participating in LETS had bruised their already fragile self-confidence even further, making them feel even worse about themselves. 'If people don't even want to pay LETS for my work, then you can imagine how

that makes you feel' was one such response. This group, however, constitutes only a minority of the unemployed. It tended to be those (mostly male) unemployed who had joined for ideological reasons and who blamed the 'structure of the capitalist system' for their inability to find a job who suffered when they could not even sell their talents on LETS. The experience of this group, however was far from the norm. Most of the registered unemployed either found LETS a positive or, at worst, a neutral experience.

LETS, therefore, although not directly creating jobs or being used to any great extent to directly insert people into employment, were useful in improving employability indirectly. By facilitating the maintenance and acquisition of skills as well as boosting self-confidence and self-esteem, these social economy initiatives were providing the unemployed with greater personal transferable skills and self-confidence that would be of use to them in gaining entry into the formal labour market. LETS, in consequence, do appear to be a useful bridge into employment for a small but significant proportion of members.

To develop LETS further as a bridge into employment, this research thus suggests that two possible policy responses could be explored. First, this research endorses the current policy proposal of the Social Exclusion Unit in its *National Strategy for Neighbourhood Renewal: A Framework for Consultation*. In key idea 4, this document proposes a pilot study to give 'people new freedom to earn a little casual income or participate in a Local Exchange and Trading Scheme (LETS) without affecting their benefit entitlement'. Such a proposal is a necessary, albeit insufficient (see below), condition for the entry of a greater number of registered unemployed into LETS so that they can use it as a bridge into employment.

A second proposal that would enable LETS to act more directly as bridges into employment, however, is that LETS office workers could be funded for their administrative work, such as under the 'voluntary and community' sector of New Deal. This would provide such workers with a proven means of entering the formal labour market as employees and, at the same time, enable the more efficient running of the LETS (since it would not be so reliant on volunteers for its day-to-day administration). It is important to be aware, however, that such an initiative may lead to a significant reduction in the voluntary nature of LETS. Until now, LETS have grown organically by drawing upon the energy of volunteers. Such a change in the funding of workers might lead to the withdrawal of such voluntary work and lead to an increasing dependency of these institutions on the continuing support of the state. However, if they are to be used as a tool for tackling social exclusion then some form of funding will be required anyway. These volunteers are not only mostly unable but also unwilling to cope with the increased workload that would result from LETS becoming more popular as bridges into employment, and this solution is one suggestion of a potential way forward.

It is important to note, moreover, that if LETS are developed as bridges into employment, they will not take away jobs from the formal sector. Just 13.4 per cent of the goods and services acquired on LETS would have been bought from a formal business if the LETS did not exist. Instead, our finding was that LETS create new economic activity and substitute for 'cash-in-hand' work. Some 27.4 per cent of the goods and/or services would not have been acquired without the LETS and 39.1 per cent would have been otherwise acquired on a 'cash-in-hand' basis if the LETS did not exist. LETS, therefore, not only create new economic activity but are generally a means of formalizing informal work rather than a substitute for formal employment.

Evaluating LETS as Bridges into Self-employment

If the role of LETS in providing a bridge into employment is indirect, the way in which these schemes act as seedbeds for the development of self-employed business ventures is far more direct. Altogether, some 10.7 per cent of LETS members asserted that their LETS had helped

them become self-employed. How, therefore, had this occurred? First, the LETS had enabled them to develop their client base (cited by 41 per cent of those who were self-employed). As a man aged 35–39 seeking to become self-employed put it in a focus group discussion:

I was looking to start off as a freelance journalist, at the time and it [joining LETS] was just another way of generating some work and some contacts and building up experience without having to put in, sort of, the risk of hard currency.

Second, the LETS had eased the cash flow of their business. This was cited as an important factor by 28.6 per cent of those who were self-employed. As a 35–39-year-old woman who was a single parent on Income Support put it who was setting herself up as a self-employed massage therapist and had transferred to Family Credit:

I became a LETS member and used the LETS as a source to advertise my services and from this I have managed to go self-employed. All of my customers are coming through the LETS and my business is slowly building up. The LETS has been extremely important in this development both financially and the community support it provides – I get my childcare paid for through the LETS which enables my business development, LETS has enabled my survival. At the moment life is very tight, I'd be desperate without LETS.

Third and finally, the LETS enabled the development of self-employed business ventures by providing a test-bed for products and services. Indeed, this was cited by nearly everybody who defined themselves as self-employed. As a single woman aged 30–34 stated in a focus group:

We joined as a way of getting into doing things on quite a small scale without having to have this big risk thing of going into it as a small business so I make things – arts and crafts stuff – which I can sell through the LETS and sort of get an idea of what people actually like. I found it really useful as a way of getting back into making things again, and it really does boost your confidence being able to sell your stuff. If I'm selling it for money a lot of people don't have that much excess money to spend on stuff, but they've got a lot of excess LETS, so yeah they can buy your things, it's like 'ooh someone wants to buy my stuff, it must actually be alright, so you sort of go back and make more knowing that it is actually okay.

LETS, in consequence, do appear to be useful seedbeds for developing self-employed business ventures. In order to further facilitate this role of LETS, one possible policy response might be to encourage those currently operating as self-employed in LETS to enter the 'self-employment' option in New Deal and to recognize their trading in LETS as part of their attempt to become self-employed. Indeed, other people setting out on this 'self-employment' option under New Deal could be encouraged to join their local LETS as a means of developing their client base, easing their cash-flow problems and as a test-bed for their products and/or services.

Evaluating LETS as a Bridge into Reciprocal Exchange Networks

We have shown that LETS act as bridges into work by both improving employability and providing a seedbed for the development of self-employed business ventures. These, however, are not the only ways that these schemes act as bridges into work. Adopting a wider conceptualization of work, LETS also provide members with access to reciprocal exchange networks. Indeed, many members saw this provision of access to reciprocal exchange networks

as being their principal value. Some 84.4 per cent of the registered unemployed, for instance, asserted that LETS had provided them with an opportunity to engage in meaningful and productive activity for others. Indeed, 64.5 per cent felt that this had helped them cope with unemployment, with some 3.1 per cent of their total income coming from their LETS activity as well as a strong sense that they were contributing to their community. On the one hand, therefore, this role of LETS in providing access to reciprocal exchange networks was important because it enabled them to engage in productive and meaningful activity for the good of the community. On the other hand, it was important because it provided access to sources of support so that they could get necessary work completed.

In examining the profile of LETS members, we found that LETS were being joined in order to substitute for the lack of social network capital many members confront in their wider lives. This lack of social network capital amongst the LETS membership occurs for two principal reasons. First, it is a result of their non-employed status. It is now well known that a major problem for low-income households and the unemployed is that they have relatively thin social networks. The result is that they have few people upon whom they can call for help (see Williams & Windebank, 2001). Second, it is due to the lack of local kinship networks amongst many members. Some 95.3 per cent of LETS members had no grandparents living in the area, 79.5 per cent no parents, 84.3 per cent no brothers or sisters, 58.2 per cent no children, 92.6 per cent no uncles or aunts and 90.8 per cent no cousins. The absence of kin in the area means that many LETS members are unable to draw upon kinship exchange, the principal source of social support in contemporary society (Williams & Windebank, 2001).

LETS are joined in order to provide an alternative source of social support that substitutes for their lack of social network capital. So, how effective are LETS in expanding the breadth and depth of their social support structures? Some 75 per cent of respondents (82 per cent of the registered unemployed) asserted that LETS had helped them to develop a network of people upon whom they could call for help, 55 per cent that it had helped them develop a wider network of friends (68 per cent of the registered unemployed) and 30 per cent deeper friendships. As a consequence, the vast majority of LETS members view them as effective at developing 'bridging' social network capital (i.e. bringing people together who did not know each other before) or what Granovetter (1973) calls 'the strength of weak ties'. Slightly fewer, but still over a half of all LETS members, also view them as effective in developing 'bonding' social network capital (i.e. bringing people who already know each other close together). As such, LETS appear effective mechanisms for developing social network capital, an issue that has received increasing attention in recent years (e.g. Home Office, 1999).

In sum, for those who join LETS, these initiatives provide bridges into work in three distinct ways. They enable participants to improve their employability, provide a seedbed for developing self-employed business ventures and help create livelihoods beyond employment by bolstering the breadth and depth of members' social support networks. Given that LETS thus appear to be relatively effective as bridges into work, the question that needs to be answered is why so few people, especially the registered unemployed, have joined them and why the level of activity on LETS is so low.

Barriers to Participation in LETS

To explain the low membership and activity levels of LETS, this research questioned not only members but also people who had nothing to do with LETS as to why this might be the case. The finding is that there are five consecutive hurdles that anybody wishing to join and participate in LETS has to overcome, and which any institution that wishes to foster this voluntary-sector initiative needs to tackle.

Does a LETS Exist?

The first question confronting somebody who wishes to join LETS is whether one exists in their community. Our finding is that, at present, LETS cover just 15.6 per cent of the UK land area (i.e. 38,200 square kilometres). For the population of most areas, the main barrier to participation in LETS is thus that one does not exist. Hence, much work remains to be done to create LETS in a broader range of localities. Even in the 15 per cent of the UK where LETS existed in 1999, moreover, it cannot be assumed that all of the population are being reached. Members of rural LETS living outside of the village or town in which it was based often felt marginalized from the LETS because few people contacted them either to request work or to offer to do work for them. Similarly, in cities there was a strong sense that the LETS often belonged to, and was more used by, people living in a particular neighbourhood rather than by people in the city as a whole. There is thus a case for a much larger number of LETS to be created even in those areas already covered by them.

Do People Know about LETS?

If one exists, the next hurdle is whether people know about it. A large share of the population does not. Asking people in Stroud, a relatively small tight-knit town that possesses one of the longest-standing and largest LETS in the UK (which even has a high street presence), 51 per cent of those surveyed had never heard of LETS. This is comparatively high when compared with the London borough of Brixton, which is perhaps more representative, where 92.1 per cent of the population had never come across LETS.

In major part, this is due to the way in which LETS advertise themselves. The principal method used is 'word of mouth' (employed as the principal marketing device by 64 per cent of LETS). This is the main marketing device because it is one of the only 'no-cost' methods available. Most other marketing methods cost money that these voluntary groups do not possess. Indeed, just 49 per cent of LETS had received financial support, of which 75 per cent came from local government. However, only 7 per cent of all LETS had received financial support to help with publicity and these tended to have a more representative membership profile of the local community than those that had not.

If one exists, therefore, there remains a lot of work to be done in raising the profile of LETS amongst the local population. It cannot simply be assumed that people know about them. Indeed, and as will now be shown, the provision of financial support for publicizing their existence to a wide cross-section of the population is very important if these are to be inclusive mechanisms for all social groups.

Do People Think that it is Something for Them?

If one exists and people know about it, the next question they ask is whether they feel it is something for them. Two-thirds (67 per cent) of those surveyed who were not members thought that it was not. First, this is because they were either 'money rich but time poor' or had extensive kinship networks that substituted for LETS. Second, however, it is because they either feared having their social benefits curtailed (dealt with below), perceived LETS as something for people other than them or their illiteracy prevented them using LETS cheques.

Most of the time, most non-members were absolutely correct in assuming that the membership was different from them. Some 62 per cent of members hold graduate or above qualifications and 48 per cent support the Green Party. It is thus the case that these inclusive mechanisms for some (i.e. low-income non-employed graduate greens) are exclusionary for

others. This membership profile arises due to the way LETS advertise themselves, as discussed above. Using primarily 'word of mouth' and contacting groups that they feel will be interested, usually environmental organizations, the outcome is a skewed membership profile with many 'greens' and 'alternative life stylers' joining. This results in intransigence in membership profiles since many then perceive LETS as something for others rather than them.

Recognition of how these advertising and recruitment practices lead to exclusion of other social groups is the first step in resolving this problem. The next is to adopt marketing practices that resonate with particular groups (e.g. choosing appropriate locations for trading and social events, designing targeted promotional material). To achieve this, more financial support is required than has so far been forthcoming. The form of financial support required, moreover, is not great. Most LETS require two forms of aid. First, they need help to start up, such as in the form of the provision of a hall to launch the scheme, or money to purchase a computer, produce advertising leaflets and a directory of the goods and services on offer. Second, there are ongoing costs in the form of advertising and updates of the directory and this often requires little more than access to photocopying facilities. The impacts of such aid, however, can be significant. This study suggests that the LETS that had received such financial support had more representative membership profiles and that the average level of trade per member was 27 per cent higher than in non-funded LETS.

Do People Think that they Have Something to Contribute?

If one exists, and people know about it and feel that it is something for them, they may still abstain from participation. This is because they do not perceive themselves as having anything to contribute that others might want. This came across strongly in our interviews with non-members. For instance, older people, disabled people and unemployed people felt that they could do little. At the advertising stage, therefore, concrete examples are needed not only of what people can obtain with LETS but also what they can contribute. Once they have joined, pro-active policies are then required to enable people to recognize their skills as well as acquire and develop new ones.

The dissemination of 'best practice' on this and all other aspects of LETS development, however, is currently hindered by an institutional thinness in LETS at both the regional and national levels. At the national level, the demise during 2000 of LetsLink UK, following the end of its National Lottery funding, has left LETS without a national LETS development agency or even a point for people to contact to receive information on how to set up a LETS. At the regional level, meanwhile, there is little cross-fertilization of ideas, with most LETS operating on an autonomous basis and seldom, if ever, contacting other LETS to disseminate 'best practice'. Indeed, it is perhaps the Local Authority LETS Information Exchange (LALIE) that currently provides the most appropriate, if not only, vehicle for taking over this national and regional co-ordinating role for LETS development and disseminating 'best practice' advice. At present, however, it does not have a full- or even part-time worker but is organized on a voluntary basis by local government officers.

Do People Think that they are Allowed to Participate in LETS?

If all these barriers to joining and participating are overcome, the lack of clarity by central government over how LETS earnings will be treated will then need to be resolved, especially with regard to the registered unemployed. Some 65 per cent of registered unemployed members are fearful of the benefit authorities and nearly all those who claim benefits do not currently belong to LETS. This is because the DSS has refused to provide clear regulations regarding how LETS earnings are to be treated.

Consequently, this research endorses the current policy proposal of the Social Exclusion Unit in its *National Strategy for Neighbourhood Renewal: A Framework for Consultation*. In key idea 4, this document proposes a pilot study to give ‘people new freedom to earn a little casual income or participate in a Local Exchange and Trading Scheme (LETS) without affecting their benefit entitlement’. This research, however, shows that this policy shift alone, although necessary, is insufficient to encourage the wider participation of the unemployed. The other barriers discussed above must first be overcome before this change in benefit rules comes into operation. For example, if one does not exist, the registered unemployed do not know about it, or they do not see it as something for them, such a change in the rules is of little relevance.

Second, there also need to be changes in the amount that LETS participants can earn. Presently, it appears that the intention is to allow members to earn only up to the ‘earnings disregard’ before their benefits are reduced (DfEE, 1999). This study of LETS, however, shows that although over the course of a year very few members would generate sufficient LETS earnings to exceed this total amount on an accumulated basis, this is not the case on a week-by-week basis. Opportunities to do jobs on LETS arise sporadically so some flexibility is required with regard to the maximum weekly amounts that the registered unemployed can earn. One option is to shift the weekly ‘earnings disregard’ to an annual disregard limit to recognize the patchy nature of requests to conduct work on LETS and to enable larger one-off jobs to be undertaken.

Third and finally, some thought needs to be given to those who are co-ordinators of LETS. This change in the ‘earnings disregard’ does little to recognize and value the contribution that they make to society nor, if they are unemployed, does it assuage their fears of having their benefits stopped for not ‘being available for work’. This might be overcome to some extent by enabling such social entrepreneurship to be undertaken under the ‘voluntary and community sector’ of New Deal. Consideration might also be given to whether a greater proportion of these posts should be funded. If this is considered, however, their effectiveness cannot and should not be judged in terms of jobs created. Instead, alternative evaluation criteria are required such as the number of trades conducted, the amount spent by members on skills acquisition, or the level of trade conducted by the registered unemployed.

Conclusions

In sum, the results of this research project reveal that, although LETS are moderately successful at maintaining and improving employability, they are most effective at providing a seedbed for self-employed business ventures and at providing reciprocal exchange networks so that people can engage in community self-help. However, significant barriers remain that prevent a wider proportion of the population from participating. First, LETS currently cover only a minor area of the UK. Second, most people have never heard of them. Third, many potential beneficiaries see LETS as something for people other than them. Fourth, they have little idea what they could contribute and, fifth and finally, the unemployed fear how central government will react to their activity.

To tackle these barriers, first, LETS need to be developed where they do not currently exist. Second, awareness of their existence needs to be raised. Third, they need to be developed and promoted in inclusive rather than exclusive ways. Fourth, people need to be helped to recognize their skills and talents and, last but not least, central governmental regulations need to be addressed. Our finding, therefore, is that these effective bridges into work will not suddenly blossom simply by changing the benefit regulations. Whatever the outcomes of the pilot study to evaluate the difference that this makes, much more consideration will need to be given to these other barriers to participation if these bridges into work are to become of wider significance.

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Note

1. Two principal types of LETS exist: LETS schemes, which are community building in orientation, and LETS systems, which are more economically oriented. In the UK, nearly all operational LETS are aligned with the former. As such, this paper is about the effectiveness of LETS schemes as bridges into work. We fully recognize that the LETS systems approach, if operational, might have different outcomes.

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