

Local Exchange through Community Currency in an Alternative Gift Economy: An Anthropological Analysis of The Cape Town Talent Exchange.

by

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the degree of MPhil In Organisations and Public Cultures*



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DECLARATION

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Abstract

The Internet has long stimulated thought and discussion around the idea of an alternative economy based on reciprocal exchange. To date, however, the benefits of this gift economy have been largely limited to the realms of cyberspace. Despite the dramatic changes in social interaction and exchanges facilitated by online networking, and the evolution of what may be referred to as a 'high-tech gift economy', the potential of the Internet to really revolutionise economic systems has been limited, as the gifting involved did not extend beyond the realms of cyberspace. By contrast to this global, virtual, gift economy that has developed online, this thesis explores the way in which Information and Communication Technologies (ICTs), traditionally renowned for enhancing *global* reach, can be used to build and strengthen *local* exchange systems using community currencies. The research focuses specifically on the emergence of an alternative online currency, the Community Exchange System (CES), which originated in Cape Town towards the end of 2002, and has since spread to be used by 218 exchanges in 29 countries. Particular attention is paid to the pilot exchange that was launched in Cape Town, namely the Cape Town Talent Exchange (CTTE).

The thesis proposes that web-based community currencies can provide an alternative to the current economic system, allowing for a relationship-centred approach to exchange that can be likened to a type of gift economy, centred on the principle of reciprocity, and fostering a spirit of abundance over scarcity. By doing so it is proposed that what Karl Polanyi (1944) referred to as the 'great transformation' of the 20th century, characterised by a shift in emphasis from human relationships to market price mechanisms, may be reversed in the 'network society' (Castells, 1996), in which principles of reciprocity and gift exchange are re-embedded in 'relationship economics' (Deragon, 2007).

Part A provides a review of literature pertaining to online anthropology and the concept of a reciprocal gift 'e-economy', the social dimension of economics, and the theory of 'money' and alternative currencies. Part B provides an overview of research findings pertaining to the CES as example of an alternative community currency operating a web-based platform, beginning with an introductory overview of the CES and CTTE, followed by a look at issues pertaining to reciprocity, and speculation on possible futures for this and similar web-based community currency systems.

Opsomming

Die Internet prikkel al lank idees en gesprekke oor 'n alternatiewe ekonomie gebaseer op, 'geskenk-handel'. Tot dusver is die voordele van hierdie 'geskenk-ekonomie' egter beperk tot die dimensies van die kuber-ruimte. Ondanks dramatiese veranderinge in sosiale verkeer, uitruil en handel wat deur die aanlyn-netwerke bewerkstellig is, en die evolusie van wat as 'high-tech geskenk ekonomie' beskryf kan word, was die potensiaal van die Internet om werklik ekonomiese sisteme om te keer, beperk. In teenstelling met die globale, virtuele geskenk/uitruil-ekonomie wat aanlyn ontwikkel het, ondersoek hierdie tesis die manier waarop Informasie en Kommunikasie Tegnologieë, tradisioneel bekend vir hul globale reikwydte, gebruik kan word om plaaslike uitruilsisteme te bou en te versterk. Die navorsing lê klem op die ontstaan van 'n alternatiewe aanlyn-geldeenheidsstelsel, die Gemeenskaps Uitruil Sisteem ('*Community Exchange System*' CES), wat aan die einde van 2002 in Kaapstad ontstaan het. Dit het sedertdien uitgebrei na 218 uitruilskemas in 29 lande. Spesiale aandag val op die loods uitruilskema wat in Kaapstad begin is, te wete die Cape Town Talent Exchange (CTTE) (Kaapstadse Talent Uitruilskema)

Die verhandeling voer aan dat 'n web-gebaseerde gemeenskapmark 'n alternatiewe ekonomiese stelsel kan teweegbring. Dit kan lei tot 'n benadering tot uitruil wat verhoudings-gesentreerd is, vergelykbaar met 'n soort geskenk-ekonomie wat toegespits is op die beginsel van wederkerigheid. So kan 'n oorvloed-bewustheid, pleks van skaarsheidsbewustheid bevorder word. Dit word aangevoer dat dit waarna Karl Polanyi (1944) as die 'Groot Transformasie' van die 20ste eeu verwys het, gekarakteriseer deur 'n klemverskuiwing van menslike verhoudings na markgedrewe meganismes, kan terug verander na 'n 'netwerk-gemeenskap' (Castells, 1996). Hierin is die beginsels van wederkerigheid en geskenk-uitruil ingebed in 'n tipe 'verhoudings-ekonomie' (Deragon, 2007).

Deel A gee 'n oorsig van die literatuur oor aanlynantropologie en die konsep van 'n wederkerige geskenk 'e-ekonomie', die sosiale dimensie van ekonomie, en die teorie van 'geld' en alternatiewe betaalmiddele. Deel B gee 'n oorsig van navorsingbevindings ten opsigte van die CES en CTTE as voorbeeld van 'n alternatiewe gemeenskapsbetaalmetode wat van 'n webgebaseerde platform gebruik maak. Dit word, gevolg deur opmerkings oor wederkerigheid (en) spekulasie oor die moontlike toekoms daarvan en van soortgelyke Internet-gebaseerde gemeenskapsbetaalsisteme.

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TABLE OF CONTENTS

DECLARATION	II
ACKNOWLEDGEMENTS	V
TABLE OF CONTENTS	VI
LIST OF TABLES	XI
LIST OF FIGURES	XI
1 CHAPTER ONE: INTRODUCTION AND METHODOLOGY	1
1.1 Research motivation	1
1.2 Research problem	1
1.2.1 Research objectives	2
1.3 Methodology	3
1.3.1 Literature review	3
1.3.2 Participant observation	4
1.3.3 Consultation	6
1.3.4 Data analysis	7
1.3.5 Multiple techniques	8
1.4 Structure of thesis	8
1.5 Conclusion	8
PART A: LITERATURE REVIEW	10
2 CHAPTER TWO: ONLINE ANTHROPOLOGY AND THE E-VOLUTION OF A RECIPROCAL GIFT E-CONOMY	11
2.1 Introduction	11
2.2 Schools of thought	11
2.2.1 Cultural construction	11
2.2.2 Utopia vs. Dystopia (Liberation/ Panopticon)	12
2.3 E-Volution of self and society	12
2.3.1 Sense and 'span' of self	12
2.3.2 Community	14
2.3.3 Political economy	17
2.4 E-volution of the reciprocal gift e-economy	19

2.4.1	Give and take	20
2.4.2	Reciprocity and relationships	21
2.4.3	Reciprocal gifting in cyberspace	21
2.4.4	Generalised exchange	23
2.4.5	Why contribute?.....	23
2.4.6	The high-tech gift economy.....	25
2.5	Conclusion.....	27
3	CHAPTER THREE: SOCIAL ECONOMICS.....	29
3.1	Introduction	29
3.2	Economics as a (Social) Science	29
3.2.1	Origins of ‘Homo Economicus’.....	31
3.2.2	What motivates man?.....	31
3.3	Market and Man	35
3.3.1	‘The Great Transformation’	35
3.3.2	‘The Second Great Transformation’	37
3.4	‘The Network Society’	38
3.4.1	‘Relationship Economics’	39
3.4.2	‘Socialnomics’	39
3.4.3	Value in the relationship economy	40
3.4.4	Competition versus cooperation: rules of relationship capital.....	41
3.5	Conclusion.....	42
4	CHAPTER FOUR: MONEY MAKES THE WORLD GO ROUND	44
4.1	Introduction	44
4.2	What is money?.....	44
4.2.1	What does it do?.....	44
4.2.2	Money as memory	45
4.3	Where does it come from?.....	45
4.3.1	Barter or gift exchange?	45
4.3.2	Government credit: fines, levies and taxes	46
4.4	How does it work?.....	47
4.4.1	Impact of currency design.....	47
4.4.2	Banks create debt; debts bear interest	48
4.4.3	Interest creates scarcity.....	49
4.4.4	E-money for the Information Age	50

4.5	Whose is it anyway?	51
4.5.1	States, markets and central banking	51
4.5.2	The people...?	52
4.5.3	Impact of ICTs	52
4.6	Alternative, complementary, and community currencies	54
4.6.1	Growing interest in alternative currencies	55
4.6.2	Terminology	56
4.7	Community currency	57
4.7.1	Types of community currencies	57
4.7.2	Mutual credit and credit clearing	58
4.8	Conscious currency	59
4.8.1	Interest free abundance	59
4.8.2	Keep the benefits local	60
4.8.3	Create employment	61
4.8.4	Valuing 'non-monetary' services	62
4.8.5	Enhance social capital	63
4.9	Potential obstacles for community currencies	63
4.9.1	Why central governments and central banks don't like local currencies	64
4.9.2	Legal implications, taxation	65
4.9.3	Maintaining momentum and motivation	66
4.9.4	Dependence on national currency	67
4.9.5	Lack of trust and reciprocity	68
4.10	Conclusion	69
PART B: FIELD RESEARCH: THE COMMUNITY EXCHANGE SYSTEM		70
5	CHAPTER FIVE: INTRODUCTION TO THE COMMUNITY EXCHANGE SYSTEM (CES)	71
5.1	Introduction	71
5.2	Background and management	71
5.3	How it works	73
5.4	Member profile	73
5.5	Ideology	75
5.5.1	Alternative to corrupt, debt-based, bank monopoly currency	76
5.5.2	Going back to the old ways of barter	76
5.5.3	Building community	77

5.5.4	Empowerment	79
5.5.5	Value and expression	79
5.5.6	Sustainable energy exchange.....	80
5.5.7	Spirit of abundance.....	80
5.6	Perceived practical benefits	81
5.6.1	Affordability.....	81
5.6.2	Use for luxury/ different types of goods.....	82
5.6.3	Alternative ‘employment’ and business opportunities.....	82
5.6.4	Valuing non-monetary services.....	83
5.6.5	Buffer during global financial turmoil	84
5.6.6	Free of taxes and middlemen	84
5.7	Web-based System.....	85
5.7.1	The Web is the way	85
5.7.2	Reduced administrative burdens.....	86
5.7.3	Easy and instant.....	87
5.7.4	User interface	87
5.7.5	‘The Internet connects’	88
5.7.6	Global reach	89
5.7.7	Network capacity	89
5.7.8	Only access for some	90
5.7.9	‘Local’ community?.....	91
5.7.10	Would it work without the web?.....	92
5.8	Scaling up	92
5.9	Conclusion.....	94
6	CHAPTER SIX: RECIPROCITY AND COMMUNITY IN THE CES.....	96
6.1	Introduction	96
6.2	Trading activity	96
6.2.1	System health.....	97
6.2.2	Perceptions on earning and spending.....	98
6.3	Balance and reciprocity	100
6.3.1	Need for balance	100
6.3.2	Is there balance?	101
6.3.3	Open for abuse.....	102
6.3.4	Regulation and limits	103
6.3.5	Who do we trust?.....	105

6.4	Features to foster trust and reciprocity online.....	106
6.4.1	Identity.....	106
6.4.2	Transparency.....	107
6.4.3	Recognition and reputation.....	107
6.5	CES 2:0 – Harnessing the power of online social networks.....	108
6.5.1	Facebook and .Ning groups.....	108
6.5.2	Discussions on Facebook and .Ning.....	109
6.5.3	Awareness of CES online networks.....	110
6.5.4	What is it worth?.....	111
6.5.5	Time online.....	112
6.5.6	Facebook vs .Ning (et al...).....	113
6.5.7	Social networking – online/ offline.....	113
6.6	Building community offline	114
6.6.1	Markets, shops and slips	114
6.6.2	User perceptions: value of real-life interaction: offline events and markets	115
6.6.3	Building community across the digital divide.....	116
6.7	Conclusion.....	117
7	CHAPTER SEVEN: CES - LOOKING AHEAD	119
7.1	Introduction	119
7.2	Challenges	119
7.2.1	Building <i>local</i> community	120
7.2.2	Spanning the digital divide.....	120
7.2.3	Inconvenience	120
7.2.4	Lack of variety and poor quality goods and services.....	121
7.2.5	Continued dependence on Rands.....	122
7.2.6	'Money-mindedness' infiltrates the system.....	123
7.3	Way forward.....	125
7.3.1	Great potential.....	125
7.3.2	'Alternative' currency	126
7.3.3	'Complementary' currency	127
7.3.4	Alternative for hard times.....	127
7.3.5	Will always be fringe.....	129
7.3.6	Integration into society.....	129
7.3.7	Education and marketing	130
7.3.8	Technology.....	131
7.3.9	Management and maintenance	133

7.4	SWOT	134
7.4.1	Web-based platform	134
7.4.2	Community building and reciprocity	136
7.4.3	Alternative e-economy	137
7.5	Conclusion.....	138
8	CHAPTER EIGHT: DISCUSSION AND CONCLUSIONS	140
8.1	Introduction	140
8.2	Research objectives.....	140
8.2.1	Transformation of identity, community, relationships, reciprocity and gifting ...	140
8.2.2	Reversing Polanyi's 'Great Transformation' to return to a 'Relationship Economy' in a 'Network Society'	142
8.2.3	Changing money, changing values	143
8.2.4	Opportunities and challenges of using global tools for local exchange.....	145
8.2.5	Harnessing online social networking tools for community currencies	146
8.3	Conclusions.....	147
	REFERENCES	150

LIST OF TABLES

Table 1: Markets attended	6
Table 2: CES networks around the world	72
Table 3: Location of CTTE Area Coordinators.....	94
Table 4: SWOT summary: CES Web-based platform.....	135
Table 5: SWOT summary: Community building and Reciprocity within the CES	136
Table 6: SWOT summary: Alternative E-economy potential of the CES.....	137

LIST OF FIGURES

Figure 1: Geographic spread of CTTE members.....	74
Figure 2: Geographical spread of CTTE members accessing accounts or new in the past year.....	75
Figure 3: CTTE Membership Growth.....	93
Figure 4: CTTE Trading activity.....	97

LIST OF ACRONYMS

CES	Community Exchange System
CMC	Computer Mediated Communication
CTTE	Cape Town Talent Exchange
FOSS	Free and Open Source Software
GLS	GLS Bank in Germany
ICT	Information and Communication Technology
ID	Identity Document
IM (/IMS)	Instant messaging (service)
IT	Information Technology
LED	Local Economic Development
LETS	Local Employment/ Exchange Trading System
MUD	Multi User Domain (or Dungeon)
NPO	Non Profit Organisation
NSM	New Social Movement
RL	Real Life
RSS	Really Simple Syndication
SANE	South African New Economics
SANGONeT	South African NGO Network
SMEs	Small and Medium Enterprises
SMS	Short message service
SNA	Social Network Analysis
SNS	Social Networking Site
SWOT	Strengths, weaknesses, opportunities and threats
T	Talent
TAC	Treatment Action Campaign
UK	United Kingdom
USA	United States of America
VAT	value added tax
WELL	Whole Earth 'Lectronic Link
WIR	(WIR Bank) Swiss <i>Wirtschaftsring</i>
www	World Wide Web

EXAMPLE OF A TRADE ON THE COMMUNITY EXCHANGE SYSTEM

Requirement: Your car needs an oil change.

Step 1: You either look through the Offerings List on the CES website (www.ces.org.za) or do a search to see if anyone is offering oil changes or car maintenance. Someone is offering oil changes for T80 but you must bring your own oil and oil filter.

Step 2: In the Offerings List you click on the person's name to obtain contact details. You email or phone the person (the 'seller') and agree on a time and place for the oil change. (You can also click on the 'respond to offering' link which will automatically alert the seller via email.)

Step 3: The oil change takes place and then you (the 'buyer') fill in a Trading Slip (obtainable from the site), giving the date, your name, your account number, the amount (T80) and your signature. You fill in the same details on the counterfoil and get the seller to sign it. The counterfoil is then separated from the slip and you hand the main part to the seller, keeping the counterfoil for yourself. For the seller your Trading Slip represents your payment and your acknowledgement of the service or goods delivered; for you the counterfoil is your record of payment. (This step is sometimes skipped as sellers can just record your details and proceed to enter the trade on the system, and many people have started using the system on trust that such transactions will be recorded accurately.) The paper-based slips do however provide backing if required to confirm that a trade has taken place.)

Step 4: You leave, satisfied that your car has fresh oil. The seller then goes to a computer and enters the details of the trade into the transaction form of his or her CES 'bank account'. This becomes a credit for the seller and a debit for you. You are now obliged to provide goods and services to the community worth T80.

CES Website, 2010: <http://www.community-exchange.org/docs/example.htm>

1 CHAPTER ONE: INTRODUCTION AND METHODOLOGY

1.1 Research motivation

The development of Information and Communication Technologies (ICTs) and Computer Mediated Communications (CMCs) may be seen as amongst the most significant social transformations of modern society in the age of information. It can be regarded as amongst the most exciting new frontiers for anthropological research in a globalising world characterised by dissolution of traditional borders and boundaries, in which new forms of identity formation, cultural creation, social processes, and economic exchange can be explored.

Despite its relative 'newness', the significance of this field of research can be seen from the already large and rapidly growing number of books and articles published in various disciplines, focusing on the relationships and interactions of cyber technology with the social fabric of modern society. This research aims to gain a better understanding of this rapidly-evolving phenomenon with its vital implications for the transformation of human society as we know it today, particularly through its use in the establishment of an alternative economic exchange/ currency system.

The thesis explores the way in which ICTs, traditionally renowned for enhancing *global* reach, can be used to build and strengthen *local* exchange systems using community currencies. The research focuses specifically on the emergence of an alternative online currency, the Community Exchange System (CES), an initiative of the South African New Economics Network (SANE) (Jenkin, 2004). The CES is a community-based, global trading network using an "alternative, parallel, local, community or complementary currency system" (World-Citizen blog, 2008). The web-based trading platform, designed by Tim Jenkin for a Cape Town hiking club and subsequently adopted by the CES, is currently used by 218 exchanges in 28 countries (CES website, June 2010).

The relevance of the CES in today's economic climate is stressed by its coverage in CNN Time's business pages, where it is noted that "[a]lternative means of trade often surface during tough economic times" (Schwartz, 2008).

1.2 Research problem

The Internet has long stimulated thought and discussion around the idea of an alternative economy based on reciprocal exchange. When Barbrook first noted the emergence of what he termed a 'high-tech gift economy' (Barbrook, 1998) emerging in cyberspace in 1998 he was considered controversially leftist (Barbrook, 2005). Today the terms 'giving' (Anderson, 2009) the 'gift economy' (Fox 2005), 'reciprocity' (Suntrader, 2008) and 'relationship economics' (Deragon, 2007) are featured regularly in the mainstream media and technology blogs, all the more in the light of the 'conventional' economy's plight.

To date however the benefits of this gift economy have been largely virtual, exchanging gifts of knowledge, information, ideas and comments. Examples of such gifted 'goods' include contributions to the development of open source software, specialist advice published online, Wikipedia, reciprocal comments shared on blogs, and in online social and business networks. Yet, despite the dramatic changes in social interaction and exchanges facilitated by online networking, and the evolution of what may be referred to as the 'high-tech gift economy', the potential of the Internet to really revolutionise economic systems has been limited, as the gifting involved did not extend beyond the realms of cyberspace.

By contrast to this global, virtual, gift economy that has developed online, the CES, which is closely related to the Local Exchange Trading Systems (LETS) model developed by Michael Linton in the early 1980s (Wikipedia_LETS, 2009), is very much focused on physical, local, community-based exchange.

Local trading systems have traditionally operated offline, posing obstacles in terms of administration as well as establishing sufficient 'connectedness' between members to facilitate easy exchange. The impact of the Internet has revolutionised their scope in a number of ways, including:

- Reduced administrative burden of record keeping.
- Search engine functionalities for goods and services offered and required.
- Communication tools providing the ability to instantly connect with others' wants and offerings.
- Networking tools to build community between users, in turn strengthening the network and the types of services that are exchanged.
- A web-based system allows for transparency, as users have instant access to each others' trading records and account balances. This encourages a spirit of reciprocity which is essential in exchange systems where users can take out, but must also give back to, the 'community pool' of goods and services.
- The geographical scope of a community exchange is extended, allowing for certain types of services (notably the virtual kind more commonly associated with the online gift economy) to be exchanged globally, and making it possible to use community currency while travelling, connecting with users of local currencies in distant destinations.

While the last point above notes the advantages of global scope, community currencies essentially retain a local focus. In this light the thesis focuses specifically on the Cape Town Talent Exchange (CTTE), which was the first exchange established under the CES network.

1.2.1 Research objectives

The primary research objective for this thesis is to:

Investigate whether web-based community currencies can provide an alternative to the current economic system, allowing for a relationship-centred approach to exchange that can be likened to a type of gift economy, centred on the principle of reciprocity, and fostering a spirit of abundance over scarcity.

To achieve this, the following key questions are explored:

- 1) In what ways can the Internet be seen to transform human conceptions of self and others, and what implications could this have for anthropological constructs pertaining to identity, community, relationships and gift exchange?
- 2) To what extent do notions such as the 'Network Society' (Castells, 1996), the 'Relationship Economy' (Deragon, 2007) and 'Socialnomics' (Qualman, 2009) present an opportunity for a transition that could be likened to a reversal of the depersonalising aspects of what Polanyi described as 'The Great Transformation' of the 20th Century, through a return to a more socially centred society in which relationships are valued over material wealth?
- 3) How does the phenomenon of 'money' mould a society's perception of value, and can this be changed by designing alternative currencies to mediate exchange?
- 4) What are the opportunities and challenges presented by *global* tools such as ICTs to implement a socially just alternative monetary system that fosters *local* community building, despite i) its reliance on computer-mediated communication, ii) spanning vast geographical distances, and iii) the digital divide between those with access and those without?

- 5) How can ongoing development of online social networking tools most effectively be used to promote reciprocity and community building within alternative community exchange systems such as the CES?

The research explores issues related to online identity, reciprocal relationships facilitated through online interaction, and power dynamics at work in this new social space, particularly pertaining to issues of economy and exchange. The way these phenomena are reflected in a growing range of online networks proliferating across the World Wide Web is examined, with particular emphasis on the Community Exchange System as it functions in Cape Town.

1.3 Methodology

The research involved a combination of a literature review, participant observation in online social networks and the Community Exchange System, as well as consultation with system users through a combination of interviews and an online survey, as discussed below:

1.3.1 Literature review

Literature on online interaction/ online anthropology

This research builds on work I started as part of my coursework modules for the MPhil Organisations and Public Cultures. The theoretical components were largely addressed in assignments completed for modules forming part of the coursework for this MPhil, in which I aligned the topics under discussion with issues related to the Internet and online interaction. In this manner a wide variety of literature relating to various dimensions of interaction in cyberspace was covered.

Some specific authors who were reviewed in this research pertaining to online sociality included Manuel Castells (1996), John Postill (2008), Arturo Escobar (1994), Samuel Wilson and Leighton Peterson (2002); Marc Smith and Peter Kollock (1999); and Howard Rheingold (1991, 1993, 1997) amongst others.

Literature on economic anthropology, alternative economics and alternative currencies

In addition to literature on online interaction, I undertook a review of scholarship in the field of economic anthropology, particularly focused on the work of Karl Polanyi (1922, 1944, 1957, 1977) and his theories on the Great Transformation. Special attention is given to Marcel Mauss's (1998[1923]) theories of reciprocal gifting, as well as to Keith Hart's (2000, 2005, 2007) more current insights into economics and anthropology.

The review included literature on alternative economics, particularly looking at the phenomenon of complementary currencies. In this regard, the extensive work of Thomas Greco (1994, 2001, 2008, 2009) is noted, as well as that of Richard Douthwaite (1996, 2001), Bernard Lietaer (1997, 2001, 2006, 2009) and Stephen DeMeulenaer (1998, 2000), all avid community currency proponents. The literature review made use of a growing body of online material focused on alternative currency research, for example the *International Journal of Community Currency Research*, and the community currency mailing list.

CES Literature

The CES website (<http://www.ces.org.za/>), as well as the www.communityexchange.ning.com social networking site both contain extensive references to websites and articles about the phenomenon of alternative and community currencies (noted above), as well as specific information about the CES, and its operation across various networks, constantly expanding across the globe. This includes numerous articles by CES members, notably founding member Tim Jenkin, and avid user Dawn Pilatowics, as well as a range of newsletters from various exchanges. As this research focused specifically on the Cape Town Talent Exchange (CTTE), newsletters and other materials related to this exchange were studied in detail. Some material from other

exchanges was however also reviewed to obtain an indication of the system's broader use across different exchanges globally. In addition to articles and newsletters, the CES website provides extensive statistics on use of the site, including detailed trading records and membership statistics. These statistics were reviewed and analysed for the CTTE, to obtain a quantitative understanding of site use, as well as the relative 'health' of the system. This information could then be used to provide a picture of the degree to which exchange within the system can be said to be reciprocal.

1.3.2 Participant observation

Jordan (2003:21) describes participant observation as *"the gathering of data about the daily life and customs of a people while participating, to the extent possible, in that life."*

During the latter part of 2008 I started to explore a thesis topic focused more specifically on online networking, before changing to a more specific focus on the Community Exchange System, and particularly the Cape Town Talent Exchange, in January 2009. The initial process is however discussed below, as it was informative in obtaining a better understanding of the power of online networking as a communication tool.

The process involved participant observation in selected online networks, preliminary questions to group members, attendance of network specific 'real life' meetings, and identifying potential key informants with whom to conduct further discussions.

Participant observation in online networks

The fieldwork process began with a process of 'participant observation' in various online networks, including Facebook, MySpace, MyGenius, LinkedIn, Evolver, CouchSurfing, and various .Ning networks, including the Community Exchange System's www.communityexchange.ning.com network. This involved creating user profiles on various networks, and exploring the sites' features and tools for interaction, as well as other users' profiles. Participation in the various networks varied depending on the type and nature of the network. The purpose of this process was to

- ❖ better understand the way in which such networks can be used for social interaction and networking;
- ❖ familiarise myself with the 'online networking landscape'; and
- ❖ identify potential key informants for further consultation.

In addition to online interaction, a number of network specific 'face-to-face' meetings were attended through the MyGenius network. A similar forum for 'Real Life' interaction is provided by the Internations site. The Evolver network specifically emphasises monthly 'offline' meetings to give members the opportunity to interact in 'real life', with specific topics assigned for 'spores' across the globe to discuss each month. The first of these meetings focused specifically on the issue of alternative money systems, which provided the opportunity to discuss CES issues in this alternative forum. The purpose of attending these meetings was to:

- ❖ observe the way members interact 'offline' vs. 'online', and the extent to which such meetings are used to deepen interaction; and
- ❖ use the opportunity to become closer acquainted with network members with the view of potential future consultation.

Participant observation in the Community Exchange System and Cape Town Talent Exchange

The preliminary 'participant observation' process that was initiated looking at a broad range of social networks continued for the remainder of the research, focusing specifically on the CES and CTTE community. Once the CES was identified as the case study focus of the research, I joined the Cape Town Talent Exchange by registering on their website

(www.communityexchange.org.za). This again involved the creation of a user profile, giving access to the site's trading platform, as well as user lists and contact information.

While the initial process was more focused on 'observation' with limited active participation in groups and networks, a more active approach was adopted for the CES/ CTTE, through engagement with members.

CES Online networks

In addition to joining and registering on the CES site itself, I joined and participated in the online social networks created for the system, including Community Exchange Network groups on Facebook and Ning. During an initial period of observation, I noted limited activity in these groups, particularly on Facebook where, following active interest in 2007 when the group was started, membership and contributions to the group had stagnated by early 2008. This encouraged me to take more active interest in the group, which I started promoting by inviting my own Facebook network, some of whom joined, though activity remained limited.

During my own participation in online social networks (see above) I had noticed groups in which administrators actively promote groups with messages to members to announce events and invite contributions on specific topics. In July 2009 I requested the CES Facebook group administrator to be granted co-administrator status, which would allow direct postings to members. I used such messages to inform members of this research, noting links I had posted on topics I believed would be of interest to others. While I received some follow up comments on some postings, this remained limited. It did however appear as though the direct reminders encouraged others to start posting items too. Furthermore, one of the members of my personal network who had previously joined the group, requested to also be granted administrator status, as she (a natural networker) has access to a wide variety of networks amongst whom she wished to promote the group and system. I continued my own postings for a limited period, noting how membership started to increase noticeably within a few weeks.

In September 2009 I took a step back to observe how the added momentum would assist in growing the network. By March 2010, membership had increased by almost 1000 members over a year, over 700 of whom joined in the past six months, and by August 2010 membership had more than quadrupled from when I first joined, to over 2000, with numerous members making regular contributions on the 'Wall' as well as in discussion topics, as discussed in Section 6.5.

Markets

The Cape Town Talent Exchange organises Talent markets in 'real' space, where members can bring items for exchange. I attended numerous markets throughout 2009, initially mainly as an observer, with limited active participation, and later as an active trader. Markets attended are listed in the table below:

Table 1: Markets attended

Market attended	Date	Main form(s)/ purpose of participation/ observation
Delft	24 January 2009	Meet members and observe the 'physical' component of the online exchange system in action (include 'buying' items for Talents).
Observatory	14 March 2009	Conduct informal, unstructured interviews with members.
Muizenberg	27 April 2009	Meet members and observe the 'physical' component of the online exchange system in action (include 'buying' items for Talents). Conduct preliminary semi-structured interviews with members, to refine the subsequent survey questionnaire.
Observatory	22 May 2009	Trade in market (have a table from which to 'sell' goods in Talents).
Observatory	30 August 2009	
Earthdance	25-27 September 2009	Organise a CES stand at the Earthdance Festival where people could sign up for the CTTE. The intention was to more actively promote trading in Talents at the festival. This unfortunately did not manifest as intended.

The purpose of this process was to:

- ❖ Identify potential key informants to engage in further consultation, including in-depth email as well as face-to-face interviews.
- ❖ Identify appropriate means of targeting respondents for further consultation.

1.3.3 Consultation

Questions to online network members using various site-based tools

An initial consultation process began by addressing questions to group members in the various social networks selected for the initial participant observation process using various tools provided by specific sites. These included direct messaging of members, and creating discussion topics using the 'blog' (MyGenius) and 'group' (Facebook) features provided on the sites. I have since also used messaging, blog and group features on the CommunityExchange.Ning site. The purpose of such initial questioning was to:

- ❖ Obtain an initial indication of people's interest in the research topic as initially defined, as well as their perceptions concerning issues of identity, power and reciprocity online;
- ❖ Explore different sites' mechanisms for communication and discussion, in a preliminary attempt to identify suitable strategies for further consultation; and
- ❖ Identify interested respondents for further discussions.

The preliminary processes of observation and initial consultation were used to identify members of different networks to select for more in-depth questioning in future. While some responses obtained provided interesting insights into people's perceptions of issues of identity, power and relationships in cyberspace, others expressed interest in the topic, but suggested using a more structured questionnaire, as well as more focused meetings to discuss the matter in more detail.

Interviews with key informants in the Community Exchange System

A series of semi-structured interviews were conducted with users of the Community Exchange Network, and particularly the Cape Town Talent Exchange, during the markets and events noted above, to explore issues of use of the site, perceptions of use, trust, and sense of obligation to reciprocate. In addition to these informal discussions, in-depth interviews were conducted with:

- ❖ Tim Jenkin – One of the founders of the Talent Exchange, who was responsible for designing the software used for the online trading system.
- ❖ Lex Squires – An avid online community organiser based in Denver, who has been active in disseminating information on the CES, and was responsible for designing the www.communityexchange.ning.com site, where he has published a tutorial for persons wishing to set up local trading groups;
- ❖ Dawn Pilatowicz – CTTE administrator, and second biggest earner and spender;
- ❖ Aubrey Dampies – Biggest earner and spender on the CTTE, and area coordinator for the CTTE in the Delft community; and
- ❖ Toni Khulule and Willard Kambeva – representatives of the CTTE in the Harare neighbourhood of Khayelitsha.

Structured online survey of CES members

A structured online survey was conducted with CES members using SurveyMonkey to disseminate a questionnaire to members' e-mail addresses. The survey was sent to all members of the Cape Town Talent Exchange which had what appeared to be valid email addresses. This included a total of 1800 emails. Of these a total of 181 respondents replied. SurveyMonkey software was used to process responses in an Excel spreadsheet, in which responses to quantitative questions were directly analysed, while responses to open ended questions were provided in a structured manner for review and analysis.

In addition to responses received to the questionnaire, numerous recipients of the email inviting respondents to participate in the online survey replied directly to express interest in the topic, and initiate more direct discussions about alternative currencies in general, and the CES/ CTTE in particular. This included references to various websites with relevant information, as well as to other researchers in the field, who were subsequently contacted for further discussions. In this manner the survey process proved to be of much greater value than initially anticipated, through the responses it generated beyond specific questions that were asked.

1.3.4 Data analysis

Analysis of events

A form of 'event analysis' was used to examine the extent to which participants of the CES use the medium to arrange 'real-life' interaction through markets (as described above). The extent to which members without Internet access are accommodated through such events was examined through observation and discussion with individual members.

Analysing relationships

The extent to which the community exchange can be used to build and strengthen relationships was examined. Relationships explored in this manner included those between different members, between members and administrators, and between members without Internet access, and those who mediate between them and the online network.

Semiotic analysis

Semiotic analysis refers to a study of symbols, including binary oppositions in relation to each other, as illustrated in the concept of Heraclites' 'Logos' (Jordan, 2003). 'Binary opposites' explored in this research relate to the distinction between 'global' and 'local', interaction online and offline, as well as opposing millenarian conceptions of Cyberspace as 'Utopia' versus 'Dystopia'. Contrasts that are explored include:

- ❖ The use of *global*, web-based tools to enhance *local* exchange and 'real-life' community building;

- ❖ Using *web-based tools* to promote community development in areas where Internet access is scarce if not non-existent; and
- ❖ The principles of *reciprocity*, *generosity*, and methods to promote it, contrasted with propensity for *greed* and the temptation to *exploit* the system.

1.3.5 Multiple techniques

The multiple methods cited above (including a rigorous review of literature in various fields, participant observation, informal and semi-structured interviews, a structured survey, analysis of events and relationships, and semiotic analysis), are used to illustrate the process of social transformation elicited by the Internet, particularly through the phenomenon of social networking around an alternative economic system.

1.4 Structure of thesis

The thesis is comprised of two parts, respectively providing a theoretical context (Part A), followed by a look at findings of this research pertaining to the Community Exchange System (CES) (Part B).

Part A provides a review of literature pertaining to online anthropology and the concept of a reciprocal gift 'e-economy' (Chapter 2), the social dimension of economics (Chapter 3), and the theory of 'money' and alternative currencies (Chapter 4).

Part B provides an overview of research findings pertaining to the CES as example of an alternative community currency operating using a web-based platform, beginning with an introductory overview of the CES (Chapter 5), followed by a look at issues pertaining to reciprocity (Chapter 6), and speculation on possible futures for this and similar web-based community currency systems (Chapter 7).

The thesis concludes with Discussions and Conclusions (Chapter 8) pertaining to the research question and sub-questions posed in Research Objectives (1.2.1) above.

1.5 Conclusion

This introductory chapter provided an overview of the motivation behind the research conducted for this thesis, noting the increasing relevance of ICTs and CMCs to an evolving society going into the second decade of the 21st century. The primary research question, pertaining to the impact of such evolving technologies on economics, and particularly in the sphere of monetary systems, was elaborated. The thesis investigates whether web-based community currencies can provide an alternative to the current economic system, allowing for a relationship centred approach to exchange that can be likened to a type of gift economy, centred on the principle of reciprocity, and fostering a spirit of abundance over scarcity. This is done through an integration of theoretical analysis and field research. The chapter provided an overview of the research methodology used, including theoretical components as well as field research, conducted primarily through participant observation as a member of the CES/ CTTE.

The theoretical component of the research involved an intensive review of literature related to the rapidly evolving field of Internet studies, particularly focused on anthropological approaches, as well as research on economic anthropology and the impact of money systems on society. These different facets of the research are presented in Part A of the thesis, in which issues pertaining to online and economic anthropology are integrated.

The field research component involved a process of participant observation in various online social networks, as well as in the CES/ CTTE which, as a prime example of a web-based community currency network, was chosen as particular focus for the research. Research also included direct consultation with members of the CES/ CTTE, through interviews as well as an online survey in which a combination of open and closed ended

questions were used to obtain some quantitative, as well as extensive qualitative insights on members' perception of the CES system.

The process of participant observation in the CTTE posed some interesting ethical considerations in terms of the extent to which the researcher, as participant observer, can also be in a position to influence the subject matter. In section 1.3.2 it was noted that, as part of the research process, I became actively involved in the CES Facebook group and, partly in an attempt to generate more activity worthy of research, took some initiative in promoting the group. While this could be considered problematic as the very act of becoming more actively involved could be seen to alter the way the group might have naturally evolved, I feel this approach could be justified as part of my purpose in conducting this research was to explore the ways in which such online networking forums could be used for promoting a system such as the CES. Thus only through such active involvement was I able to truly experiment with (and thus comment on) the real impact of social networking tools as a potential means of disseminating information and stimulating interest in the CES.

The chapter concluded with a summary of the thesis to follow, noting the structure of the document to be divided in two portions respectively dealing with theoretical and field research components. Without further ado, the next chapter introduces Part A of the thesis, looking at online anthropology and the e-volution of a reciprocal gift e-economy, followed by a discussion of 'social economics' in Chapter 3, and issues pertaining to money in Chapter 4, before moving to the primary field research focus, notably the CES/CTTE, in Part B.

PART A: LITERATURE REVIEW

2 CHAPTER TWO: ONLINE ANTHROPOLOGY AND THE E-VOLUTION OF A RECIPROCAL GIFT E-CONOMY

2.1 Introduction

This chapter discusses some of the impacts of the process of 'E-evolution' brought about by the proliferation of ICTs and CMCs, focusing on transformations in individual as well as group consciousness, and on the way humans interact and build relationships in and across cyberspace.

The chapter begins with an overview of the dominant schools of thought pertaining to the relationship between technological developments in ICT and CMC, and the socio-cultural domain. This is followed by a look at the evolutionary process currently underway in modern society, brought about by these new technologies, and involving transformations in sense of self, community, and political economy.

2.2 Schools of thought

This section looks at some of the dominant schools of thought pertaining to technological developments and social evolution. Main aspects noted are distinctions between deterministic, neutral and constructivist thinking, with an emphasis on the constructivist approach, and contrasting views of the 'Network Society' (Castells, 1996) as 'Utopia' versus 'Dystopia' (Kinney, 1996; Stanovsky, 2003) in evaluating the impacts of technology on society and human development.

2.2.1 Cultural construction

The relationship between technology and society may be perceived in three ways according to Wyatt et al (2000:8). These include the schools of:

1. *Technological determinism* – technologies emerge as if from nowhere and then proceed to transform the society into which they are diffused;
2. *Technology as neutral* – technology still emerges from nowhere, but people choose how they want to use it; and
3. *Constructivism* – emphasising the origins and development of technology, demonstrating how people are involved in the creation of technical networks, not only in how they are subsequently used.

This thesis follows a constructivist approach, recognising the integral relationships between the creation of technologies and the social environments in which they are created to be used for social purposes. The relevance of the constructivist approach is emphasised with relation to the manner in which ICTs have developed from military origins into civil society communication tools, and continue to adapt to particular societal purposes as they spread across the globe. The postmodernist emphasis on agency and choice determining the manner in which technological developments influence society is evident throughout the thesis.

The constructivist approach is demonstrated in discussions on the evolution of cyberculture. Wilson and Peterson (2002: 449) note that "...the technologies comprising the Internet, and all the text and media that exist within it, are in themselves cultural products," while Escobar (1994:211), describes any technology as representing a cultural invention "in the sense that it brings forth a world; it emerges out of particular cultural conditions and in turn helps to create new ones." The subjectivity of meanings related to technologies is emphasised by Wyatt et al (2000:11), who note that "technologies are not primarily material objects but constitute an arena for contesting meaning." Rheingold's (1993:xxii) observation of "the way people adapt technologies designed for one purpose to serve their own, very different, communication needs," also highlights the constructive nature of technological development.

Wyatt et al (2000:11) identify three ways in which technologies can be said to be social constructions, namely:

1. Technologies are the material embodiment of the values and interests of particular social groups or classes;
2. Cultural meanings of technologies are elements in language and in symbolic universes; and
3. The workings of technologies are the outcome of negotiation between individuals, groups and institutions.

2.2.2 Utopia vs. Dystopia (Liberation/ Panopticon)

“Virtual reality is equally prone to portrayals as either the bearer of bright utopian possibilities or dark dystopian nightmares” (Stanovsky, 2003:168).

Digital media debates commonly approach the impact of technology on the human psyche from two distinct angles that some¹ have labelled *“network idealism”* versus *“naïve realism.”*

While the network idealist sees utopian possibilities and virtual redemption in *“a new world of uninhibited freedom, boundless opportunity and unrestricted growth”*, the naïve realist perceives a threat to ‘reality’ as we know it, warning of *“increased surveillance, compromised security, loss of a sense of reality and the erosion of human connection and face-to-face interaction”* (Gunkel, 2009: 49).

Wyatt et al (2000:13) similarly comment on the contradictory claims that are made about the ‘information society’. *“On the one hand, the emancipatory potential of the greater availability of ICTs and information is celebrated; on the other hand, warnings are made about the threat to individual liberty and social cohesion.”*

Opposing millenarian claims of the Internet and ICTs are noted throughout this thesis, with reference to impacts on identity, community, and political economy.

Recognising the validity of both the optimistic and doomful arguments pertaining to technological evolution and society, this thesis wishes to maintain the proactive, empowered attitude promoted by Mitchell (1999:12), who states that *“Our job is to design the future we want, not to predict its predetermined path,”* thus emphasising ‘agency’ over ‘acceptance’.

2.3 E-Volution of self and society

The ‘E-volution’ of self and society in cyberspace can be evidenced in transformations of individuals with respect to their ‘sense of self’, as well as in interaction with others at both a community (‘local’) level, and from a broader political-economy (‘global’) perspective.

2.3.1 Sense and ‘span’ of self

Transformations in humans’ ‘sense of self’ are discussed here with reference to the impacts of the Internet on identity as well as on levels of consciousness and awareness, which may be thought of as ‘span’ of the self.

Identity

“Online interaction strips away many of the cues and signs that are part of face-to-face interaction. This poverty of signals is both a limitation and a resource, making certain kinds of interaction more difficult but also providing room to play with one’s identity” (Smith and Kollock, 1999:9).

While some believe that because people’s physical appearance is not manifest online (yet), individuals will be judged by the merit of their ideas, rather than by their gender, race, class, or age, others argue that traditional status hierarchies and inequalities are reproduced in online interaction and perhaps even magnified.

The recurring theme of *“agency in the production of online selves”* is highlighted by Cavanagh (1999), with reference to the concealment of aspects of stigmatised identity, the idea of

¹ See Michael Heim (1998), Derek Stanovsky (2003)

gender as an elective, and postmodernist fantasies of the elimination of the embodied-self and a retreat into cyberspace. The self is thus seen as *“an article of individual genius, the creation solely of its’ controller, a creature apart from and uninfluenced by the social world,”* emphasising a philosophical commitment to a *“transcendent self”* (Cavanagh, 1999).

In section 2.4.5 it is shown that expression of identity is one of the key motivating factors behind reciprocity in online networks. Ways to encourage such reciprocity thus includes measures whereby participants in such networks are given the opportunity to express their identity in some form, as discussed with reference to the CES in section 6.4.1.

Consciousness

“[T]he Internet, as a worldwide many-to-many communications technology which extends our senses to encompass events and realities to most of the (wired) world, objectively makes possible a new level of awareness, in which individuals can extend their sense of identity” (Bauwens, 1998).

The Internet and cyberspace have the potential of enabling a new phase of transcendence in human consciousness, giving society and culture an opportunity to move to a higher plane of integration and awareness through the change in the techno-social base of society these technologies represent. Bauwens (1998) relates this development to Ken Wilber’s theory of the transformation of the human psyche and awareness from animalistic to a mythical/magical, pre-rational state, through the ‘age of reason’ with its emphasis on rationality, and beyond to a transcendence of the individual self, and a broadened awareness and identity.

In contrast to the transcendence of self, Wilber (1996) notes an opposing tendency by which individuals and groups revert back to a pre-rational emphasis on ‘animalistic’ tendencies (obsessed with sex and violence), ‘magical/ mythical’ modes (as demonstrated by fundamentalist movements, cults and new-ageism sprouting around the globe), or purely ‘rational’ (which comes across in much of what may be referred to as ‘postmodern cynicism’). This regressionary reaction against a change in consciousness can be witnessed on the Internet in the proliferation of pornography and violence, as well as fundamentalist and new-age attempts to ‘make sense’ of rapidly evolving societal structures. While enabling a new phase of transcendence, the Internet can thus also lead to new forms of regression.

The parallel development of technologies that enable and promote an expanded sense of ‘self’ may be regarded as amongst the most significant processes in human and technological evolution in the early 21st century. As with any evolutionary process, adapting to change can create personal and social upheaval. *“[I]f the techno-social base moves faster than the mode of awareness, a dichotomy arises, and a cultural crisis of society...² We are of course, precisely in the midst of such a crisis now, as evidenced by the crisis of science and rationality, the rise of the new age and fundamentalism and postmodern cynicism. The more individuals that are able to grow into a more integrated level of self, the more smoother the transition can be”* (Bauwens, 1998).

The importance of increased awareness as counter to the potentially destructive aspects of cyber-evolution is highlighted by Trend (2001:4), who stresses that *“[a]s cyborg consciousness erodes the boundaries between human and machine, it becomes all the more important to bring an element of awareness – and ethics – to digital culture.”*

Jerry Ravetz (1996) emphasises the impact of information technologies on human consciousness, noting that the ‘cyber-revolution’ can be differentiated from previous revolutions in that it is a revolution in consciousness, and arguing that the novelty of the new technology is that it operates at deep levels of consciousness. The crisis of consciousness inherent in the (r)evolutionary process, with vastly different implications for those who ‘keep up’ compared to those ‘left behind’, is also stressed by Ravetz (1996:57), who believes that

² Bauwens notes that in the past, whenever this was the case, great spiritual reforms have taken place, including the ‘axial period’ of the 6th century B.C., the rise of Christianity and Islam, and the Protestant Reformation after Gutenberg, all of which involved painful social, economic, and political transitions that created great havoc in society.

the future will be shaped by two kinds of generations, “some experiencing ever more intoxicating powers and others experiencing ever deeper hopelessness”.

Kremser (1999, 2004a) highlights parallels between the new phenomenon of cyberculture and virtual experience, and the “old mystical worlds of spiritual experience” – topics associated with the anthropology of religion and consciousness (Kremser, 1999: 284). “Accordingly, the basic principle of both is the communicative connection of the human individual with (virtual) bearers of a higher knowledge. Thus, cyberspace is more like a Leitidee, a vision of a new society in which everything and everyone is connected” (Kremser 1999: 287 in Budka and Kremser, 2004: 218).

The sense of increased connectedness in a networked world mediated by cyber communications has the potential to encourage a greater spirit of generosity as the divide between individuals can in many respects be seen to decrease, thus fostering an environment fertile for reciprocity and sharing. The transcendence referred to may thus in a sense be seen as a possible reversal of a move towards *increased* individuation described by Karl Polanyi in his treatise on ‘*The Great Transformation*’ of the twentieth century, discussed in section 3.3.1.

2.3.2 Community

“My direct observations of online behaviour around the world over the past ten years have led me to conclude that whenever CMC technology becomes available to people anywhere, they inevitably build virtual communities with it, just as microorganisms inevitably create colonies” (Rheingold, 1993:xx).

Following a brief discussion of the concept of ‘community’, this section will look at the phenomenon of online communities, first illustrating how cyberspace has become a virtual ‘third place’, regarded as fundamental for community formation, substituting in many ways for the loss of such ‘third’/ public spaces in modern societies, with a resultant decline in traditional communities. This is followed by a brief look at what virtual communities comprise, and their links with more traditional ‘geographic’ communities.

‘Community’ as concept

The word ‘community’ was first defined by Aristotle as a group established by people who, though differing in many ways, have shared values (Yack, 1993). Through the years that initial definition has been refined and expanded. Today it is recognised that people can belong to a number of different ‘communities’ simultaneously. This can include communities of place; cultural communities; communities of memory, in which people who may be strangers share “*a morally significant history*”; and psychological communities “*of face-to-face personal interaction governed by sentiments of trust, co-operation, and altruism*” (Bell, 1993: 14).

The term ‘community’ has been recognised as problematic in anthropological literature, due to its use in various contexts, often without clear distinction of what distinguishes it from other types of social groupings. Anthropologist Vered Amit (2002) critiques the term’s common usage in public rhetoric due to its strong emotional resonance, arguing that its actual validity in many cases is questionable. According to Amit (2002:14) expressions of community always “*require sceptical investigation rather than providing a ready-made social unit upon which to hang analysis*”. Amit discourages the indiscriminate use of emotionally charged, bounded notions such as community (or diaspora, nation, ethnic group, etc), arguing that numerous sets of social relations³ cannot be included in these conceptions. In contrast to the argument that the validity of the term ‘community’ can be derived from the fact that it is a concept held dearly by millions, Amit warns against conflating cultural categories with actual social groups (Postill, 2008).

³ “Such sets include neighbours, co-workers and leisure partners – people who may nevertheless share ‘a sense of contextual fellowship’ that can be ‘partial, ephemeral, specific to and dependent on particular contexts and activities’ (Amit and Rapport 2002: 5).” (Postill, 2008:3)

While acknowledging the problematic notion of 'community' as definition of social grouping, the thesis will continue to use the term in its broadest sense, referring to groups of people with shared values, or life experiences. In Chapter Five the thesis goes one step further (or back) to look at the origins of the word 'community', derived from the Latin words '*cum*' meaning together with, and '*munus*' meaning gift, thus literally referring to a group of people 'giving' amongst each other.

Third Places

The idea of a 'third place' as a neutral meeting ground forming the basis for a sense of community is highlighted by Ray Oldenburg, who describes these third places as "*the core settings of informal public life*" (1999: 16). Oldenburg notes that cities of the Western world have seen a decline of such third places, with a consequent decline in the sense of 'community'. Because of the lack of third places within easy reach of the majority of the population, many people, especially those with a high level of education and expendable income, flock to third places accessible through computer mediated communication technologies (Hamman, 1997).

The relatively new social formation called the virtual community has been centred around these virtual third places online. Rheingold argues that the development of virtual communities is "*in part a response to the hunger for community that has followed the disintegration of traditional communities around the world*" (1993: 418) "*as more and more informal public spaces disappear from our real lives*" (1993:xx).

Communities online/ offline

"*Virtual communities are cultural aggregations that emerge when enough people bump into each other often enough in cyberspace*" (Rheingold 1993:413). These virtual communities are based around online third places such as chat rooms and conferencing systems. Robins and Webster (1999:2) note the use of network technologies to build 'virtual communities', linking groups of people globally on the basis of interest and affinity, rather than the 'accident' of geographical location.

Links between online and offline communities are explored by Smith and Kollock (1999:19), who note that "*[c]ommunities rarely exist exclusively in cyberspace. It is important to investigate the ways in which social groups in cyberspace will out into the 'real' world and vice versa.*"

Some, such as Ronnel (2001), in '*A Disappearance of Community*', have expressed concern that virtual communities would pose a threat to 'Real Life' (referred to as 'RL' in cyberspeak) communities, noting the isolatory impact the escapist gaming culture can be said to have on some. Cyberpunk visions of the future, as described by the likes of William Gibson in novels such as '*Neuromancer*' (1984) and Neal Stephenson in '*Snow Crash*' (1992), illustrate the likes of a future in which all interaction takes place in cyberspace⁴, often with rather bleak implications for conditions back in 'RL'. That this projected 'fantastical' future is much closer than we might imagine is evidenced by a response quoted by Turkle (1995) with regards to Multi User Domain⁵(MUD) interaction of a MUD user describing his daily interactions, noting his response when a 'real-time message'⁶ flashes onto his screen between other windows respectively engaged in a variety of role playing games, dating sites, and e-mail discussion groups: "*And then I'll get a real-time message, and I guess that's RL. It's just one more*

⁴ This word, now used commonly to describe the 'non-geographical' domain of interaction via electronic networks, was coined by Gibson in *Neuromancer* (1984).

⁵ Originally 'Multi User Dungeon', referring to online interactive role playing games, such as '*Dungeons and Dragons*' (Turkle, 1995:11)

⁶ Messages that flash on the screen as soon as they are sent from another system user, relayed by services such as IRC (Internet Relay Chat) or various forms of IMS (Instant Messaging Service).

window.” He repeats: “*RL is just one more window, and it’s not usually my best one*” (Turkle, 1995:13).

On the other hand the potential of online interaction to support and promote their offline counterparts can be seen in the work of Uncapher (1999) who examines the extension of the socio-technical efforts to create electronic networks within and supportive of existing geographic communities.

Gergen (1991) describes the condition of extended and permeated selves prevailing in modern society where citizens share the world through media rather than direct experience as a society of ‘saturated selves.’ “*Alone and isolated, saturated selves experience the world of work and leisure as a space constructed out of cultural products and social fictions.*” (Cutler, 1995: 17). To compensate for the fragmentation of their social lives people seek affiliation in the very same technology that caused the fragmentation. This leads to a heightened sense of presence required to participate in social constructed space as opposed to a geographic location. Such heightened sense of ‘presence’ can be likened to Bauwens’ (1998) description of psychologist Ken Wilber’s idea of a ‘transcendent self’ encompassing a broadened awareness of identity, as shown in Section 2.3.1 above.

Having arisen from a human hunger for community, in response to the disappearance of informal public places, virtual communities existing in the ‘third place’ cyberspace represents, can be seen to fulfil an essential human need. Whether these are exclusively indulged in to the exclusion of RL interaction, or complement and support communities and interactions offline, they need to be accepted as real manifestations of online culture that will continue into the future to revolutionise the basis of human interaction.

Local and global – communities and networks

In contrast to the Internet’s initial ability to connect people across vast distances, particularly as the number of users worldwide was small, growth in membership within specific geographic areas has allowed what may be regarded as a gradual ‘localisation’ of the World Wide Web. Postill (2008) notes that this global process of Internet localisation poses a number of challenges to researchers in terms of logistics, methodology and conceptualisation. Logistically, researchers are required to spend enough time in a local setting in order to get to know those who live, work and/or play there both online and offline. Methodologically, the distinction of online versus offline social domains becomes even more problematic as Internet and mobile technologies continue to converge. Conceptually, the researcher must keep track of rapid technological change without yielding to the assumption that a seemingly stationary ‘local community’ is impacted upon by ‘global’ technologies. A further challenge to conceptualising the relationship between technological and social change at a local level arises from the need to identify appropriate conceptual tools to study the emergence of new Internet-related forms of local sociality. Postill (2008) notes that the two prominent approaches to the study of Internet localisation, namely those of ‘community informatics’ and ‘network individualism’, both rely on conceptions of community and network.

In the ‘community informatics’ approach researchers study a ‘local community’ and assess its specific technological needs. Local communities are viewed as “*the bedrock of human development*” (Gurstein, 2004), and urged to take control of the networked technologies that threaten their survival in order to withstand the onslaught of capitalism (Gurstein, 2003).

The ‘networked individualism’ approach led by the Toronto network analyst Barry Wellman denounces the “*smuggling of obsolete notions of community from an earlier period of North American community studies into Internet localisation studies. Where the old communities had ‘streets and alleys’, Internet researchers are now imagining communities bound ‘by bits and bytes’*” (Hampton and Wellman 2003). In contrast to the ‘local neighbourhood’ conception of ‘community’, Wellman argues that *communities “have survived in the form of geographically dispersed personal communities, i.e. personal networks”* (Pahl 2005). In this manner the Internet is shown to merely reinforce a global trend towards networked individualism that was already well under way (Wellman et al, 2003; Castells, 2001).

Postill questions the simplified notions of 'community' and 'network' common to both these approaches, citing Amit's critique of the term 'community' noted above. In response to 'networks' as analytical tool, Postill notes the rise and subsequent fall of 'Social Network Analysis' (SNA) in anthropological circles between the 1950s and 1970s (Mitchell, 1969; Amit 2007; Sanjek, 1996).

While SNA was largely abandoned by anthropologists in the 1970s, this was precisely the time it became more widely adopted by other social scientists, largely spurred by increasing availability of computers (Freeman, 2007). A particular milestone of this approach was Granovetter's (1973) 'strength of weak ties' thesis, which shows that jobseekers in Boston found their 'weak' connections (e.g. with friends of friends) to be more useful in the job market than the 'strong' bonds of close friendship and kinship. This work helped to popularise SNA among North American sociologists and economists (Knox et al 2006), and is commonly cited in recent studies on online social networking (e.g. boyd, 2005).

Despite the increased use of SNA in a vast range of research areas, including the sociology of organisations and Internet studies (Freeman 2007), anthropologists remain weary of the concept, warning about the lack of critical reflection on key SNA notions such as 'whole network' (Knox et al, 2006). *"Whilst whole populations are extremely difficult to research, drawing an arbitrary boundary around the network to be investigated in order to overcome this problem contradicts the fundamental idea of networks being unbounded and cutting across enduring groupings and organisations"* (Postill, 2008:4).

In his discussion of the new media industry in London, Wittel (2001) distinguishes between what he refers to as community sociality, namely the *"pre-modern, sluggish sociality of physically localised collectivities"* vs. network sociality, which is *"fast-paced and based on fleeting, instrumental encounters... with a large set of 'contacts'"* (Postill, 2008:10). Postill argues that the notion of sociality cannot be reduced to a community/network binary, proposing instead a broadened conception of sociality that *"may take on plural forms even within a single universe of practice"* (2007:10). Particular forms of field sociality identified by Postill in his ethnographic research in suburban Malaysia include 'committee sociality', 'patrol sociality', and 'Web forum sociality' as well as 'ritual sociality', 'street party sociality', and 'sporting sociality'.

Of particular interest to this research is what Postill refers to as 'Web forum sociality', which relies on digital forms of expression such as emoticons and avatars to compensate for the lack of bodily cues common to online communication. It is however important to note that this form of sociality coexists with the numerous other forms identified, between which participants alternate depending on the context of their interactions. Rather than appropriating the Internet wholesale, Postill argues that groupings of people, whether referred to as 'communities' or 'networks', selectively appropriate Internet technologies for specific purposes and within fields of self-organised striving. This analysis leads him to believe that the adoption of particular Internet technologies depends *"not only on their cost and technical affordances (Wellman et al 2003) but also on the adopting field's inner differentiation"* (Postill, 2008:13).

While utilising the 'community' and 'network' approaches to sociality referred to by Wellman, Castells and Wittel, this thesis acknowledges Postill's call for in-field focus on a particular situation to identify the interplay between what may be different forms of sociality simultaneously coexisting. This approach is used to analyse the use, as well as user perceptions, of various online tools and platforms by members of the Community Exchange System, and specifically the Cape Town Talent Exchange (see Chapter 5).

2.3.3 Political economy

"New technologies in themselves spell neither greater freedom nor stricter control. Instead, tele-access is shaped by a history of separate but interdependent social choices made by a multitude of actors" (Dutton, 1999:6).

The political economy of 'Cyberia' can be described as profoundly dialectical: enhancing and reducing, freeing and enslaving, unifying and dividing, all along new lines that emerge out of old structures but never transgressing the boundaries of power (Sobchack, 1996). The

political and social contradictions of cybersociety are explored by Jay Kinney (1996), contrasting two scenarios: libertarian Utopia and corporatist Dystopia – one based on vision and hype and the other on continuing relations of power and control.

This section will look at contrasting arguments viewing cyberspace evolution as

1. a continuation of colonial control and capitalist oppression in keeping with the military origins of computer and Internet technology, versus
2. an 'anarcho-communist' revolution towards a 'High-tech Gift Economy' arising from civil society using new technologies to transcend old boundaries.

Capitalist control and military order

The constructivist view of technologies being shaped by the societies in which they operate is expressed by Robins and Webster (1999), who emphasise the way prevailing power relations are articulated through such technologies. "*Within our own society, we need to be concerned with the way in which technologies mediate capitalist social relations*" (1999:4). Some go as far as to view cyberspace as a "*surrogate for old colonies, the 'new continent' artificially created to satisfy Western man's insatiable desire to acquire new wealth and riches*" (Sardar and Ravetz, 1996:6).

Roberts and Webster argue that the military principle of 'command and control' is at the cutting edge of informational developments and that it is integrally connected to the wider search for order and control within and even without nation states. (1999:9) This view can be supported by information presented by Bernal (1999), on the ECHELON spyware system designed and co-ordinated by the United States National Security Agency (NSA), and the BRUSA and UKUSA SECRET agreements whereby key Western governments agree to intercept and monitor all forms of electronic communication passing across the globe's networks.

In agreement with Mitchell's sentiment on empowered agency in designing the future we want (see Section 2.2), Roberts and Webster contend that 'more worthwhile' values need to be adopted in exploring the limits of the technoculture. "*Those values will be in part directed against the new technologies, but more importantly against the capitalist imperatives that drive and shape the new technology agenda. Against the simplistic techno-culture and its drive towards technological order and virtual community, we would wish to counterpose more complex and challenging cultural and political values. Against technological 'empowerment', we counterpose political freedom*" (1999:7).

The need for appropriate values to steer socio-technological evolution to a future of greater freedom rather than oppression can be likened to the heightened sense of awareness and consciousness, including a deepening of ethics, discussed in Section 2.3.1.

Rheingold (1993: xxi) emphasises the need for "*a clear citizens' vision of the way the Net ought to grow*", warning that "*If we do not develop such a vision for ourselves, the future will be shaped for us by large commercial and political powerholders.*"

Anarcho-communist 'High-tech gift economy'

The 'more worthwhile' values sought after by Roberts and Webster may be represented by what Barbrook (1998) refers to as the 'High-tech Gift Economy' in which the spirit of sharing is paramount. Barbrook counterposes the threat of capitalist domination of cyberspace with accounts of the 'anarcho-communist' move towards this gift economy, in which information is shared freely.

Barbrook (1998) notes the inconsistency of copyright enforcement with the basic principle of maximisation of information dissemination to promote common problem solving embodied by the Internet, claiming that in contrast to commercial secrecy and inflexibility of information commodities "*the technical and social structure of the Net has been developed to encourage open cooperation among its participants.*" Within the hi-tech gift economy, people successfully work together through what Lang (1998) refers to as "*an open social process involving evaluation, comparison and collaboration.*"

Peter Kollock also refers to the phenomenon of 'gift exchange' that has emerged in cyberspace. Kollock mentions the creation of open source software such as Linux, which he describes as "*the 'impossible' public good*" (1999:230), noting the unlikely success of a powerful complex computer operating system created by programmers around the world donating their time and effort free of charge, with the operating system being made available freely to anyone who wanted it, regardless of whether they had contributed to the project. Yet, contrary to capitalistically competitive, profit driven instinct, Linux and other forms of Free and Open Source Software (FOSS), are becoming increasingly popular and common, thus revolutionising the political economy of cyberspace.

The Gift Economy is directly challenging its capitalist counterpart in technology development, with the development of free software designed through the co-operation of 'techies' across the globe competing with commercial products. "*The greater social and technical efficiency of anarcho-communism is therefore inhibiting the commercial take-over of the Net. Shareware programs are now beginning to threaten the core product of the Microsoft empire: the Windows operating system*" (Barbrook, 1998).

The importance of FOSS and its potential uses in promoting Internet access in Africa was one of the main topics discussed at a conference on "ICTs for Civil Society" (SANGONeT, 2006). Bryant (2006) notes key elements required for the success of Open Source to include volunteers who are motivated by challenges; emergence and distribution of management and control as people take on tasks and responsibilities; recognition and (re-) use of what already exists; and development of tools that others can use. The role of ICTs in civil society as "*tools that underpin and support social networks*" (Day and Schuler 2004: xii) can be contrasted to the determinism of the dominant network society culture, in which technical networks shape and condition human activity. "*Embedded in the richness and diversity of community practice globally, a vision of a "Civil Network Society" is emerging, a society where ICT improves the quality of life and reflects the diversity of social networks; where people are viewed as citizens not just as consumers and where heterogeneity is perceived as a strength rather than a weakness*" (2004: xii).

This thesis notes how the Community Exchange System, founded upon political ideals for a more just society, uses Internet technologies as a tool to design what members hope could be a new economy based on ideals of sharing. While similar to ideals espoused by FOSS enthusiasts, the CES attempts to translate the benefits of the cyber gift economy into 'real-life' exchanges of physical goods and services, thus extending beyond the world of bits and bytes into the physical realm.

The remainder of this chapter will take a closer look at what may be considered the evolution of an online gift economy, particularly emphasising the role of relationships and reciprocity in gift economics.

2.4 E-evolution of the reciprocal gift e-economy

"We must rediscover the pleasure of giving: giving because you have so much. What beautiful and priceless potlatches the affluent society will see - whether it likes it or not! - when the exuberance of the younger generation discovers the pure gift" (Vaneigem, 1972: 70, cited in Barbrook, 1998).

The evolution and proliferation of Internet and Communication Technologies (ICTs) has had profound impacts on human interaction, relationships, and social networking. In particular it has dramatically altered the ability to give informational 'gifts', as the cost and effort of producing and distributing these has been drastically reduced if not eliminated (Kollock, 1999) for those with access to these technologies. According to Barbrook (1998) people in industrialised countries have steadily reduced their hours of employment and increased their wealth over a long period of social struggles and economic reorganisations. At this point of social evolution some have reached a point where they can work for money for some of the week, while enjoying the pleasure of giving gifts at other times. The technical and social conditions of metropolitan countries have developed sufficiently for the emergence of what Barbrook refers to as 'digital anarcho-communism', in which gifting plays a prominent role, to occur. A decade since Barbrook's comments on the wealth of industrialised countries, the

global financial crisis has somewhat altered the relative wealth (or at least perception of wealth) of those in developed countries. Yet now more than ever the concept of gift economies abounds in discussions of new economics, focused on alternative methods of exchange as means of survival in a world where scarcity-based money is increasingly... scarce, also for those who once had plenty.

The concept of 'gifting' has received much attention in Western anthropology, particularly since Mauss's theorizing in *The Gift* in the 1920s. Mauss (1990 [1923]) emphasises the role of reciprocity⁷ as critical to gift exchange. A gift economy is one **driven by social relations rather than price** according to Bell (1991). Sykes (2005) discusses the value of gifts as means of keeping relationships and meeting obligations, drawing on Mauss's theory viewing the gift as a 'total social fact.' This section will now look at the concept of 'gifting' from an anthropological perspective, highlighting its essentially reciprocal nature as espoused by Mauss, and its relevance to the notion of a 'gift economy'.

2.4.1 Give and take

The Gift, according to Mauss, is never 'free'. Human history shows that gifts give rise to reciprocal exchange. Mauss's inquiry into the anthropology of the gift was driven by the question: *"What power resides in the object given that causes its recipient to pay it back?"* (1990:3). Mauss viewed 'gift' transactions transcending the divisions between the spiritual and the material as almost "magical", emphasizing that the giver not only gives an object but also part of himself, for the object is indissolubly tied to the giver: *"the objects are never completely separated from the men who exchange them"* (Mauss, 1990:3, cited in Wikipedia_Mauss, 2008). Sykes (2005:63) emphasises the 'magical' or 'spiritual' quality that gift giving brings into human relations, enabling an alternative to capitalist forms of direct exchange.

Tim Jenkin, founder of the CES and CTTE online trading system discussed in Part B of this these, emphasises the 'circular and continuous' nature of gifts, noting that in a 'gift economy' equivalence and balance is maintained over the long term by a continual emphasis on giving, rather than receiving, but that the essentially reciprocal nature of the gift ensures continued supply of what is needed.

"The important thing about gifts is that they are circular and continuous. A response gift does not have to be equivalent to a received gift. The circularity ensures that in the long run there is equivalence, not at each stage. Giving was thus a way of ensuring a supply of what was needed. As the focus was on the giving rather than the receiving, the gift economy was also a way of ensuring harmony, concern, compassion and the even dissipation of energy" (Jenkin, 2010).

Mauss's tripartite formula for "total prestation" involves the obligations to 1) give, 2) receive, and 3) repay (Yang, 1994). Carrier (1991: 122), expands on Mauss's conception of the gift, which he defines as *"(1) the obligatory transfer, (2) of inalienable objects or services, (3) between related and mutually obligated transactors."* Sykes (2005: 63) sees the gift as a *"total social fact because it is pervasive across societies, but also because it concentrates attention on social relationships and because it constitutes those relationships."* She furthermore emphasises that, *"when understood as a total social fact, gift giving concentrates many aspects of human relationships, but does not underwrite all of them as the economic"* (ibid, 2005: 75).

By emphasising the relational nature of the gift, Mauss and others after him, acknowledge its inherently reciprocal nature. The concept of reciprocity is discussed in more detail below.

⁷ The American Heritage Dictionary of the English Language (2000) defines reciprocity as: "a mutual or cooperative interchange of favors or privileges. Something is reciprocal when it is performed, experienced, or felt by both sides."

2.4.2 Reciprocity and relationships

A gift economy is one driven by *social relations* rather than *price* according to Bell (1991), who examines ways in which individuals can increase the benefits of their exchanges in gift as well as commodity economies. He notes that benefits in a gift economy are derived from improving the 'technology of social relations' by, for example, increasing the range and diversity of one's social network. By contrast, benefits in commodity economies are derived from making improvements in the technology of production (Kollock, 1999).

Meyrowitz (1985) refers to new social situations created by the application of information system technologies, noting that forms of social interaction would have to change to supplant older technologies and implement the new. A decade later Cutler (1995) notes that in the new environment characterised by flows of information, control of information equates to power. According to Carrier (1991) gift relations in societies of the gift are oriented to the mobilization and command of *labour*, while commodity relations in capitalist societies are generally oriented to the mobilization and command of *objects*. Kollock (1999) responds that exchange relations in online communities are oriented to the mobilization and command of *information*.

While Rheingold (1991: 5) recognises the market value of information exchanged in a virtual community, he emphasises the ultimate social potential of the network to lie "*not solely in its utility as an information market, but in the individual and group relationships that can happen over time.*" Cutler (1995: 12) considers interaction as "*the key feature of cyberspace in the exchange of information from which a sense of self and control can be built.*" New senses of self result in a new sense of presence that fills the space in fluid forms of community. Interaction, communication, and self-concept building lead to a heightened awareness of self and others (similar to that described by Wilber and Bauwens discussed in Section 2.3.1) which can be called a sense of presence (see Section 2.3.2). "*Presence, combined with common interests, enable people, removed physically from each other, to relate via cyberspace*" (Cutler, 1995: 15).

Sykes (2005: 171) likens what she describes as 'virtually real exchange' to the concepts of 'love' and 'friendship' emphasising the value of relationships built across space and time, requiring a suspension of disbelief in the possibility of face-to-face intimacy across great distances. Sykes (2005, 173) notes how such 'virtually real' exchanges take place in what she refers to as 'non-Cartesian space', defined as "*domains of experience in which the body does not appear as a material fact, separate from the mind, and by extension, the mind is not separate from the world as a material reality in any popular sense as essentially real, or in a materialist sense as a tool or resource for use by the sentient being*".

Sykes (2007: 172) shows how in cyberspace, like in friendships or in love "*people aim to make the connection true, even when the form might be false or the ideal might betray.*" The blurring distinction between the self and others, or extension of self-perception beyond the individual self, that characterises these forms of 'virtually real exchange' described by Sykes can be compared to the 'transcendence of the individual self' referred to by Wilber and Bauwens. Such 'transcendence' in turn has important implications for the concept of 'reciprocity' in an online environment, as discussed in the following sections.

In the age of the social web emphasis has shifted from exchange of information (now accepted as given) to the mobilization of *relationships* as the key element underpinning exchange.

2.4.3 Reciprocal gifting in cyberspace

As shown above, reciprocity in gift giving and receiving places emphasis on the relationship between giver and receiver. Such focus on 'the relation', rather than the object, as central unit of analysis in gift exchange is highlighted by Strathern (1994), who views people as 'social' rather than 'psychological' beings, motivated more by building and maintaining relationships than acquiring material goods.

Network exchange theory (Homans, 1958; Blau, 1964; Bienenstock and Bonacich, 1997; Markovsky et al, 1988; Willer, 1999) suggests that actors select their partners: relations are forged with others with whom one has already related, or who may be a promising resource

and who will probably reciprocate. The Prisoner's Dilemma game described by Axelrod (1984) illustrates the idea that to develop reciprocity, learners must go through a process of assessment of risks, rewards and likelihood of reciprocation. When two actors initially don't trust that their peers will reciprocate, they adopt the less risky, lower benefit strategy of non-reciprocating. They may eventually reach a reciprocation state via a series of rounds in which they learn their partners' strategies. Axelrod regards the most important prerequisites for cooperation as: (1) ongoing interaction, (2) identity persistence, and (3) knowledge of previous interactions (Kollock, 1999: 15). Aron (1996) suggests that during the learning period each of the actors develops three entities: 1) ego, 2) other, and the 3) reflective-self⁸ (Aviv and Ravid, 2005).

Axelrod's (1984) prerequisites for cooperation cited above, namely (1) ongoing interaction, (2) identity persistence, and (3) knowledge of previous interactions can be applied directly to the phenomenon of online group formation and sustainability. *"If members of a group will not meet each other in the future, if there is no stability in the names and identities that people adopt, and if there is no memory or community record of previous interaction, it will be very difficult to create and maintain a cooperative online community"* (Kollock, 1999: 15). Other structural features that can encourage cooperation are, according to Kollock (1999: 15): (4) making sure contributions are visible and that contributors are recognised for the efforts, and (5) well defined and defended group boundaries.

To establish a reciprocal dyad, the participants of an online network must go through a learning period during which they develop the three psychological components of a reciprocal dyad, namely 1) ego, 2) other, and 3) the reflective-self. This can be attained in online learning networks through use of a broadcast communication mechanism whereby posted messages are readable by all. Participants can thus learn relatively quickly who is and who is not a potential reciprocator and the learning period is thereby shortened. Participants develop their ego via postings which can be considered their 'public appearances' where they exhibit their own behavioural aspects and attract respect from others. Participants also realise that they must contribute, and possibly reciprocate, in order to gain anything at all (Aviv and Ravid, 2005). Rheingold (1991: 8) observes from his experiences in the WELL (Whole Earth 'Lectronic Link)⁹ network that *"[i]f you give useful information freely, without demanding tightly-coupled reciprocity, your requests for information are met more swiftly, in greater detail, than they would have been otherwise."* Noting this leads to the development of the reflective-self component and to the awareness of the other. Interaction and reciprocation are furthermore facilitated by the online communication environment.

The above factors are noted by Wellman and Gulia (1999) as evidence that reciprocity is indeed feasible in online communities. Their conclusion is supported by Aviv and Ravid (2005:6) who also note however that *"[r]eciprocity does not come without a price. The personal view of an actor in a broadcast environment is that the most efficient way to gain social capital is to do nothing."* As this results in a basic tendency of participants not to respond at all, let alone reciprocate, design features should be put in place to encourage cooperation.

The building of reciprocal relationships online is an ongoing process. Cutler (1995: 17) notes that *"The more one discloses personal information, the more others will reciprocate, and the more individuals know about each other the more likely they are to establish trust, seek support, and thus find satisfaction"*. Social presence in the interactive social arena of cyberspace involves a reciprocal awareness by others of an individual and the individual's awareness of others. A new, mutual sense of interaction is essential to the feeling that others are there in interactive media such as CMC. Individuals make personal and public

⁸ The reflective self is described by Kadushin (2004) as awareness of ego as the object of one's own investigation as well as the object of investigations by others.

⁹ "The Whole Earth 'Lectronic Link (or The WELL) is one of the oldest virtual communities in continuous operation. The WELL was started by Stewart Brand and Larry Brilliant in 1985, and the name is partially a reference to some of Brand's earlier projects, including the Whole Earth Catalog." (Wikipedia_WELL, 2008)

commitments to groups that affiliate around mutual interests in the new social spaces. The only limitation to affiliations formed around general and special interests is the ability of individuals to process all the interactions that flow through the network to the desktop according to Cutler (1995). Rheingold, (1991: 7) refers to an *“unwritten, unspoken social contract, a blend of strong-tie and weak-tie relationships among people who have a mixture of motives”* which *“requires one to give something, and enables one to receive something.”*

2.4.4 Generalised exchange

The reciprocation of online ‘gifts’ of information can be subject to various complexities, especially when considering the anonymity of the recipient(s). Such anonymity makes a direct giver-recipient relationship impossible, as highlighted by Kollock (1999:3) who notes that *“[t]he relative or absolute anonymity of the recipient makes it all the more remarkable that individuals volunteer valuable information – one cannot realistically count on the reciprocity of the recipient in the future to balance the gift that has occurred”*. However, while a balanced reciprocity with a particular individual may not be possible, balance might be sensed to occur within a group as a whole.

Ekeh (1974: 52) refers to this type of network-wide accounting system, in which a benefit given to a person is reciprocated not by the recipient but by someone else in the group as ‘generalised exchange’. Kollock (1999) believes this system of sharing to be both more generous and riskier than traditional gift exchange, on both accounts due to the fact that an individual provides a benefit without the expectation of immediate reciprocation. The temptation therefore exists to gather valuable information and advice in online groups, or obtain goods and services using a community currency, without contributing anything back. If everyone succumbs to this temptation to ‘free-ride’ on others’ efforts, everyone is worse off than they might have been otherwise, leading to what may be referred to as a social dilemma whereby individually reasonable behaviour (taking without giving) leads to collective disaster (Kollock, 1999).

Veale (2003) believes that failing to provide tangible, quantifiable rewards, the ‘gift economy’ that is claimed to exist on the Internet faces the risk of breaking down as the presence of ‘free riders’ could make ‘givers’ of information more reluctant to contribute. Demonstrating ways whereby sharing can continue to thrive in an online environment, Veale argues that reciprocity is operationalised in the Internet’s gift economy through a variety of guises, including chapter payments schemes, allowing participants to send tangible gifts to the giver.

This chapter will now examine some tangible and intangible motivations for online sharing.

2.4.5 Why contribute?

Wellman and Gulia, (1997: 8) highlight the fact that *“many of the exchanges that take place on-line are between persons who have never met face to face, have only weak ties, and are not bound into densely-knit community structures that could enforce norms of reciprocity”* as a challenge to motivation for giving support in virtual communities.

This section will explore a variety of factors that could motivate people to be active, sharing participants in online community networks despite these potential challenges of physical distance.

Anticipated reciprocity

Anticipated reciprocity is a key motivational factor in expanding and maintaining social networks. The network-wide generalised exchange accounting system operating in cyberspace creates a kind of credit, which enables one to draw upon the contributions of others without needing to immediately reciprocate. There are numerous potential benefits to such a system in which accounts do not need to be kept continually and exact in balance (Kollock, 1993). The group as a whole is better off if each person shares freely, in that it has access to information and advice that no single person could match (Kollock, 1999).

Haug (1999: 1) cites anticipated reciprocity as a key motivation for information sharing. *“A participant expects that he or she will get useful advice in return for valuable expertise*

contributed to others." Wellman and Gulia (1997) and Rheingold (1993) have reported that individuals who offer advice and information regularly tend to receive more help more quickly when they ask for something.

Rheingold (1991:7) emphasises the inherent value of giving, knowing that more will be returned: *"with scores of people who have an eye out for my interests while they explore sectors of the information space that I normally wouldn't frequent, I find that the help I receive far outweighs the energy I expend helping others. A marriage of altruism and self-interest."* Barbrook (1999) also believes that everyone takes far more from the Internet than they can ever give away individually. Ghosh (1997:10) doesn't believe in altruism at all, stating that *"[t]he Net is far from altruistic, or it wouldn't work... Because it takes as much effort to distribute one copy of an original creation as a million ... you never lose from letting your product free...as long as you are compensated in return ... What a miracle, then, that you receive not one thing in value in exchange - indeed there is no explicit act of exchange at all - but millions of unique goods made by others!"*

Factors influencing contributions based on anticipated reciprocity include a) the extent to which individuals are likely to interact with each other in the future, and there is some way to keep track of past actions; b) identity persistence to link contributions to specific identities, along with a system for keeping track of past contributions; and c) well-defined and defended group boundaries (Ostrom 1990; Kollock and Smith 1996). *"Contributing something to the group today in hopes of taking something back later amounts to making a loan to the group. If the recipients of the loan leave, the system of generalised exchange breaks down"* (Kollock, 1999: 6).

Expressing identity

Cutler, (1995: 15) claims that *"the technology and the new social situation become the sites of negotiation for satisfying needs to build self-concept and control of disclosure."* One of the explanations for reciprocity suggested by Constant, Sproull and Kiesler (1996) is that the process of providing support and information on the Internet is a means of expressing one's identity. *"Helping others can increase self-esteem, respect from others and status attainment"* according to Wellman and Gulia (1997: 8). To emphasise the importance of online identity as motivating factor, a study by Meyer (1989) showed that despite the need to protect their personal identities to avoid being traced by authorities, *"hackers are reluctant to change their pseudonyms regularly because the status associated with a particular nickname would be lost"* (Wellman and Gulia, 1997: 9).

Contributions motivated by the desire to express an online identity will be influenced by the extent to which the network provides sufficient tools for such expression, as well as the degree to which contributions are visible to others. Related to the sense of identity are motivations based on reputation and sense of self-efficacy, as well as community/ group attachment, discussed in more detail below.

Reputation

Rheingold (1993) cites reputation or prestige as one of the key incentives of participants' willingness to share knowledge and contribute to virtual communities. Opportunistic behaviour is automatically discouraged because of the reputation effects according to Kreps (1994). According to Raymond (1998) those whose gifts are the most useful or elegant in their solution to a particular problem gain status and reputation for the information and knowledge that are not traded but given away in the online 'bazaar' economy created in cyberspace.

Factors influencing contributions based on reputational considerations include a) the degree that the contribution is visible to the community as a whole, and b) the extent to which there is some recognition of the person's contributions (Kollock, 1999: 6). Haung, (1999) emphasises the importance of visible recording and recognition of contributions to encourage sharing of knowledge in virtual communities. Similarly Kollock (1999) suggests that reciprocity in online networks can be encouraged through use of a broadcast communication mechanism whereby posted messages are readable by all.

Sense of efficacy

Bandura (1995) highlights the value of a sense of efficacy in changing societies. Making regular and high-quality contributions to a group can give people a sense of having an impact on the group, thus supporting their self-image as efficacious beings. Contributions motivated by a sense of efficacy are likely to increase if: a) people can observe changes in the community attributable to their actions; b) the size of the group increases which provides a larger audience and a potentially greater impact of one's actions (Kollock, 1999).

Sense of community, attachment, and group dynamics

The virtual presence of all participants in a shared virtual space anticipates a better sense of cooperation and mutual trust according to Haung (1999), who believes that group dynamics are enforced by collaborative media that bring participants virtually close together. When the good of the group enters one's utility equation contributions to the group are motivated because that is what is best for the group. “[*Individual and collective outcomes are thus merged and there is no social dilemma*]” (Kollock, 1999: 7). The heightened sense of ‘presence’ (Cutler, 1995) or increased awareness of the ‘transcendent self’ (Wilber, 1996; Bauwens, 1998) facilitated by Internet technologies can expedite this merging of individual and collective outcomes across cyberspace, despite the geographic distances and absence of physical contact between group members engaging in what Sykes (2005) refers to as ‘virtually real exchange’ across ‘non-Cartesian’ spaces. Smith (1992) also emphasised the important role of community as motivating factor to contribute online, noting that people, in general, are fairly social beings.

Most online communities encourage the sense of community by allowing people to reply back to contributions (Smith, 1992). Constant, Sproull and Kiesler (1996) found group attachment to be intrinsically tied to norms of generalised reciprocity and helping mutual friends (Wellman and Gulia, 1997). Contributions motivated by group attachment are likely to increase to the extent that the goals of the community are developed, clearly articulated, and communicated to the members (Kollock, 1999). Haung (1999: 2) also emphasises the importance of clearly articulated objectives which “*have the potential to make participants feel emotionally attached to the design community endeavouring the particular design task*” and it is motivating to many people to be responded to directly for their contributions.

Need

From an altruistic perspective, one may produce and contribute a public good simply because a person or the groups as a whole needs it. Contributions motivated by someone's or some group's needs will be influenced by the extent to which the needs of the group are clearly known and communicated. Kollock (1999) suggests that an ongoing record of the group's discussion can be useful here, as can central meeting places (e.g., a ‘public square’) where important issues and needs can be discussed and displayed.

Summary of features to encourage contribution in online networks

From the above listed motivations, a number of features can be identified that, if built into the design of an online network, could assist in promoting a greater sense of reciprocity amongst users. These include mechanisms to ensure:

- ❖ Visible contributions;
- ❖ Identity persistence;
- ❖ Clearly articulated goals and objectives of the online group/ community; and
- ❖ Evidence that the group is large enough/ seen to be growing in size.

2.4.6 The high-tech gift economy

The Internet has long been argued to provide the technology required for the formation of what might be called a gift economy (see Rheingold, 1991; Barbrook, 1998; Raymond, 2000; Crawford, 2001; Ippolito, 2001, Ghosh, 1998; Kollock, 1999; Offer, 1997; Pinchot, 1995).

Rheingold (1991) believes that the exchange system fostered by the Internet goes beyond mere reciprocity, which he views as a key element of any market-based culture, to being *“more like a kind of gift economy where people do things for one another out of a spirit of building something between them, rather than a spreadsheet-calculated quid pro quo.”*

The concept of a ‘High-Tech Gift Economy’ is elaborated by Barbrook (1998), who points out that despite its military origin, the Internet was constructed around the gift economy. Although the Pentagon initially tried to restrict unofficial uses of its computer network, it soon became clear that successful development of the Internet required allowing its users to build the system for themselves. The free exchange of information has been firmly embedded within the technologies and social mores of cyberspace since its origin according to Geise (1996). *“Far from wanting to enforce copyright, the pioneers of the Net tried to eliminate all barriers to the distribution of scientific research”* (Barbrook, 1998: 3).

Hagstrom (1982) shows the gift economy to have long been the primary method of socialising labour in the scientific/ academic community. Rather than turned into marketable commodities, research results are publicised by presenting papers at specialist conferences and contributing articles to professional journals. The free distribution of information thus facilitates collaboration of many different academics. Barbrook (1998) shows that, in contrast to traditional gift-economies found in small tribal societies, the academic gift economy is used by intellectuals spread across the world.

While the commodification of information through a tightening of intellectual property rights has become an increased concern of politicians and corporate leaders in the developed world over the past decades, online networks geared to information sharing have simultaneously sprouted in cyberspace. *“[A]t the ‘cutting edge’ of the emerging information society, money-commodity relations play a secondary role to those created by a really existing form of anarcho-communism... In the absence of states or markets to mediate social bonds, network communities are instead formed through the mutual obligations created by gifts of time and ideas”* (Barbrook, 1999:5).

Kollock (1999) shows how information for which consultants, lawyers and other professionals would charge up to several hundred dollars an hour is provided free of charge in online discussion groups. He demonstrates how the Internet facilitates a change in the economies of cooperation, arguing that there are fundamental features of online interaction which change the costs and benefits of social action in dramatic ways to facilitate such free exchange of valuable information.

Limitations of the high-tech gift economy

A critical limitation to the ‘high tech gift economy’ is its very ‘high-tech’ nature. To date the benefits of the gift economy espoused by Internet researchers have been largely virtual, exchanging gifts of knowledge, information, ideas and comments. Commonly cited examples include the development of free and open source software, and alternative licensing practices to promote freedom of information (Barbrook, 1998; Ghosh, 1998; Raymond, 2000). Despite the dramatic changes in social interaction and exchanges facilitated by online networking, and the evolution of what may be referred to as the ‘high-tech gift economy’, some feel the full potential of the Internet to revolutionise economic systems is not being reached.

“I want to see somebody set up a barter network where I could trade poetry for turnips. Or not even poetry--lawn cutting, whatever. I want to see the Internet used to spread the Ithaca dollar system around America so that every community could start using alternative labour dollars. It is not happening. And so I wonder, why isn't it happening?” (LambornWilson, 2004).

LambornWilson recognises that technology cannot change the essence of a society, and despite its potential to connect, can in fact alienate people to such an extent that they mistake technological and symbolic action for social/political action. Some basic limitations of the gift-economy, revealed by some as a sign of human evolution to a more giving condition relate to a) its until now almost exclusive focus on digital realms as noted above, b) its accessibility (or lack of) for a large proportion of the human race, and c) its dependence on the ‘money-economy’, without which it cannot exist.

Participation in the high-tech gift economy requires both time and money for the sophisticated media, computing and telecommunications technologies facilitating such participation. "*Gift cultures are adaptations not to scarcity but to abundance. They arise in populations that do not have significant material-scarcity problems with survival goods*" according to Raymond, (2000: 9). The fact that the gift-economy can only flourish in an affluent society, while the majority of the world's population lives in poverty and cannot access the luxuries available for free online, remains a critical obstacle to the Internet's revolutionary potential.

Both Barbrook and Raymond recognise that the "high tech gift economy" they refer to operates in parallel to the world of 'normal' capitalist/ market relations. They suggest that people will move between the two, making reputations in the gift economy which can then be translated into monetary rewards in the money economy. "*Only by working to support themselves in the property economy can the cyber-communists survive to maintain a presence in the gift economy*" (May 2003: 98). The fact that the online 'gift-economy' depends on the capitalist, market-based economy may be said to diminish its value as a true beacon of an emerging 'anarcho-communism' as claimed by Barbrook.

2.5 Conclusion

This chapter has aimed to demonstrate firstly that technology is a cultural construction, developed by and for the society in which it is used. It is thus up to the members of this society to take responsibility for the impacts of technological innovation on humans and society.

Secondly, it has noted the way in which the development of ICT and CMC technology in particular has led to an evolutionary process in modern society, with the concurrent 'growing pains' and social crises inherent in any such transformation of sense of self and society, all the more dramatic because of the immense pace at which developments are transforming the human experience.

A recurrent theme throughout the chapter has been an emphasis on agency and choice determining the nature of the evolutionary process, and the manner in which it has and continues to transform human consciousness and social relations. The need for appropriate values to guide humanity in the transcendence of traditional sense of self enabled and accelerated by technological developments in the Information Age are stressed, along with the importance of society to take responsibility for the direction in which these developments will lead us.

Contrasting views of cyberspace as utopia versus dystopia, noting both its liberating potential as well as opportunities for oppression were posed throughout the chapter, culminating in a discussion of the political economy of the cyberworld. The 'anarcho-communist' Gift Economy which has emerged in cyberspace, and is rapidly gaining prominence in all forums of discussion on ICT development, is noted in contrast to concerns over capitalist domination and control of this new 'territory'. The Gift Economy, focused on sharing, in which those who have 'enough' devote much of their time, energy and resources for a greater global good, may be seen as a manifestation of a transcended consciousness beyond individual identity to encompass a greater good, thus reflecting some of the 'values' needed to guide the evolutionary process through the inevitable crisis of change.

Mauss's theory of 'the gift' was used to indicate the essentially reciprocal nature of gift giving, which creates an obligation for some form of exchange, although not by means of direct payment as expected in market relations. The crucial role of relationships was highlighted as fundamental to a gift economy.

The social dilemma that can occur when individually rational behaviour would result in non-cooperation detrimental to all was illustrated using Axelrod's Prisoner's Dilemma. To overcoming the individual rationality a learning process is required whereby the others' actions can be experienced and a mutually beneficial cooperative strategy can be arrived at. Such a process requires ongoing interaction, persistence of identity, and knowledge of previous interactions, elements that can all be incorporated into online exchange platforms, thus enabling reciprocal exchange to take place.

While ICTs may indeed foster an environment for reciprocal exchange of information, the 'high-tech gift economy' some claim to operate in cyberspace is only open to those with access to this virtual world. This access, though increasingly available to larger sectors of the population, remains restricted to those who can afford it. Furthermore, the 'anarcho communist' gift economy can only operate in conjunction with a capitalist system in which those who contribute gifts can earn enough to buy the technology that gives access to the cyber economy. These limitations should be taken into consideration in assessing the Internet's real potential to encourage a more 'giving' society.

This thesis aims to explore ways in which the Internet may be seen to facilitate a type of 'gift economy' that extends beyond the realms of cyberspace and information exchange, to the actual exchange of physical goods and services through the use of alternative community currencies, thus overcoming some of the limitations of the 'high-tech gift economy' noted above. To do so, the essentially *relational* nature of reciprocity, and how it is impacted by the Internet, is considered. The next chapter delves deeper into the issue of relationships and economics from an anthropological perspective, followed by an exploration of money systems in Chapter 4, before examining the CES as example of a web-based 'community currency' in Chapters 5, 6 and 7.

3 CHAPTER THREE: SOCIAL ECONOMICS

3.1 Introduction

This chapter aims to explore the evolution of 'economic man' since the late 18th century. Over this period some (see Polanyi, 1944; Curtis, 2002) argue there has been a systematic devaluation of humanity's intrinsically social nature, founded on what we might call the spirit of 'Ubuntu'¹⁰, in favour of an emphasis on humanity's propensity for greed, motivated primarily by desire for self-gain. The greed-motif was found to be a particularly effective tool for crowd mobilisation by the free-market economy, and has served as the dominant paradigm for the study of production, distribution, and consumption of goods and services over the past two centuries.

Though essentially defined as a 'social science', the discipline of economics has increasingly veered away from other social sciences. The chapter explores the positioning of economics in the social science field, examining the divide from more 'human-centred' disciplines such as sociology, and particularly anthropology. The anthropological debate with economics comes out particularly clearly in the work of Karl Polanyi, which is referred to throughout the chapter.

The chapter begins with a historic overview of the evolution of economics as seen from the social science perspective. This is followed by a specific look at the relationship between 'market and man', and the way this relationship has evolved over the past century during which human relationships were systematically dissociated from processes of production and exchange in what Polanyi (1944) described as the *Great Transformation*. The final section examines the evolution of what Castells (1996) termed the *Network Society*, in which the development of information and communication technologies (ICTs) is shown to have created the techno-social base of another evolution of production, consumption and exchange, reintegrating relationships with the study of economics.

It is argued that the Internet provides the means to reintegrate human relationships with economics, thus reversing the 'Great Transformation' of the 20th century as described by Karl Polanyi.

3.2 Economics as a (Social) Science

The term *economics* is derived from the Ancient Greek *οἰκονομία* (*oikonomia*, 'management of a household, administration') comprised of *οἶκος* (*oikos*, 'house') and *νόμος* (*nomos*, 'custom' or 'law'), hence denoting 'rules of the house(hold)' (Harper, 2001). Current economic models developed out of the broader field of political economy in the late 19th century, resulting from a desire to use an empirical approach more similar to the physical sciences (Clark, 1998). A definition that can be considered to capture much of the current conception of modern economics is that of Lionel Robbins: "*the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses*" (Robbins, 1945: 16). Scarcity is defined as a situation whereby available resources are insufficient to satisfy all wants and needs. Thus defined the subject of economics involves the study of choices as they are affected by incentives and resources, aiming to explain how economies work and how economic agents interact (Wikipedia_Economics, 2009).

The history of economics as a scientific discipline has been impressive in its extended reproduction. Its mathematical formalization of human behaviour, public prestige and Nobel Prize awards have led to the discipline's wide regard as the most 'advanced' of the social sciences. Despite this acclaim, mainstream economics has been the subject of critique within the social science field since its origins. In an assessment of the position of the discipline of economics within the social sciences, Ioannides and Nielsen (2007: 1)

¹⁰ Derived from the Zulu phrase: "umuntu ngumuntu ngabantu" which, literally translated, means a person can only be a person through others. (Mbigi and Maree, 1995)

describe mainstream economics as having developed an “autistic condition; that is, ‘withdrawal, fantasies and delusions stemming from an inability to relate to and perceive the environment realistically’ (Levey and Greenhall, 1984: 56) It is characterised by a withdrawn state in relation to both real-life economic problems and the social science disciplines.”

The sharp distinction between economics and other social science disciplines is evident in its language and methodologies, more closely resembling those used in the mathematical and physical sciences, and thus rendering dialogue and communication with other social sciences impossible. It is worth bearing in mind that, despite its claim to be closer aligned to the natural sciences, modelled after physics, glaring differences between economics and physics have been pointed out by Pool (1989) who notes that, while physicists are absorbed in the task of finding explanations for the wealth of ‘real-world’ data they collect in their research, the lack of actual ‘data’ in economics places far greater emphasis on rigorous assumptions. “*The economists thought that science meant mathematical proofs of theories and econometric tests. The physicists spend most of their time trying to explain phenomena, such as agricultural economists and economic historians*” (Pool, 1989: 701).

The absence of actual ‘facts’ from the ‘science’ of economics is highlighted by Gintis (2006) in a review of Beinhocker’s (2006) *The Origin of Wealth: Evolution, Complexity, and the Radical Remaking of Economics*. Comparing the graduate microeconomics text to popular graduate texts in quantum physics, Gintis notes that, while physics texts postulate theories to explain phenomena, they are replete with examples of anomalies and exceptions, thus urging scholars to refine their search for more appropriate explanations for ‘real-world data’. “*By contrast, the graduate microeconomics text, despite its brilliance, did not contain a single fact in the whole thousand page volume (actually, there were two references to facts, both in footnotes). Rather, the authors build economic theory in axiomatic fashion, making assumptions on the basis of intuitive plausibility or consonance with the principles of ‘rational action’*” (Gintis, 2006: 1027). In this manner the discipline of economics can be seen most closely related to mathematics, but bearing little resemblance to either the *physical* sciences on which it claims to be modelled, or the *social* sciences amongst which it has claimed a position of superiority based on ‘rational’ methodologies.

While integration between disciplines may be considered essential for the in-depth understanding required to solve real-life problems, the ‘self image’ of the economics discipline has appeared to make it indifferent to and disinterested in closer interaction. The dominance of one paradigm through the neoclassical purification of economics departments and the main journals has furthermore meant that alternative approaches within the discipline were in effect excluded from its core institutions. Ioannides and Nielsen (2007) highlight both the need for, as well as early evidence of the emergence of, a ‘post-autistic’, more pluralist and practically relevant economics, emphasising that such a development requires “*the reinsertion of economics in the context of the social sciences*” (Ioannides and Nielsen, 2007: 2).

McNeil (2007: 163) uses the concepts ‘social capital’ and ‘sociality’ to explore the middle ground between economics and what has been considered its polar opposite in the social sciences – anthropology. The term ‘social capital’ has gained popularity in recent years amongst economists, political scientists and sociologists. In a review of the concept of ‘social capital’ McNeil concludes that its focus on networks and norms does *not* represent significant methodological progress. By contrast, the concept of ‘sociality’, viewed as both 1) an empirical phenomenon (as in child psychology) and 2) an analytical concept (as in anthropology) are thought to provide more promising grounds for methodological innovation. McNeil first explores a reformist position in which analytical focus remains on individuals, but emphasises their drive to connect with other individuals over that of self-interest. This is followed by an exploration of what is described as a more radical position, in which the analytical focus shifts from entities to relations.

“Can something other than entities – relations, for example – constitute a ‘motive force’? I wish to suggest that they may. My hypothesis is that there is an innate propensity for interaction between human beings, and for them to create shared rules and meanings, and that this may be regarded as a ‘motive force’” (McNeil, 2007: 178).

This chapter will now provide a historic overview of the origins of the discipline of eEconomics as we know it today, beginning with classical economics thinking of the 18th century, and neoclassical developments of the 19th century. Debates around the central focus of economics, and the validity of its underlying assumptions are explored, particularly through the work of Karl Polanyi.

3.2.1 Origins of ‘Homo Economicus’

Classical economics, commonly regarded as the first modern school of economic thought, is associated with the idea that free markets can regulate themselves (Iggy and Sheffrin, 2003). Its major developers include Adam Smith, David Ricardo, Thomas Malthus and John Stuart Mill (Wikipedia_Classical Economics, 2009).

Adam Smith's *The Wealth of Nations* (1776) is usually considered to mark the beginning of classical economics. Smith placed the origins of market exchange in the barter networks of our ancestors, claiming that the wealth of nations resulted from the slow working out of a deep-seated propensity in human nature, to “truck, barter and exchange” one thing for another.

“It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts ... Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that” (Smith 1961 [1776]: 17, cited in Hart, 2005).

The claim of humanity's essentially ‘economic’ nature as espoused by Smith led to the conception of ‘homo economicus’, a creature controlled by the need to trade (juxtaposed against what might be thought of as ‘homo socialis’, emphasising the need to connect with others). The study of economics subsequently became known as the “Queen of the Social Sciences” (Ioannides and Nielsen, 2007: 1), through which what was thought to be humanity's single most distinguishing characteristic could be mathematically plotted and manipulated. In the Age of Reason such rational recourse to explain social processes triumphed in reaction against former church dogma.

Following on Smith's identification of trade as intrinsic to human nature, David Ricardo elaborated on the benefits of trade through his theory of ‘comparative advantage’, considered a fundamental argument in favour of specialization among individuals as well as free trade among countries. Ricardo argued that even if one party (e.g. a highly-skilled artisan or resource-rich country) is more productive than its trading counterpart (e.g. unskilled labourer or resource-poor country) in every possible area, trade will result in mutual benefit as long as each concentrates on the activities where it has a *relative* productivity advantage (Roberts, 2003).

Another key contribution to the evolution of classical economic theory was Thomas Malthus's warnings about the possible dangers of population growth: *“The power of population is indefinitely greater than the power in the earth to produce subsistence for man”* (Malthus. 1798: 13). By drawing attention to the limited capacity of the earth to sustain a rapidly growing human population, Malthus paved the way for subsequent theories on scarcity that formed the basis of neoclassical economics in the 19th and 20th century.

3.2.2 What motivates man?

Once the ‘inherent’ nature of barter and exchange as a fundamental human characteristic had been identified, and the possibility of explaining, predicting and influencing human behaviour through rational calculation became evident, the question of ‘what motivates

mankind' became the focus of economic theory. Two schools of thought that have emerged in this regard emphasise respectively the issue of maximisation of scarce resources aimed at individual gain that formed the basis of neoclassical economics on the one hand, and the essential human need to satisfy material needs (regardless of scarcity or opulence) on the other.

The meaning of the word 'economy', as we currently use it to designate a certain kind of human activity, swings between two poles, distinguished by Polanyi as 'formal' versus 'substantive' economics. *"The first, 'formal' sense stems from the logical character of means-end relations: the definition of economy in terms of scarcity comes from this. The second, 'substantive' sense emphasises the relations of interdependence between people and the natural surroundings from which they derive their material being. In this definition, such substantive conditions are basic to the economy"* (Laville, 2008: 3). While the substantivist approach to economics can be described as being culturally relativist, the formalist view espouses a universalist position.

The origins and approaches of these two schools of thought are discussed in more detail below:

Scarcity, Choice, 'Methodological Individualism' and 'Creative Destruction'

The Classical School of Economics was active into the mid 19th century and was followed by neoclassical economics in Britain beginning around 1870. The formalist approach to economics described by Polanyi is that propagated by neoclassical economic theory, which was established on the premise of Carl Menger that:

"[T]he appropriate concern of economics was the allocation of insufficient means to provide for man's livelihood. This was the first statement of the postulate of scarcity or maximisation." The importance of this statement *"was enhanced by a superb relevance to the actual operation of market institutions which, because of their maximizing effect in day-to-day activities, were by their very nature amenable to such an approach"* (Polanyi, 1977: 21, 22).

The defining issue of the economic discipline since, still cited in text books today, has been the need to economise due to insufficient means. From this assumption Menger made significant contributions to theories on price, based on demand and supply, regarded as the basis of modern economics.

Another founding feature of neoclassical economics was the concept of 'methodological individualism', a term coined by economist Joseph Schumpeter in 1908 as *Der methodologische Individualismus*, and translated into an article for the *Quarterly Journal of Economics*, where the term first appeared in 1909 (Hodgson, 2007). This approach provided economists with a methodological approach to analyze collective action in terms of "rational", utility-maximizing individuals, in accordance with the *Homo economicus* postulate adopted from classical economics (Wikipedia_Methodological Individualism, 2009).

Schumpeter is also remembered for identifying the lifeblood of capitalism as "creative destruction," whereby he believed that the rise and fall of companies would strengthen the economy by unleashing entrepreneurial innovation (Schumpeter, 1942).

The combination of Menger's early views on scarcity and choice, followed by the 'methodological individualism' and 'creative destruction' of Schumpeter, firmly rooted 'economic man' in a system centred on competition over scarce resources for individual gain, the fundamental underpinnings of market capitalism.

Cultural values are not considered as important within the formalist school, as it is felt that regardless of an economic actor's values, s/he will rationally order them in a list of preferences and then try to maximise his/her own utility with minimum effort. According to Graeber the formalists *"were working with tools originally designed to predict individual behaviour in a market setting; by twisting them around, they could sometimes predict the*

behaviour of individuals in other cultures but not the values that motivated them, or, for that matter, the shape of society as a whole" (Graeber 2001: 12).

Polanyi was particularly critical of the formalist position, arguing that "[...] *only in the historical development of the modern West had the two [formal and substantive] come to have the same meaning, for only in modern capitalism was the economic system fused with rational economic logic that maximised individual self-interest. [...] In the economic systems of other cultures, however, the economy is embedded in other social institutions and operates on different principles from the market*" (Wilk and Cligget, 2007: 10). Other points of critique included the points that human beings are not always rational or self-centred, but that they act in ways which can be considered altruistic, social and other-oriented.

Satisfy material requirements

The neoclassical assumptions described above have historically been questioned by anthropologists, sceptical of the reduction of human existence to formulas based on what was assumed to be always rational choice. Refuting the exclusive emphasis on individual gain postulated on these assumptions, Polanyi noted that:

"Cultural anthropology revealed a variety of nongainful motivations that induced man to take part in production; sociology refuted the myth of an all-pervading utilitarian bias; ancient history told of high cultures of great wealth that had no market systems" (Polanyi, 1977: 22).

According to Polanyi (1977), Menger himself acknowledged later in his life that another motivating factor determining economic life stems from the need to satisfy physical requirements whatever the means.

*"As Menger explained it, the economy has **two** "elemental directions," **one** of which was the economizing action stemming from the insufficiency of means, while the **other** was the "technoeconomic" direction, as he called it, derived from the physical requirements of production regardless of the sufficiency or insufficiency of means"* (Polanyi, 1977: 22, emphasis original). According to Menger these two approaches to the possible development of the human economy proceed from *"essentially different assumptions.... (but) both are primary and fundamental"* (Menger, 1923 : 77).

Though the later insight was published in a posthumous edition of Menger's *Grundsätze (Principles)*, this work was largely ignored by economists at the time, and not translated into English until the 1980s, thus fading into oblivion.

According to the substantivist economic school the fundamental aspect to understand about any economy is that in most societies it is not a separate sphere of individual actors, but entirely embedded in other social subsystems such as religion, lineage or even class structure. From a relativist standpoint of early anthropology, it was emphasised that the systems of production, consumption, exchange and distribution should be analyzed specific to different cultures; each is guided by its own logic and culturally-specific values (Wilk and Cligget, 2007). While the substantivist approach could be credited for its critique of euro-centric assumptions about how economies work, it had the disadvantage of making human economic behaviour basically incomparable, as it was seen to be tied to each particular 'exclusive' culture.

In search for 'general' though not 'universal' principles that could be used to describe the functioning of economic society, Polanyi identified different 'forms of integration and supporting structures' underlying production, consumption and exchange amongst human societies. Such pluralist approaches to principles, as well as forms of property, as discussed by Mauss, are noted below.

Pluralist property forms and principles

Mauss emphasised a plurality of property forms, insisting that economic organization is always a complex combination of economic types that are often opposed, and furthermore postulating that these are shaped by evolving social institutions. *“Property, law, the organization of work – these are all social facts, real things corresponding to the real structure of society. But they are not material objects; they do not exist outside individuals or the societies that make them and keep them alive. They only exist in the minds of men brought together in a society. They are psychic facts. Economic facts, such as property rights for example, are themselves social (value, money etc...) and therefore constitute psychic facts like all the other social facts to which they are connected, conditioning and being conditioned by them”* (Mauss, 1923: 76). Mauss also referred to the concepts of reciprocity and redistribution later discussed by Polanyi, noting in the conclusion to *The Gift* that the relationship between reciprocity and redistribution is a particular feature of modern market society.

Citing extensive research of forms of exchange in ancient cultures, Polanyi (1977) distinguishes between three principles that determine economic processes, namely reciprocity, redistribution and exchange:

- ❖ **Reciprocity** refers to the exchange of gifts and counter-gifts, as described by Malinowski (1921) in his study of Trobriand Islanders. In such arrangements *“reciprocal movements of goods require adequacy in terms of gift and counter-gift. Adequacy, in this case, means primarily that the right person at the right occasion would return the right kind of object... Adequate behaviour is often that of equity and consideration, or at least a show of it – and not the **stricti juris** attitude of ancient law, as in Shylock’s insistence on his pound of flesh. Hardly anywhere do we find the habit of reciprocal gifts accompanied by hard bargaining practices. Whatever the reason for the elasticity which gives preference to equity rather than stringency, it clearly tends to discourage the manifestations of economic self-interest in the give-and-take relations of reciprocity”* (Polanyi, 1977: 39).
- ❖ **Redistribution** occurs within a group when goods (including land and natural resources) are collected by a central authority, and distributed to others *“by virtue of custom, law, or ad hoc central decision. In this way, the reuniting of a divided labour is achieved.”* (Polanyi, 1977: 40). Polanyi notes some degree of centrality to be imperative to redistributive integration of resources, and shows the taxation system in modern states to be a form of such redistribution.
- ❖ **Exchange** is a two-way movement of goods between persons toward the gain ensuing for each from the resulting terms.” Polanyi described barter as *“the behaviour of persons who exchange goods on the assumption that each makes the most of it”*, noting the process of bargaining to be essential in this activity as it is the only way each person can ensure optimum gain from the bargain. *“Haggling, in this case, is not the result of some human frailty, but a behaviour pattern logically required by the mechanism of the market.”* Polanyi draws particular attention to the fact that the price production function of the market only comes into play once a market pattern has been established to make the bartering intent of participants effective. In this sense he likens barter to reciprocity and redistribution in that the principle of behaviour requires the presence of some institutional structure in order to become effective. *“The market pattern is never traceable to the mere desire of individuals to “truck, barter, and exchange.” Its origins come from other directions”* (Polanyi, 1977: 42).

The next section explores the changing nature of the relationship between ‘market and man’, particularly through the process described by Polanyi as the Great Transformation of the 20th century.

3.3 Market and Man

The pervasiveness of consumer culture in modern society could easily lead one to conclude that the human experience is essentially all about acquisition. Polanyi disputed this assumption, arguing that while meeting the basic material needs of its members is the focus of every society, modern capitalist societies are unique in their intense focus on greed and material. By contrast, pre-capitalist societies more typically emphasised aspects such as family, clan, religion, and honour.

Polanyi argued that the most basic human characteristic, found in every human society around the world throughout time, is not material acquisitiveness, but rather the need to relate to other humans, and to feel part of a larger community. Like Aristotle, he emphasised the essentially *social* nature of man as more fundamental than the desire for material wealth (McQuaig, 2005: 2). Polanyi emphasised the constitutive elements that define us as social beings, claiming that the atomistic individual motivated by self-interest is a social artefact. *“Society is not something between men, nor over them, but is within them....so that society as realityis inherent within the consciousness of each individual”*. (Polanyi-Levitt and Mendell, 1987:24).

The inherently *social* nature of the original market is noted by Searls and Weinberger (1999), who describe markets as essentially being ‘conversations’:

“The first markets were markets. Not bulls, bears, or invisible hands. Not battlefields, targets, or arenas. Not demographics, eyeballs, or seats. Most of all, not consumers [...] The first markets were filled with people, not abstractions or statistical aggregates; they were the places where supply met demand with a firm handshake. Buyers and sellers looked each other in the eye, met, and connected. The first markets were places for exchange, where people came to buy what others had to sell -- and to talk. [...] Some of these conversations ended in a sale, but don't let that fool you. The sale was merely the exclamation mark at the end of the sentence. [...] For thousands of years, we knew exactly what markets were: conversations between people who sought out others who shared the same interests. Buyers had as much to say as sellers. They spoke directly to each other without the filter of media, the artifice of positioning statements, the arrogance of advertising, or the shading of public relations. [...] Conversation is a profound act of humanity. So once were markets.”

The ‘conversational’ nature of markets began to change with the rise of industry. Alvin Toffler wrote in *The Third Wave* (1981) that the rise of industry drove an ‘invisible wedge’ between production and consumption, a century after Friedrich Engels (1980) had noticed the same thing (Searls and Weinberger, 1999).

According to Polanyi, the 19th century market economy was distinctively ‘economic’ in the sense that it chose to base itself on the motive of individual gain, which had never before been raised to the level of justification of action and behaviour in everyday life (Polanyi, 1944). Like Marx, Polanyi was concerned about the organisation of economic life by the universalisation of the market principle. While Marx (1887) believed that inherent *economic* contradictions would result in the eventual breakdown of the capitalist order, Polanyi emphasised the contradiction between the capitalist market economy’s need for limitless expansion and the human need for sustenance through mutually supportive *social* relations (Polanyi-Levitt, 2004).

3.3.1 ‘The Great Transformation’

The ‘Great Transformation’ of the market involved the systematic destruction of the social relationships essential for human sustenance, to be replaced by ‘atomistic’ individualism. While claimed to promote greater ‘freedom’, the emphasis on individualism serves to strengthen the market, which comes to provide an alternative form of sustenance to isolated individuals severed from their social support systems.

“To separate labour from other activities of life and to subject it to the laws of the market was to annihilate all organic forms of existence and to replace them by a different type of

organization, an atomistic and individualistic one. [...] Such a scheme of destruction was best served by the application of the principle of freedom of contract. In practice this meant that the noncontractual organisation of kinship, neighbourhood, profession, and creed were to be liquidated since they claimed the allegiance of the individual and thus restrained his freedom" (Polanyi, 1944: 163).

Polanyi particularly emphasised the fact that free market capitalism did not arise of its own accord, as the 'natural progression' of an evolving human race, as much of the prevailing political economic rhetoric was prone to claim. "*There was nothing natural about laissez-faire; free markets could never have come into being merely by allowing things to take their course*" (Polanyi, 1957:139, cited in Hettne, 2004).

In his essay on 'Post-liberal democracy', Macpherson argued that the theories of the market, of demand-and supply economics, and of consumer-led choice "*were mere rhetorics which masked the essential transformation in capitalist economics between the eras of liberal free trade and of monopoly and state-regulated capital*" (Cohen, 1994: 148). The rhetoric "*still asserts the ultimate moral worth of the individual*" (Macpherson, 1964: 491). However, defined as choice-makers in the market, 'individuals' are regarded as objects to be managed and manipulated, the choices they make being those permitted by producers, at prices those producers dictate. In this manner "*the market system... creates the wants it satisfies*" (Macpherson, 1964: 491).

The conscious process of 'individualisation' in what can be described as a 'divide and conquer' strategy of powerful business and political interests is highlighted by British documentarian Adam Curtis in *The Century of the Self* (2002). This BBC documentary describes the impact of Freud's (1933) theories on the perception of the human mind, particularly pertaining to the individual, the subconscious and psychoanalysis, on the political economy of the 20th century. Ways in which public relations agencies and politicians have used these theories during the last 100 years to 'engineer consent', through an emphasis on the 'individual' as prime target for the all consuming market are exposed. The 'engineering' process intended is aptly described by Paul Mazer, a Wall Street banker working for Lehman Brothers in the 1930s, who is cited as saying "*We must shift America from a needs to a desires-culture. People must be trained to desire, to want new things, even before the old have been entirely consumed. [...] Man's desires must overshadow his needs*" (Curtis, 2002).

Weber (1981 [1927]) believed the primary motivation for making markets impersonal to have been the fact that rational calculation of profit in enterprises depends on the capitalist's ability to control product and factor markets, especially that for labour. As human work could not be regarded as an object separable from the person performing it, people had to be taught to submit to the impersonal disciplines of the workplace. In practice the war to impose such submission through separation of the spheres of 'home' and the 'workplace', has never been completely won. Hart (2005: 5) notes that "*just as money is intrinsic to the home economy, personality remains intrinsic to the workplace, which means that the cultural effort required to keep the two spheres separate, if only at the conceptual level, is huge*".

Maintaining the unnatural equilibrium required by the artificial separation of human 'interference' and the 'self-regulating market' required what Polanyi referred to as a 'double movement' to mitigate the essentially inhumane effects of the market left to its own devices. This 'double movement' was actively implemented by the very proponents of the free market, inducing an inherent schizophrenic tendency to economic activity.

Polanyi warned that the self-regulating market "*could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness. Inevitably, society took measures to protect itself, but whatever measures it took impaired the self-regulation of the market, disorganised industrial life and thus endangered society in yet another way*" (Polanyi, 1944: 3). The inherent contradiction in continuous mitigatory measures to soften

the effects of tyrannical markets was described as a 'double movement', with on the one hand the explosive spread of the market economy, and on the other checks to its expansion by legislative measures enacted by national states, as well as protective labour, civic, social and political movements (Polanyi-Levitt, 2004).

A prolonged period of relative economic stability and strong economic growth in Europe and North America after the Second World War encouraged a reading of Polanyi's 'double movement' as a kind of self-correcting mechanism within the capitalist system. The impact of globalisation in the 1980s and 1990s shattered such illusions as liberalisation of capital from national control accelerated social dislocation and exclusion on a global scale. Despite the creation of polarising inequalities never before experienced in human history, Polanyi Levitt (2004) notes that there have been no international institutions to offset or check the law of accumulation as one might expect if the free-market's inherent capacity for self-correction were believed.

3.3.2 'The Second Great Transformation'

By the end of the 20th century the process of *market-led* globalisation, accelerated by the development of new information and communications technologies (ICTs), led to the emergence of a new organisational logic based on 'networking' (Castells, 1996). Hettne likens the significance of the resulting transformation of the global economic system to that described by Polanyi half a century ago, believing that: "*This is indeed a Second Great Transformation.[...] In economic terms, and in its current neoliberal form, globalization can be conceived as a further deepening and expansion of the market system, in fact an attempt to institutionalise the self-regulating market on a global scale; in other words a replay of the original Great Transformation (in its first movement)*" (Hettne, 2004).

The First Great Transformation was seen to disrupt traditional society and provoke various kinds of political interventionism via the resulting social disturbances. By contrast, the current process of market expansion, including its social repercussions, is taking place on an unprecedentedly global scale. Hettne (2004) shows how the new global dimension "*is likely to make the social and political countermovements even more varying in the different regions of the world, and therefore even harder to predict.*"

Echoing Polanyi's skeptical approach to the 'naturally ordained' importance given to the market, Hettne emphasises the importance of identifying the political actors behind the seemingly deterministic process involved in these transformations. Pointing out some of the dangers of market-led globalisation, he particularly notes the changed role of the state, that "*(as organisation) becomes the disciplining spokesman of external economic forces, rather than the protector of society against disrupting consequences of these forces [...]* The retreat of the state from its historical functions also implies a changed relationship between the state and what is called 'civil society. Inclusion as well as exclusion are inherent in the networking process of globalization, and benefits occurring somewhere are therefore negatively matched by misery and violence elsewhere, creating divisions not only between but also within societies" (Hettne, 2004).

While the social disruption resulting from the Great Transformation of the 20th century could to some extent be mitigated by functional states whose clearly stated purpose was the protection of society, what might be described as the 'dissolution' of states in a global market place leaves little buffer against market tyranny.

Polanyi-Levitt (2004) also comments on the changed role of the state in relation to business which, in contrast to the democratic ideals of the 20th century to ensure the well-being of society, resembles the conquest and unequal trade regime of dynastic empires.

"[T]he mutually advantageous relationships between large trans-national corporations and their home governments in the current globalisation is reminiscent of that of the great trading companies and monarchs of the mercantile era. Mercantilism was about conquest and unequal trade. There was essentially no technical progress" (Polanyi Levitt, 2004: 9).

While the diminishing role of the state as protector of society against the forces of free market capitalism can indeed be considered cause for concern, the development of new information and communication technologies has led to another development that could, in some sense, be seen as a potential alleviating factor, namely the empowerment of the general population. It is interesting to note that, although initial critique of CMC included concern over its potential isolating factors (e.g. see Ronnel, 2001), within the first decade of the 21st century the rapid proliferation of essentially *social* software appears to indicate instead a trend towards greater connectedness, following what has been shown throughout this chapter to have been a century of increasing isolation *prior* to the new technologies. The next section discusses the implications of what has become known as 'The Network Society' (Castells, 1996), particularly as these pertain to the economic sphere.

3.4 'The Network Society'

"The tiny bees in a hive are more or less unaware of their colony, but their collective hive mind transforms their small bee minds. As we wire ourselves up into a hivish network, many things will emerge that we, as mere neurons in the network, don't expect, don't understand, can't control or don't even perceive. That's the price for any emergent hive mind" (Kelly, 2009: 1).

The last quarter of the 20th century has seen the emergence of a new force that has rapidly revolutionised human interaction with the outside world. The advent of Information and Communication Technologies, and continuing evolution of how they are being put to use in connecting people to the world and each other, has led to what Castells (1996) refers to as *The Rise of the Network Society*. Castells describes the new economy that has emerged over this period as informational¹¹, global¹², and networked¹³ (Castells, 2000: 77).

By transforming the processes of information processing, new information technologies impact all realms of human activity, making it possible to establish endless connections between different domains, as well as between elements and agents of different activities. Castells shows how this is resulting in the emergence of a *"networked, deeply interdependent economy that becomes increasingly able to apply its progress in technology, knowledge, and management to technology, knowledge, and management themselves. Such a virtuous circle should lead to greater productivity and efficiency, given the right conditions of equally dramatic organisational and institutional changes"* (Castells, 2000: 78).

The most significant impact that the integration of electronic communication can be said to have on what Castells calls the "Culture of Real Virtuality", is what he refers to as *"the End of the Mass Audience, and the Rise of Interactive Networks"* (Castells, 2000: 355). The most distinguishing characteristic the Internet has over television as mass media device is the fact that it is interactive. This means that, in contrast to a medium that allowed central media authorities to decide and dictate the information and ideologies to which people were exposed through daily broadcasting, *networked* individuals can now source and disseminate information containing countless perspectives on an infinite array of subject matter across the globe. Furthermore, while television could be seen as an isolating

11 *"It is informational because the productivity and competitiveness of units or agents in this economy (be it firms, regions, or nations) fundamentally depend upon their capacity to generate, process, and apply efficiently knowledge-based information"* (Castells, 2000: 77).

12 *"It is global because the core activities of production, consumption, and circulation, as well as their components (capital, labour, raw materials, management, information technology, markets) are organised on a global scale, either directly or through a network of linkages between economic agents"* (Castells, 2000: 77).

13 *"It is networked because, under the new historical conditions, productivity is generated through and competition is played out in a global network of interaction between business networks"* (Castells, 2000: 77).

media, urging its audience to passively absorb the messages projected into their living rooms, the Internet gives people the power to interact and connect with others, not only in their geographical neighbourhoods, but across the globe. In this manner individuals 'network', establishing relationships across the World Wide Web, and thus reintegrating the fundamentally *social* principle of human nature. Locke highlights the power of such increased connectedness to create a population more resistant to market onslaught and domination.

"Because the Net connects people to each other, and passions and empowers through those connections, the media dream of the Web as another acquiescent mass-consumer market is a figment and a fantasy.[...] The Internet is inherently seditious. It undermines unthinking respect for centralised authority" (Locke, 2001: 5).

While tools provided by the 'early Internet', notably email and the ability to communicate with others via user groups initiated the revolution towards more sociable media, the development of the World Wide Web by Tim Berners-Lee in 1989, and subsequently the proliferation of social media in what has become known as 'Web 2.0' has clearly demonstrated the power of technology to transform the very basis on which humans interact. The intrinsically social emphasis of the new technologies is demonstrated by Wikipedia (a prime example of new, participatory, information sharing mechanisms) in its definition of Web 2.0:

"Web 2.0" refers to what is perceived as a second generation of web development and web design. It is characterised as facilitating communication, information sharing, interoperability, User-centered design and collaboration on the World Wide Web. It has led to the development and evolution of web-based communities, hosted services, and web applications. Examples include social-networking sites, video-sharing sites, wikis, blogs, mashups and folksonomies" (Wikipedia_Web 2.0, 2009).

The following sections will discuss the implications of the networked society on what is rapidly becoming a new approach to economics, emphasising the value of *relationships*, shown by Polanyi to have been consciously suppressed through the past two centuries of market capitalism.

3.4.1 'Relationship Economics'

In recent years the term 'Relationship Economics' has become increasingly popular in referring to the trends in social media, and their impact on means of exchange. When Barbrook first referred to the '(high tech) gift economy' in 1998, he cited as prime examples the free and open source software movement, and the GNU General Public Licence 'copyleft' (Rosen, 2004), or Creative Commons model of licensing rights for intellectual property. Such 'high tech' examples of a model of a more collaborative form of exchange developing within the information economy emphasised exchanges of knowledge and information, tools and trade of the new economy. The new focus on 'Relationship Economics' goes far deeper, reaching into the essence of business and marketing, the domain of the corporate empire that has grown larger than nations over the past century.

Although the term 'Relationship Economics' may conjure ideals of a more co-operative society, its first uses were cited with the primary goal of better understanding of how the new social media impacts on consumer culture, thus to develop more effective tools for targeting the now-more-dynamic consumer market, as shown below.

3.4.2 'Socialnomics'

The idea of 'relationship economics' is vividly illustrated by Qualman (2009), who contends that society and business are in the process of a dramatic evolution brought about by online social networking platforms on social networking sites (SNSs) such as *Facebook*, *MySpace*, *Twitter* and *LinkedIn*. Qualman emphasises the importance of such sites for the future of pro-active marketing, in which information is directly targeted and brought to the user, along with mechanisms to facilitate exchange.

Contrary to popular opinion and recent research (see Stelzner, 2009) showing that online social networking is too time consuming to be effective in business, Qualman argues that, by removing what he refers to as 'redundancies' (using an example of inevitable waiting in line at a shopping checkout counter) it has the potential to save time and improve efficiency (in the example used by using mobile connectivity to connect to friends' status updates obtaining useful information that will save time later). *"Social media eliminates multiple individual redundancies in society. This is a tremendous benefit in saving people's time, energy, and social frustration"* (Qualman, 2009: 89).

Qualman encourages those who wish to harness the power of social networking in strengthening and marketing their business to use established sites and networking forums, rather than attempt to reinvent the wheel doing something that is not their key strength.

Social media channels provide unique opportunities not only for market research (monitoring consumer patterns through observing social interaction), but also for allowing site users to become active advertisers themselves by discussing and disseminating product information to their networks, as well as contributing to improved product design through online comments and discussions. According to Qualman 'socialnomics' requires companies to become involved in the 'conversations' engaged in by the public whom they hope to engage, similar to the 'conversational' nature of the markets of old as described by Searls and Weinberger (see Section 3.3). To fully utilise the new marketing potential presented, Qualman urges companies to become actively involved in the social networking platforms used by their target audience, not as 'pushers' of their product, but as active listeners who show a willingness to learn and improve their offerings based on feedback from cyberspace.

Castells (2000) describes the global networked business model pioneered by Cisco, using the power of new communication technologies to produce products exactly in line with customer requirements, and focused on timely delivery, as the emerging new business model for industry. Similarly Paterson (2003) describes the new model that is emerging as one in which the flow is reversed from that of the production model, in that the customer sets the product agenda. *"It is the customers who decide what they want and who drives the production process back into, not simply one organization, but into a network of suppliers organised by the host company. This is not simply a re-engineering of the process but a shift in culture. It involves the giving up of the idea that the market can be controlled by head office. Head office in these organizations does not pretend to be able to predict customer behaviour, instead it works to have the best sensory system possible. It uses this acutely sensitive information system to track trends and to react immediately"* (Paterson, 2003:1).

While profit interests still predominate in many discussions combining the terms 'relationship' and 'economics', there has also, in recent years, been increasing emphasis on the more 'non-monetary' motives of the Relationship Economy, particularly evident throughout *The Emergence of The Relationship Economy: The New Order of Things to Come* by Allen, Deragon, Orem and Smith (2008), and frequently featured by contributors to Jay Deragon's 'Relationship Economy' website.

3.4.3 Value in the relationship economy

Castells describes the virtually operated financial marketplace as the site where value is assigned to any economic activity, noting that companies' value, which determines their capacity to attract investors (or to fend off hostile takeovers), depends on the judgement of the financial market. How such judgement is formed, and the underlying criteria for market valuation, are what Castells considers to be the cornerstone of the political economy of the Information Age, *"[b]ecause only if we know how value is assigned to economic activity can we understand the sources of investment, growth, and stagnation"* (Castells, 2000: 156). While capitalism's relentless search for profit might lead one to believe that profitability of a firm or economic activity would determine its value, Castells shows that,

“in the turn of the millennium capitalism, this is simply not the case. The most often cited example is that of Internet-related companies, with little or no profits, yet posting phenomenal increases in the growth of value of their stocks” (Castells, 2000: 156).

Deragon believes that the value of our relationships and the quality of our transactions are what drive gain in the Relationship Economy. *“The “system” with which we build relationship capital creates economic rewards that come in many different forms. As The Relationship Economy matures, finding opportunities to achieve monetary gain will be limited to those who understand these core factors that create value—the quality and quantity of relationships formed in the social networking space, and the mediums used to facilitate those relationships”* (Deragon, 2008: 65).

The future of the Relationship Economy is described as one based on “value taken vs. value given, noting the importance of reciprocity in this relationship-oriented world. *“In a world connected to everything everywhere, we as individuals have the ability to profile and exchange our value and our values. [...] In the new model of the “networked world,” we buy tokens of economic value. When someone provides us value, it is assumed and expected, but not written in contract form, that the receiver would reward us according to the perceptions of our value to him or her. The receiver would simply credit our token account with a value they deem appropriate for the benefit gained. In turn, we would do the same for those that deliver us value”* (Deragon, 2008: 69).

The luxury of efficiency and effectiveness provided by the technology of the networked world, makes it possible to produce value to the degree we choose. Deragon envisions a future in which *“some will work overtime because others will compensate them for their ability to produce, while others will receive and not compensate. The latter will be identified quickly as takers, not givers, and the entire network will know the difference”* (Deragon, 2008: 69). It is thus believed that the social pressure to reciprocate will drive future exchange in the global network, as once it did in its dispersed villages, a process considered significant enough to be described as the ushering in of a ‘new world order’ driven by value exchanges and relationships:

“The Relationship Economy will create new mediums, new measures, and accelerated exchanges that will displace traditional mediums and totally disrupt and displace existing paradigms. A new world order, which is driven by value exchanges and relationships, will emerge, and humanity will learn to adapt or lose. Those companies and individuals that do not adapt and create value will be identified and set apart from the larger network very quickly. Value migration will build momentum and create economic significance, individually and collectively” (Deragon, 2008: 70).

3.4.4 Competition versus cooperation: rules of relationship capital

The concept of ‘healthy competition’ on which our current economy is based has historically been justified by citing competition as a motivator and way to ensure forward progress. An unfortunate side-effect of such progress is the fact that there are always losers. More significantly, their numbers continue to swell as benefits go to the ‘survival of the fittest’, comprising an increasingly smaller proportion of the world’s population. This, according to Kovitz (2008: 144), *“creates an unhealthy paradigm, as people at the top do not stay in that position for very long.”*

Kovitz shows that The Relationship Economy, and what he cites as its centrepiece, ‘relationship capital’, allows a move away from the intrinsically competitive spirit characterizing the modern economy, in which, by definition, there are always losers, towards a more collaborative approach recognizing interdependence and the need for cooperation.

“The Relationship Economy takes into account that even the most rugged individualists who yearn for independence, at the end of the day, still remain interdependent upon one another. Therefore, the “win-win” model of cooperation built into Relationship Capital states in the end that no one wins unless everyone wins” (Kovitz, 2008: 144).

Kovitz outlines a series of 'laws' of relationship capital, suggesting a new approach to business as well as the way in which people perceive the world in general. While these laws are regarded as flexible and subject to change as social network science evolves, Kovitz believes and hopes that they will spark debate, conversation, awareness as well as further research and the identification of new fields of study. The laws are as follows: (Kovitz, 2008: 146-156):

1. *"All organic entities (living or at one time having lived) possess and have the potential to create relationship capital.*
2. *Non-organic entities do not possess relationship capital, but reflect the collective relationship capital of those relationship capital-possessing entities that have relationships with them.*
3. *Relationship capital is derived from the collective relationships an individual has with other relationship capital-possessing entities.*
4. *Relationship capital value increases or decreases proportionally as the perceived quality of relationship increases or decreases.*
5. *Relationship capital can never be destroyed.*
6. *Relationship capital of an organization is the aggregate of the individual relationship capital of its constituents.*
7. *Intellectual capital can only be created by one or more relationship capital-possessing entities.*
8. *Intellectual capital can be used to change an individual's relationship capital, either positively or negatively.*
9. *Financial capital is merely a reflection of and cannot exist without some combination of relationship and intellectual capital.*
10. *Relationship and intellectual capital always conform to the laws of nature and humankind. Financial capital does not...necessarily."*

Of particular relevance to this research is the prioritisation of relationship capital over financial (9), emphasizing it to be more closely aligned with 'the laws of nature and humankind' (10), a statement Polanyi would surely have agreed with.

3.5 Conclusion

The purpose of this chapter has been to explore the evolving study of economics - defined to involve the production, distribution, and consumption of goods and services - from a social perspective. The paper draws extensively on the work of Karl Polanyi who, in the mid 20th century, drew attention to the manner in which the discipline of economics had become detached from the real lived reality of the human experience. Polanyi's central argument is that during what is described as the *Great Transformation* of the 19th and 20th century, the market principle was raised to unprecedented import in describing the stimulus to produce, exchange and consume. Polanyi disputes the exclusive emphasis on individual greed as the primary motivating force for human action, reminding us instead of the fundamentally social nature of humans who, at the core, are shown to be driven by the need to relate to others. This essential driving force is captured by the Zulu maxim *umuntu ngumuntu ngabantu* ("a person is a person through (other) persons", encapsulating the philosophy of *Ubuntu*).

In the 20th century the process of globalisation, exponentially expedited by new information and communication technologies, has led to what Hettne describes as a *Second Great Transformation* in that the free market system that dominated nations has now been expanded to truly global reach. The nation states which provided a buffer against the socially destructive elements of market capitalism are declining in significance, replaced by global corporations as key economic role players. The implications for human well-

being in a world dominated by the material desires of an increasingly powerful minority could be considered bleak.

Yet, the same technological developments that have expanded the reach and power of multi-national corporations, have simultaneously been appropriated by people who are using the new technologies to do what Polanyi has shown to be the true incentive for human activity: building relationships with others. The paper argues that the rise of the *Network Society* described by Castells created a context in which social relationships are being firmly re-entrenched in the economy. The *Relationship Economy* is increasingly recognised as the new dominant paradigm to which business leaders will need to adjust if they wish to maintain market share. Beyond the market people are using the Internet to connect with others, forming virtual communities that stretch across the globe. While the first instinct of business has been to view the world wide web of connected humans as a new market to exploit using the tried and tested tools of free-market capitalism, research on the evolving relationship economy increasingly recognises that the emerging new world requires new tools and approaches.

While this chapter has explored the evolution of basic economic processes and theories, the next chapter will discuss the role of money as the means whereby these processes are put into practice, followed by an examination of the Community Exchange System as an example of such an alternative web-based money system in Chapter 5.

4 CHAPTER FOUR: MONEY MAKES THE WORLD GO ROUND

4.1 Introduction

The previous chapter examined economic evolution over the past two centuries, focusing on the work of Karl Polanyi, in particular his concept of *The Great Transformation* (1944), in which the modern market is thought to have been disembedded from social relationships. In this chapter the focus moves to the issue of money, the ‘stuff’ that facilitates trading and exchange. Within anthropological circles, Maurer (2006) feels that, though useful within its time and context, the continued (almost exclusive) emphasis on the ‘great transformation’ and the formalist-substantivist debate initiated by Polanyi does not do justice to the dynamic evolution of economic, and particularly monetary, processes and their relationship to society. This he does however also believe to be in the process of changing, noting that “[r]ecent years have seen new attention to money [...] even more than in the heyday of the debate in economic anthropology between the formalists and substantivists” (Maurer, 2006: 18). A possible explanation for this revived interest cited by Maurer is the advent of what Gregory (1997) calls ‘savage money’ – increasingly detached from both political control as well as from material goods and labour that formerly provided its backing – over the past three decades. Maurer questions the traditional anthropological perspective of money being abstracted and ‘disembedded’ from social relations, emphasizing the social roles and meanings of modern money as much as more traditional forms of exchange studied by anthropologists.

This chapter provides an in-depth look into the origins and meanings of money, continuously emphasizing its essentially *social* functions transcending the official purpose with which it is endowed. The chapter begins with an overview of the origins of money – where it comes from, how it works, and who controls it. This is followed by a look at the alternative and complementary currency movement, particularly looking at the (re-) emergence of community currencies, described as ‘conscious currencies’ as they are specifically designed to promote human well-being. Potential obstacles to the proliferation of such ‘conscious’ alternative currencies are also noted.

The potential impact of the Internet on community currencies is discussed in the following chapter, with specific reference to the CES and the CTTE.

4.2 What is money?

Greco, (2001: 28) distinguishes between what he calls *practical, functional* and *essential* definitions of money. The *practical* definition of money is that: “*Money is anything that is generally accepted as a means of payment. According to this definition, money is whatever people collectively say it is.*” The functional and essential definitions of money are discussed in more detail below.

4.2.1 What does it do?

The *functional* definition of money focuses on ‘what money does’, citing it to be: 1. a medium of exchange; 2. a standard of value; 3. a unit of account; 4. a store of value; and 5. a standard of deferred payment. Polanyi (1957) distinguished between ‘general purpose’ money as money that serves three (or four, or five) of these functions, and ‘special purpose’ money, serving only one or two.

Greco believes that the ideal money should be purely a medium of exchange, noting that storage of value can best be accomplished in other ways¹⁴, while use of money (in its modern form) as a standard of value invites confusion and mismanagement. While former

¹⁴ For example by investment in real assets such as land, buildings, tools, equipment, and commodities or in financial assets such as stocks, bonds, or time deposits in a bank.

money either consisting of or backed by gold or silver could effectively serve as a standard of value, the value of current money is determined more by monetary management policies than by market forces (Greco, 2001: 28).

The key function that transforms a chosen object into a currency is its role as a medium of exchange. While modern money tends to perform numerous other functions (such as store of value, unit of account, tool for speculation), Kinney regards these other functions as secondary, noting that *“there have been perfectly effective currencies that did not perform some or all of these other roles”* (Kinney, 2004, 3).

According to Kinney *“[t]he magic of money is bestowed on something as soon as a community can agree on using it as a medium of exchange. Our money and monetary systems are therefore not de facto realities, like air or water, but rather are choices, like social contracts or business arrangements, and, as such, are agreed to, and are subject to, review and amendment”* (Kinney, 2004, 3) .

4.2.2 Money as memory

While the definitions above explain what money *does*, they do not describe what it *is*. For this reason Greco draws attention to what he calls the *essential* definition of money, adopted from Michael Linton, originator of ‘LETS’ (Local Employment/ Exchange Trading System), whereby money is defined as *“an information system we use to deploy human effort”* (quoted in Greco, 2001: 28). Seen in this light it becomes apparent that our acceptance of money is based on its informational content, and that money can essentially be seen as an accounting system.

Hart (2005: 8) emphasises the informational essence of money, noting that even what might be described as ‘money proper’ continues to evolve *“towards ever more insubstantial versions, from precious metals to paper notes to ledger entries to electronic digits. Money is revealed as pure information; and its function as money of account takes precedence over its form as circulating objects or currency.”*

In tracing the origins of the modern economy and the money that sustains it back to the gift, rather than barter, Mauss supported the idea of money as personal credit. In this sense money may be seen as a means of collective memory mediating the need to keep track of proliferating connections with others (Hart, 2005). This indeed correlates with the root of the word ‘money’, named after the goddess of memory, Juno Moneta, at whose temple in Rome coins were once minted. Moneta’s name was derived from the Latin verb *moneo*, meaning to remind, or bring to ones recollection (Hart, 2005). Tracing the origin of the word money to ‘moneta’, Hart argues that one of money’s chief functions is *remembering*, referring to it as a *‘memory bank’* (2000), which he describes as *“a store allowing individuals to keep track of those exchanges they wish to calculate and, beyond that, a source of economic memory for the community”* (2007: 15).

4.3 Where does it come from?

This section examines what may be considered the ‘origins’ of money, looking first at theories postulating this to lie in ancient barter systems, or going back even further to the origins of such barter in practices of gift exchange, followed by the argument that money as we know it originates from government credit imposed through fines, levies and taxation.

4.3.1 Barter or gift exchange?

The origin of money is traditionally thought to lie in barter networks in which people initially exchanged surpluses of their own produce for that of others. When difficulties arose in finding exact equivalents in desired goods and services between reciprocal partners, certain objects became recognised as tokens that most people would be willing to hold to swap with something else from someone else in future. While various objects could be

used in this way, certain metals were most commonly used due to the fact that they were durable, portable, divisible and thus useful, as well as being attractive and scarce, which made them desirable. *“The money stuff succeeded because it was the supreme barter item, valued not only as a commodity in itself, but also as a ready means of exchange”* (Hart, 2005: 2).

Hart questions the traditionally accepted origin of money in barter networks, choosing instead to go even further back looking for the actual origins of human exchange. For this he believes it more plausible to locate the origins of exchange (and money) in the gift, as Mauss (1990 [1925]) suggested. This he however notes would lead to a personalised conception of money, whereby markets would be seen as *“a form of symbolic human activity rather than as the circulation of dissociated objects between isolated individuals. The general appeal of the barter origin myth is that it leaves the notion of the private property complex undisturbed”* (Hart, 2005: 3).

4.3.2 Government credit: fines, levies and taxes

The myth of money's origin in barter was questioned by John Maynard Keynes who in 1930 asserted that modern money originated with the rise of cities and states about 5000 years ago, around the start of agrarian civilisation (Hart, 2007). Keynes believed money to always be both an idea and an object, virtual and real. He distinguished between what he called money's insubstantial form (money of account) and its substantial form (money proper). While Smith (1776) and Marx (1867) stressed money's substantial form, money proper, Keynes (1930) believed this to be less important than the emergence of a formal, state-defined money of account (Hart, 2005).

“Once this existed, people began to transact business using both money proper, issued by the state, and the obligations of individuals and corporations. Presently, the bulk of these obligations are issued by banks; they far outweigh money proper in circulation, and Keynes calls them ‘bank money.’” (Hart, 2005: 7).

While ‘bank money’ is thought to be as ancient as government credit, it gained significance for Western economic history in the Renaissance (De Roover, 1999). Modern national currencies can be considered the result of a merger of state and banking systems (Hart, 2007).

Tygmoigne and Wray (2006) note that while ‘money’ viewed primarily for its exchange function can indeed be seen to have originated in markets as alternative to direct barter, when looking at its functions as unit of account or store of value, different origins emerge. In these functions ‘money’ becomes directly related to the concepts of ‘credit’ and ‘debt’, the origins of which Innes (1913, 1914, 1932, cited in Tygmoigne and Wray, 2006) suggests to be in the elaborate system of tribal *wergild* fines to prevent blood feuds. Polanyi (1957: 198) notes the ritual/ ceremonial aspect of debt, indicating that *“the debt is incurred not as a result of economic transaction, but of events like marriage, killing, coming of age, being challenged to potlatch, joining a secret society etc.”*

While initial *wergild* fines referred to indebtedness between people, Tygmoigne and Wray argue that these were gradually converted to payments made to an authority. In this manner these fines were replaced by tithes, tributes, and eventually fines for transgressions against ‘society’ could be levied for almost any activity, payable to the rightful ruler. Most fees, fines, and tributes were eventually replaced by taxes in the nineteenth century (Maddox, 1969). In this sense what initially started as a debt to a victim was transformed into *“a universal ‘debt’ or tax obligation imposed by and payable to the authority. The next step was the standardisation of the obligations in terms of a unit of account – a money”* (Tygmoigne and Wray, 2006: 2). The argument is thus that the standardisation of money ‘stuff’ as we know it today originated in the central authorities’ need for a common unit of account to simplify the process whereby resources could be extracted from and disseminated to the population. This relates closely to what Polanyi

(1957) describes as the *redistribution* principle of resource exchange, distinguished from *reciprocity* and *market exchange* as forms whereby production is integrated in society. Whereas pure application of the redistribution principle could imply equitable sharing of resources through payments for essential services rendered, aspects designed into the money system to artificially enforce its scarcity, while simultaneously rendering it essential as sole legal means to service debts, have resulted in less than equitable redistribution of resources, as will be shown below.

4.4 How does it work?

Trilling (2004: 8) illustrates the fact that money is essentially the *belief* that others will accept a particular denomination of a specified currency as valuable.

“In essence, money is a confidence game. Like the emperor with no clothes (i.e., whenever a “crisis of confidence” looms), everybody just hopes that no untrained kid will make an improper remark. Under such circumstances, it may indeed require a lot of regal confidence, mystery and decorum to ensure that a long and fragile chain of beliefs will hold.”

Money (especially money that is not backed by real goods or services) is essentially a trust existing only in the hearts and minds of the people that use it. Money systems abound with mechanisms and symbols aimed at keeping that trust alive. Trilling believes this trust to be fundamental to the self-confidence required for a civilization to grow and survive. *“Conversely, when a society loses confidence in its money, it loses confidence in itself. Entire civilizations have collapsed with the collapse of their money systems”* (Trilling, 2004: 8).

Writing in 2004, Trilling noted modern civilisation to be a transition period, described as an interval of great risk as well as an enormous opportunity. Now, six years later, the risks inherent in the ‘confidence-based’ money system have played out in a global financial meltdown. This section provides a brief overview of the basic features of our current money system, beginning with a look at how the design of a currency can have far-reaching implications for the very essence of a society.

4.4.1 Impact of currency design

“Money is merely a social agreement, a story that assigns meaning and roles. [...] Physically, it is now next to nothing: slips of paper, bits in computers. Socially, it is next to everything: the primary agent for the coordination of human activity and the focusing of collective human intention” (Eisenstein, 2009).

Values and relationships within a society are deeply moulded by the type of currency it uses as the design of the currency can serve to encourage or discourage specific emotions and behaviour patterns. The remarkable motivating power of money however means that the design of a specific money system is invariably loaded with numerous other objectives as well (Kinney, 2004).

The impact of currency design on a society’s values, and the degree to which cooperation or competition is reinforced through exchange relations is emphasised by Belgian banker Bernard Lietaer, who notes that:

“Ample anthropological and historical evidence reveals that the choice of the kind of currency used within any community is definitely not value-neutral. On the contrary, the medium of exchange chosen by a community sets and reinforces patterns for economic and social exchanges among its members, determining whether participants will tend to spontaneously cooperate or compete with each other” (Lietaer, 1997b).

According to Bilgram and Levy (1914: 95): *“The one quality which is peculiar to money alone is its general acceptability in the market and in the discharge of debts. How does money acquire this specific quality? It is manifestly due solely to a **consensus of the***

members of the community to accept certain valuable things, such as coin and certain forms of credit, as mediums of exchange” (Quoted in Greco, 2001: 29, emphasis mine).

Kinney similarly defines money as an agreement within a community to use something as a medium of exchange. *“As an agreement, money lives in the same space as other social contracts, like marriage or lease agreements. These constructs are real, even if they only exist in people’s minds. The money agreement can be attained formally or informally, freely or coerced, consciously or unconsciously”* (Kinney, 2004, 2). This agreement is valid only within a given community, which may range from a small group of friends to the entire global community.

Hart, (2005: 8) also describes money as a type of ‘agreement’ on a means of exchange, noting that *“[c]ommunities exist by virtue of their members’ ability to exchange meanings that are substantially shared between them. People form communities to the extent that they understand each other for practical purposes. And that is why communities operate through culture (meanings held in common). Money is, with language, the most important vehicle for this collective sharing.”*

According to Robertson (2009) *“the way money is created and issued, who creates it and in what form—as debt or debt-free, in one currency or another—largely determines whether a financial system works fairly and efficiently or not.”* Money shapes the lives of those in the global village at personal, household, local, national, and international levels. Robertson (2009) shows that the current money system encourages or compels people to acquire and spend money *“in ways that work against the planet, against other people, and against ourselves.”*

Key characteristics common to all Industrial Age currencies that still persist as unquestioned features of “normal” money systems today, are: 1) geographic attachment to a nation-state; 2) its creation out of nothing (fiat money); 3) created as bank-debt; and 4) incurring interest (Kinney, 2004). The following sections will look at the process whereby money in the current financial system is created through the issuing of interest bearing loans, followed by a brief look at the implications of electronic transfer on the finance industry.

4.4.2 Banks create debt; debts bear interest

“The process by which banks create money is so simple that the mind is repelled”
John Kenneth Galbraith (in Greco, 2001: 16).

Modern money is created as bank credit that must be borrowed into circulation. Greco (2001) shows how conventional money exists as bank deposits, reflecting balances in accounts, which are secured by interest bearing debt. Money can thus be seen to be the product of a private banking cartel. Greco distinguishes between ‘wealth creation’ (involving the application of human skills to natural resources in ways that produce useful goods and services) and ‘money creation’, described as a human contrivance; *“a symbol created by a deliberate process involving entities called banks”* (Greco, 2001: 18). It is thus important to see that debt provides a means of creating entirely new funds (Greco, 2001: 20). Hart cites the film *Money as debt* (Grignon 2006), where it is shown that the amount of money created in this manner – out of nothing, backed by nothing, as debt (bearing interest) – is significant: *“[O]ver 95% of the money in circulation is issued by banks whenever they make a loan. The ‘fractional reserve system’ traditionally constrained them to lend no more than nine times the value of deposits with the central bank, but this ratio has since increased and in some cases no longer exists”* Hart (2007: 12).

According to Robertson (2009) the money supply in national economies is created by *“profit-making banks writing [the money] into their customers’ accounts out of thin air as bank loans in electronic bank-account money.”*

Kinney identifies three side effects of charging interest on money as competition, the need for perpetual growth, and wealth concentration. This sentiment is echoed by Eisenstein (2009) who describes the essence of interest as follows: *“That is the essence of interest: I will only “share” money with you if I end up with even more of it in return. On the systemic level as well, interest on money creates competition, anxiety, and the polarization of wealth”* (Eisenstein, 2009).

Kinney notes that charging interest was prohibited on both moral and legal grounds for more than 20 centuries. The prohibition of interest (usury) ended during the reign of King Henry VIII who first legalised interest in Britain in 1545, after his break with Rome. *“For most of history, all three “religions of the Book” (Judaism, Christianity, and Islam) emphatically outlawed usury, intended here as any interest on money”* (Kinney, 2004: 5).

Greco (2001) distinguishes between charging interest on money that has been *earned* through labour/ provision of actual goods and services, and the interest charged by banks on newly created money that they authorise based on debt.

Interest upon interest necessitates an ever ‘growing’ economy to service ever-growing debts required for the creation of ever more money, a cycle which Kennedy (2005:1) recognises as inherently unsustainable:

“Throughout most of history, the circulation of money has been based on the payment of interest. Interest leads to compound interest. Compound interest leads to exponential growth. And exponential growth in turn is unsustainable.”

4.4.3 Interest creates scarcity

An essential feature of money that is created as interest-bearing debt is that it is ‘programmed’ to maintain its value based on scarcity and, by definition, inadequate supply. As banks only create the principal amount to be lent out, and not that required for the interest to be repaid, borrowers are forced to compete with each other for an insufficient amount, and the debts of some can only be repaid based on the ruin of others whose assets are repossessed.

“To put it simply, to pay back interest on a loan, someone else’s principal must be used. In other words, the device used to create the scarcity indispensable for this type of bank-debt money system to function, involves having people compete with each other for the money that was never created—and penalises them with bankruptcy should they not succeed” (Kinney, 2004:5).

The fact that money starts out as (interest bearing) debt, paying the interest in addition to the principal, requires more money to be earned than has been created. The supply of money and the accompanying indebtedness in society must thus essentially keep growing, which has damaging systemic effects for both the environment and society. Such growing indebtedness favours those who lend money into existence at the cost of those who borrow and pay interest.

Thus the system enforces a situation whereby it is mathematically impossible for everyone to ultimately benefit. As Greco (2001: 36) notes: *“the prevailing system guarantees that there will be a steady parade of losers. This is the fundamental flaw in the present monetary system.”* Economists Jackson and McConnell (1988) summarise this built-in scarcity aspect of bank-debt, fiat money systems, noting that *“Debt-money derives its value from its scarcity relative to its usefulness”* (Quoted in Kinney, 2004: 4). Greco, believes that, in contrast to the current system which is based on what he calls the *“myth of scarcity,” the world needs systems and structures that affirm the truth of an abundant universe.* This requires structures that are efficient, self-regulating, democratic, and unbiased, *“structures that enhance the prospects that each person will be able to satisfy his or her basic, real needs”* (2001: 22).

As former Head of the Organization and Electronic Data Processing Department of the Belgian Central Bank, responsible for the design and implementation of the convergence mechanism to the Euro, as well as President of the national Electronic Payment System (rated as the world's most comprehensive and cost-effective of such systems according to the Bank of International Settlements (BIS)), Bernard Lietaer can be considered an expert in the field of conventional monetary policy. Lietaer emphasises the fact that scarcity is artificially introduced by the banking system, noting that:

“I have come to the conclusion that greed and fear of scarcity are in fact being continuously created and amplified as a direct result of the kind of money we are using. For example, we can produce more than enough food to feed everybody, and there is definitely enough work for everybody in the world, but there is clearly not enough money to pay for it all. The scarcity is in our national currencies. In fact, the job of central banks is to create and maintain that currency scarcity. The direct consequence is that we have to fight with each other in order to survive” (Lietaer, 1997a: emphasis original).

The scarcity element required for a bank-debt based currency to function at all must be artificially and systematically introduced and maintained by the banking system. By reinforcing competition rather than cooperation, this induced scarcity has profound effects upon our society and nearly every aspect of our lives according to Kinney (2004).

4.4.4 E-money for the Information Age

Trilling (2004) describes a number of fundamental changes that have taken place in the world's evolving monetary systems in recent decades, noting that there has been: 1) a structural shift as the dollar was disconnected from the gold standard in 1971 to inaugurate an era of currencies determined by market forces alone; 2) financial deregulation that enabled a much larger array of participants to become involved in currency trading than was ever previously possible; as well as 3) technological advancements including the computerization of foreign exchange trading and the creation of the first 24-hour, fully integrated, global market. Occurring in tandem with the structural shift and financial deregulation, the technological shift accelerated the speed and scale with which currencies could be moved around the world to an unprecedented level. According to Glyn Davies (1997) this technological shift can be regarded as one of two exceptional innovations in money. While the first shift took place at the end of the Middle Ages when the printing of paper began to supplement the minting of coins, the second involves the invention of electronic money transfer (Trilling, 2004: 1).

In *The Rise of the Network Society* Castells (1996) notes that the freedom of electronic transfer resulted in major mergers between financial firms throughout the world, leading to *“the consolidation of the industry in a few mega-groups, capable of a global reach, covering a wide range of financial activities, in an increasingly integrated manner”* (Castells 2000: 154). Information technology also changed the way financial transactions were conducted qualitatively, as powerful computers, and advanced mathematical models allow for sophisticated design, tracking and forecasting of increasingly complex financial products operating in present as well as future time. In this manner Castells believes that financial trade (between firms, between investors and firms, between sellers and buyers, and, ultimately, the stock exchange markets) was revolutionised by electronic communication networks and the wide-spread use of the Internet.

Some examples of changes in the financial sector noted by Trilling include the emergence and proliferation of credit markets, both in the issue of credit cards, as well as other financial products, as large corporations have been empowered to issue their own commercial paper, bypassing the commercial banks in the process.

“A titanic struggle has begun in relation to the control of emerging forms of money. Banks are now acting mostly like computerised telecommunications companies, while companies

involved in telecommunications, computer hardware and software, credit card processing, Internet shopping, even cable television, have discovered that they can perform many of the services of the banks” (Trilling, 2004: 3).

4.5 Whose is it anyway?

This section looks at what might be thought of as the ultimate ‘ownership of’ or ‘authority over’ the mediums used as currency, looking at the interplay between the state and the market, the banking and emerging financial industry, and, ultimately, the people who use it. This is followed by a look at the potential of information and communication technologies to shift the basis of power in terms of money creation from central authorities to the people and businesses involved in transactions.

4.5.1 States, markets and central banking

“Take a look at any coin. It has two sides. One contains a symbol of political authority, most commonly the head of a ruler, hence heads. The other tells us what it is worth, its quantitative value in exchange for other commodities. Rather less obviously, this is called tails. The two sides are related to each other as top to bottom. One carries the virtual authority of the state; it is a token of society, the money of account. The other says that money proper is itself a commodity, lending precision to trade; it is a real thing” (Hart, 2005: 7).

Hart highlights an obvious tension between the two sides of a coin, illustrating the dynamic interplay between the state and the market as ultimate monetary authority. Following a more market oriented approach in Victorian civilisation when money was backed by gold, political management of money became normal for a while during the twentieth century, particularly with the abandonment of the gold standard and consequent increased emphasis on legal tender. In the early 21st century the process of globalisation has again led to a shift towards the market as states lose control over their national currencies.

State money essentially involves government: a) offering a currency of little or no worth to a people in payment for real goods and services; b) designating this currency as the sole legal means of exchange within the territory; and c) stipulating this currency to be the required medium for payment of taxes (Hart, 2005: 7).

While the creation of money through debt was traditionally a government function, towards the end of the 17th century this process became outsourced to the commercial, privately-held banking system. Agreements were reached whereby private banks were granted the right to create money as “legal tender” in exchange for a commitment to provide whatever funds the national government needed. This gave commercial banks the power to create new money through a process based on issuing loans to their customers. The amount of money that the banking system could loan out, together with the amount of new money that would be created by the banking system, would be determined as a percentage of the bank’s stores of deposit (Hock, 2004).

Borsodi (1977) found the way banking is viewed as a “business” with its implications as an enterprise conducted for profit to be unfortunate, arguing that in essence banking should be seen as a profession, and as such should be conducted with the primary motivation of rendering a service. While the people involved should be compensated for their work, this should be seen as a professional fee, as opposed to a business profit.

Greco notes how the politicization of money, banking, and finance has led to abuses of the human population, as private banking interests and the central government became intertwined and mutually dependent. In return for its privileged position as sole issuer of money, the banking cartel must assure that government can borrow and spend virtually any amount of money it wishes. To do this the banking system will create enough new money to allow the market to absorb new government bonds that must be issued to finance any deficits, thus allowing the government to spend as much as it wishes without

directly raising taxes. The destructive power of such almost limitless power to spend is illustrated by Riegel (1944) who notes that *“it permits ambitious or designing or fanatical men who are in control of government to light the fires of war.”* If governments were required to raise money for fighting from the people to obtain the money to fight, it could be argued that there would be few if any wars. A further impact of monetizing government debt is that it causes a general increase in prices known as “inflation” resulting from the lesser worth of a more ample supply of money not linked to any real increase in productivity, goods and services (Greco, 2001: 23).

The association between money and the state, markets, and the banking system has become so all-pervasive in modern society that until recently it has been almost universally accepted as the natural norm. But what if money came from the people instead? Some have said that it does.

4.5.2 The people...?

In the early 19th century the German romantic, Miller (1931 [1816]), argued that money expressed the accumulated customs of a nation or people (*Volk*). Others (see Bagehot (1999 [1873]) and Simmel (1978 [1900])), view money as *“an expression of trust within civil society, locating value in personal management of credit and debt”* (Hart, 2005: 7). Reminding us that money is principally a way of keeping track of what people do with each other, Hart notes that new possibilities present themselves in an age of electronic money, predicting that central powers will in future be devolved to regional or local government bodies as people are more likely to fund public projects nearer to home, and that the territorial dimension of society will thus devolve to more local units. With the erosion of territorial power people will have to turn to their own forms of association and to more informal means of regulation. Hart (2005) believes that this could lead to participation in many forms of money and in the circuits of exchange corresponding to them, as suggested by Greco (2001:7).

In tracing the origins of the modern economy and the money that sustains it back to the gift, rather than barter, Mauss (1990 [1925]) supported the idea of money as personal credit. Seen as such it is linked more with the acknowledgement of private debt (*wergild*), and less to the history of state coinage that emerged once such ‘debts’ became centralised by central authority. In this sense money may be seen as a means of collective memory mediating the need to keep track of proliferating connections with others (Hart, 2005).

In a world where money resumes its role as collective ‘memory’ of individual debts, Hart believes that people will voluntarily enter into circuits of exchange based on special currencies. As digitalization encourages a growing separation between society and landed power, appropriation of ‘money’ by ‘the people’ becomes a natural step in society’s drive to a more equitable world in which *“we can make our own money, rather than pay for the privilege of receiving it from our rulers”* (Hart, 2005: 9).

4.5.3 Impact of ICTs

“The development of computerised telecommunications technologies and the Internet have put into the hands of ordinary people an information matrix and ability to communicate that was undreamed of just a few years ago. Among other things, such tools have enabled the organization of grassroots communities of interest that transcend barriers of distance, language, and culture, and, as we shall see, they have also enabled the development of new nonmonetary, nonpolitical ways of exchanging goods and services” (Greco, 2001: 11).

Speculation on how the Internet will impact on the future of money started in the late 1990s, in both cyber and economic fields. In 1997 avid Internet and Virtual Community enthusiast Howard Rheingold devoted two parts of his *Tomorrow* column to an article on

The Internet and the Future of Money, in which he explores the work of Bernard Lietaer in *The Future of Money: Beyond Greed and Scarcity*, a book he was working on at the time, and published in 2001. Rheingold (1997, Part II) expects the Internet to lead to “a radical change in the future of money, if [its] technical mechanisms are used to support the creation and maintenance of 'local currencies' – a medium of exchange that many communities around the world are beginning to experiment with.”

Greco (2008a) believes that by making available the necessary tools and infrastructure to easily implement them, new computerised telecommunications technologies provide a means whereby the money monopoly can be transcended, a theme on which he expands in the recently published *The End of Money and the Future of Civilization* (Greco, 2009).

In today’s “networked, hi-tech, and decentralised world” Rushkoff (2009: 2) notes that there has been a move away from central administration in many spheres, including the way transactions and exchanges are processed.

“The laws and regulations requiring us to run our finances and resources through tremendous industrial age corporations are more obsolete than ever. And real people are beginning to catch on to how inefficient and risky it is to conduct their transactions in this way. They are starting to trust the real world around them more than the mythologies created by the public relations departments of distant corporations.”

Companies can now barter directly with each other using more than 250 exchange services available through the Internet, or earn US-dollar-equivalent credits for the merchandise they supply to others. In 2009 such bartering has been estimated to account for 3 billion dollars of exchanges annually in the United States alone (Rushkoff, 2009: 2). At a time when, faced with the global economic meltdown, larger corporations can no longer acquire the credit they need to do business, Rushkoff argues that Internet-enabled complementary currencies can revive the *decentralised* marketplace of real businesses. Networks provide a way to verify transactions and develop trust, and also emphasise the fact that many of the tools we use are the result of programs. While it could be argued that printing presses encouraged counterfeiting of official currencies, the availability of computers and networks is encouraging the creation of altogether new forms of money. In this context Rushkoff believes that “[w]e are proving more likely to treat our money as software, and to write our own” (2009: 3).

Lietaer emphasises the gift-oriented nature of Internet-based exchange, stressing the need for the development of new money-systems to operate in cyberspace that would facilitate a more ‘giving’ form of exchange in an online environment:

*“In short, virtual communities have thrived **because** they are gift economies and will continue to do so only if during the development of commerce on the Net there is a choice of types of currencies, at least some of which are compatible with a gift economy... This is why I propose that - in parallel to the dominant competition-inducing national currencies - a specific Internet currency system be implemented which would provide a cooperation-inducing alternative for use for Netizens who choose to do so”* (Lietaer, 1997b, emphasis original).

Rushkoff (2009) emphasises the fact that “[m]oneys are programmed”, showing that the way these moneys behave and their impact on society is the result of certain biases embedded into the design of the money. In this light the 2008-2010 credit crisis can be considered the result of underlying biases of the centralised, monopoly currencies in use. In response to this realisation, a growing population of citizens and businesses are turning to the use of complementary currencies, which Rushkoff (2009: 2) describes as “*alternative, net-enabled, bottom-up money systems that let them accomplish what money loaned out by the Fed just isn’t letting them do anymore*”.

Confirming Rushkoff's belief in alternative moneys programmed by the people for the people, a variety of Internet based currencies, including specialised software to facilitate alternative forms of exchange have proliferated in cyberspace in recent years. Some examples of these include:

- ❖ Open Money/ Community Way (<http://www.openmoney.org/cw/>);
- ❖ QQ coin in China (<http://www.businessinsider.com/virtual-currency-in-china-is-a-2-billion-economy-2009-7>);
- ❖ Ripple (<http://ripple.sourceforge.net/>);
- ❖ Cyclos (<http://project.cyclos.org/>);
- ❖ Drupal (<http://drupal.org/project/marketplace>) and Community Forge (<http://communityforge.net/>);
- ❖ Friendly Favours (<http://www.favors.org/FF/>);
- ❖ Ven (Hub-Culture) (<http://www.hubculture.com/groups/hubnews/news/96/>);
- ❖ Freeconomy (<http://forum.justforthe loveofit.org/>);
- ❖ CuroMuto (<http://www.curomuto.com>);
- ❖ Universal Currency (<http://www.ucci.biz/>);
- ❖ Google open source virtual currency (https://docs.google.com/Doc?id=dfjcf7w4_10ddst9xd9&hl=en);
- ❖ The Community Exchange System (www.community-exchange.org).

The next section examines the evolution of currencies that can be considered alternative and complementary to the predominant money system, before focusing on the CES, noted above as an example of such an alternative currency operating in cyberspace.

4.6 Alternative, complementary, and community currencies

“Money can be made to serve rather than to rule, to be used -- rather than profit-oriented -- and to create abundance, stability, and sustainability... [W]hile money is one of the most ingenious inventions of mankind [...] it has the potential to be the most destructive or most creative” (Margrit Kennedy, quoted by Utne, 2004).

Examples of exchange alternatives can be found throughout history. Rushkoff (2009) traces the origin of complementary currencies to local, grain-based currencies used throughout Late Middle Ages Europe before Renaissance corporatism and centralised money schemes were invented by monarchs. Greco (2009a) cites numerous historical precedents for nonbank currencies—such as the 1930s Great Depression—era scrip issues, and the mutual credit clearing system that was organised in Switzerland as the WIR Economic Circle Cooperative (since renamed WIR Bank). According to De Meulenaar (2000) communities have issued their own money as a community-based response after every major monetary crisis since 1820. The fact that the great cathedrals of Europe were built using community currency, not funds from the Vatican as might be expected, is frequently emphasised in the literature on alternative currency (see Lietaer 1997a, De Meulenaar 2000, Rushkoff, 2009 et al). The motivation behind spending locally created currencies in this way was to leave something for future generations, which indeed succeeded as these cathedrals continue to draw tourists and thus attract economic benefits to this day. De Meulenaar also cites ancient Athens and the wealthy city-states of Hong Kong and Singapore as examples of economies that were organised at the local level.

Following a decline in alternative money systems as local currencies were outlawed and centralised ‘bank’ currency became enforced as means of exchange, there has been an

upsurge in innovation and implementation of exchange alternatives in recent decades. This trend started in the 1970s with the advent of commercial “barter” or “trade” exchanges, followed by the grassroots emergence of mutual credit clearing associations (LETS), Time Dollars, and various local currencies. (Greco, 2009a).

Amongst the most influential early proponents of alternative money systems in the 1970s was Erich Fritz Schumacher. Reflecting the sentiments on ‘social economics’ raised in the previous chapter, Schumacher defined appropriate economics as:

*“[A] process of applying broad-based community determined values through an ethical system that has an impact on the economic lives of people. **Unlike conventional economic thinking which divorces social concerns from economic thinking, appropriate economics sees economic relations fundamentally as social relations. It provides a means for people to relate economically with each other as they would want to relate with each other socially. In this way, money is seen as media, a form of communication between people. One can use money that talks down to people, or one can use money that speaks on even terms with people**” (Schumacher, 1979, emphasis mine).*

Lietaer (2009: Part 2) believes the systemic solution to the current monetary crisis to be increasing the resilience of the monetary system through the creation of alternatives to be used as appropriate within a given context.

“Conventional economic thinking assumes the de-facto monopolies of national moneys as an unquestionable given. The logical lesson from nature is that systemic monetary sustainability requires a diversity of currency systems, so that multiple and more diverse agents and channels of monetary links and exchanges can emerge. This is the practical lesson from nature: allow several types of currencies to circulate among people and businesses to facilitate their exchanges, through the implementation of complementary currencies. These different types of currencies are called complementary because they are designed to operate in parallel with, as complements to, conventional national moneys. The problem is the monopoly of one type of currency, and replacing one monopoly with another isn’t the solution” (Lietaer, 2009: Part 2).

4.6.1 Growing interest in alternative currencies

Following the theorizing of Schumacher and others in the 1970s, the new generation of community currencies began in 1982 with the Local Employment and Trading System (LETS) rolled out by Michael Linton across British Columbia in Canada. Although LETS did not gain popularity in the United States, it inspired Paul Glover and his colleagues to develop a time-based paper currency system known as ITHACA HOURS, which is now the most widely replicated model for community currencies in North America (Cohen-Mitchel, 2000).

While in the past alternative currencies were introduced solely to alleviate monetary crises and the resulting social impact, DeMeulenaere (1998) notes that these were increasingly being consciously introduced with the purpose of simultaneously affecting structural change and bringing stability to the global monetary system. Examples of such currencies consciously striving for structural change and greater stability cited by DeMeulenaere include the Public Transit Currency in Curitiba, Brazil; the ‘Bons de Travail’ Currency in Dakar, Senegal; the ‘Tianguis Tlaloc’ Currency in Mexico City; the “Creditos” Currency in Argentina; and various Local Currency Systems in Thailand.

By the arrival of the new millennium parallel currencies were arising in communities all over the world to fill an increasing need for stability in the face of the destabilisation caused by globalisation. By 2000 Lietaer (2001) noted over 2500 community currencies in operation around the world, while Schraven (2001) referred to over 3000 by the end of 2001, and Kirschner (2006) to over 4000 by 2006.

While initially primarily attracting the interest of alternative communities, Rushkoff (2009) notes that local currencies have now spread far beyond the experimental fringe, citing such systems operating in over 2100 towns in the United States alone. Reasons for this increased interest include the new scarcity of dollars as well as the availability of software and tools. *“Beginning a local currency requires no store of capital -- it is as easy as visiting the websites for local economic transfer (LETS) systems or Time Dollars”* (Rushkoff, 2009: 3).

Interest in alternative exchange has escalated exponentially in 2009 since the credit crisis paralyzed business lending. Rushkoff (2009) notes a significant increase of companies *“signing on to barter networks in droves”* since October 2008. Within that month alone one system called ITEX, which allows businesses to trade merchandise directly without ‘money’ mediation, reported a 37% increase in registrations.

4.6.2 Terminology

Inspired by the work of Schumacher, The E. F. Schumacher Society employs the term “local currencies” to refer to place-based monetary tools for building sustainable local economies. Other terms that have arisen include ‘complementary currencies,’ ‘community currencies,’ and sometimes ‘alternative currencies’ (Witt and Lindstrom, 2004:2). Since the 1980s local currency proponents have debated the use of the terms ‘local,’ ‘alternative,’ ‘community,’ or ‘complementary’ to describe their moneys. According to Maurer (2005: 25) these adjectives often mark *“subtle ideological differences, regional variations, and the political-economic intention of the currency.”* The term ‘alternative,’ for example, tends to be used by those who envision the creation of a wholly new ‘economy,’ separate from national economies. ‘Complementary’ is mostly used to suggest the new money as supplementing the use of the national currency, especially for people who rely on activities in an informal economy to meet their needs. The term ‘local’ is used by those who imagine ‘a world of localities,’ in each of which wealth is circulating internally, occasionally reaching beyond to form loose, interconnected networks. Despite these subtle differences, Maurer notes that these preferences are not cast in stone, and the same person will often use these terms interchangeably (Maurer, 2005: 25). Throughout this chapter and thesis these terms will be used interchangeably, but with specific emphasis on what might be called ‘complementary’ and ‘community’ currencies.

Throughout the literature on alternative currencies there is consensus that ‘local’ currencies should operate *alongside* a national (or global) currency, rather than replacing these standardised currencies, as noted by Lietaer, who emphasises the ‘complementary’ nature of such currencies:

“I don’t claim that these local currencies will or should replace national currencies; that is why I call them “complementary” currencies. The national, competition-generating currencies will still have a role in the competitive global market. I believe, however, that complementary local currencies are a lot better suited to developing cooperative, local economies” (Lietaer, 1997a: 2).

Greco (2001) also defines community currencies as complementary to, and operating in parallel with, the dominant national money systems. Circulating among a limited group of associated traders – who may be in close geographical proximity, or widely dispersed – they are intended to serve purely as a medium of exchange.

DeMeulenaere (2000) believes that community currencies can fill an important role by maintaining some stability in the domestic economy while the national currency may be detrimentally affected on international money markets. While it is acknowledged that a ‘standardised’ currency is required for general transactions, the value of *community* currencies lie specifically in their specific orientation towards such a ‘community’, however it may be defined.

4.7 Community currency

“The origin of the word “community” comes from the Latin munus, which means the gift, and cum, which means together, among each other. So community literally means to give among each other. Therefore I define my community as a group of people who welcome and honor my gifts, and from whom I can reasonably expect to receive gifts in return” (Lietaer, 1997a: 2).

In the context of currencies, the term *community* can be used to describe any association of individuals, groups, or businesses that enter into an agreement to use an internal payment mechanism. Under this definition a community need not be defined by geographical proximity, as demonstrated by the emergence of Internet - based communities in which transactions take place in cyberspace and participants are scattered all over the world. Greco (2001) refers to experiments with so-called e-cash or cyber cash as examples of the emergence of payment systems that are global in scope and beyond the control of any government or bank.

A community currency does not require physical ‘money’ (e.g. notes and coins), and can be as simple as a set of account pages in a notebook (called a *ledger*) recording the values of trades. In such a case the *currency* consists of the numbers comprising members’ account balances. *“In essence, then, a community currency means that members of the group empower themselves to create their own “money,” which they agree to use in paying for purchases made among themselves” (Greco, 2001: 14).*

4.7.1 Types of community currencies

Schraven, (2001) refers to three archetypes of community currencies, namely the *Backed Currency*, the *Fiat Currency*, and the *Mutual Credit System Currency*:

- *Backed Currencies* are directly backed by, and can be exchanged at a fixed fee for, either real goods or legal tender. Some of the earlier *Backed Community Currencies* were based the ideas of economist Silvio Gesell (1862-1930), who argued that money should have a carrying cost (referred to as ‘demurrage charge’), in order to increase the rate of circulation. This would enable more exchanges to be facilitated with the same stock of money, thus alleviating the problem of local money shortage (Schraven, 2001: 3). An example of a modern-day backed currency are the Liberty Dollar (Lesnick, 2007) and the Phoenix Dollar (Herpel, 2006), both backed by precious metals.
- The *Fiat Community Currency* is similar to legal tender in that it is neither backed by real goods, nor by labour. The most famous *Fiat Community Currency* initiatives include the Capitol-Hill baby-sitting co-op (see Sweeney and Sweeney, 1977), and the Ithaca Hours system in New York State (Schraven, 2001: 6).
- *Mutual credit systems* (MCS) are a completely different means of issuing money, based on 19th century French social-anarchist Proudhon’s idea of mutual banking (See Dana, 1896). All members of such a system open an account with a central administration unit, which records transfers in ‘units’ between these accounts. Transactions are facilitated by members running down balances or going into debt, thus ‘creating’ money according to transaction need. In a well-administered system, all accounts sum to zero. The system operates as a pure accounting system of exchange (Black 1970, Fama 1980, White 1984) without an initial stock of cash (Schraven, 2001: 6). The most renowned of such systems operating as *Mutual Credit System Currencies* is the LETS developed by Michael Linton (Cohen-Mitchell, 2000).

Seyfang and Pearson (2000: 2) distinguish between three main types of community currencies operating in different parts of the world, namely *Local Currencies*, *Volunteer service credits*, and *Community barter currencies*:

- *Local Currencies* refer to locally-issued notes or tokens, circulating freely among individuals and businesses in an area, with the most commonly cited examples being the 'Hours' issued in Ithaca in New York State (Seyfang and Pearson, 2000; Douthwaite, 1996; Cohen-Mitchell, 2000 et al) and BerkShares operating in Great Barrington, Massachusetts (Kirschner, 2008; Cohen-Mitchell, 2000, Douthwaite, 1996, Witt, 2004 et al)
- *Volunteer service credits* are specifically focused on the provision of social and community services, for which credits can be earned based on the amount of time spent engaging in such socially responsible activities. The Time Dollar scheme developed in the United States in the 1980s is the most well known example of this type of currency (also see Douthwaite, 1996 et al).
- *Community barter currencies* are a form of 'mutual credit', meaning that the currency is issued by individual users and is generated by the act of exchange itself as described under *Mutual Credit Systems* above. As such these currencies exist as purely notional credits and debits in a set of accounts which keeps score of trade in goods and services among members. LETS --or Local Exchange Trading Schemes which have been widely adopted in the UK and Canada, with variants including *Grain de Sel* in France, and Green Dollar Exchanges in Australia and New Zealand are examples of this type of currency (also see Douthwaite, 1996; Cohen-Mitchell, 2000 et al).

This chapter and thesis focuses primarily on the Mutual Credit System or Community Barter currency type, which forms the basis of the Community Exchange System discussed in the following chapter.

4.7.2 Mutual credit and credit clearing

According to Riegel (1976) the substance of money is comprised of the composite credit of private competitive traders, based on the actual exchange of goods and services (Greco, 2001: 66). Greco (2001) defines *mutual credit* as the generic term used to describe an association of traders who have agreed to create and utilise their own exchange medium. Mutual credit systems are designed to surmount the limitations of barter by providing an intermediary device that allows two parties to trade even though one of them may have nothing the other wants in the same way as money.

Members of a mutual credit system empower themselves by creating their own money in the form of credit, but saving the cost of interest, while distributing the money themselves according to their own needs. In this way they essentially do what banks have done for years. Holding credits in such a system is evidence that so much value has been delivered to the community, while a debit balance shows that a member has received more from the community than delivered. "*A debit balance thus represents a person's commitment to deliver that much value to the community sometime in the near future*" (Greco, 2001: 68). In this sense, mutual credit systems depend strongly on reciprocal relationships between members, and commonly have built-in systems whereby such reciprocity can be encouraged.

The notion of reciprocity in community currencies such as the CES can be likened to the conception of 'Generalised Exchange' described in section 2.4.4, whereby members provide goods and services to the community for what is essentially 'free'¹⁵. These

¹⁵ Up to the nominal limit of T5000 (see Section 5.4)

services are provided based on the trust that goods and services of similar value can be obtained, or in 'reciprocation' for benefits already received. In this sense the currency is regarded by its founder and those with similar ideas as nothing more than a record of favors exchanged between community members (Jenkin, 2009). Thus, similar to online groups, community currencies involve reciprocation from the community, rather than the individual.

4.8 Conscious currency

"We have the ability to create a new system with new values inherent in it. A network of local and complementary currencies, whose money is created interest free, would dramatically alter our national behavior and culture. A wealth of dormant and disenfranchised capacity would be unleashed as citizens became engaged maximizing creative utilization of already existing local resources. This is not a dream; it has happened thousands of times in the past and today there are over 4,000 local currencies now strengthening local economies around the world" (Kirschner, 2006).

According to Schumacher and Gillingham (1979) alternative community currency systems naturally encourage *cooperation, reciprocation, self-reliance, and mutual aid* – four elements he considered to be the foundation of social interdependence and socio-economic solidarity.

By shifting a degree of economic control from remote external agencies to people within the community, community currencies empower people. Greco (2001) believes that such currencies can provide a strong component in building economic equity and participatory democracy, provided they are properly designed and managed. The greater degree of economic independence thus acquired allows a community to set its own quality-of-life standards. The fundamental advantages distinguishing community currencies or mutual credit systems from conventional money can be summarised as follows:

- Being created interest-free, they are low in cost, and thus able to provide an abundant medium of exchange;
- Created locally, in accordance with the needs of the local economy, they stimulate the local economy and promote local self-reliance;
- They help to create employment by unleashing local productivity;
- By building and strengthening relationships and networks, they enhance social capital; and
- They assign value to skills and services not traditionally recognised by the market.

4.8.1 Interest free abundance

Rushkoff (2009: 2) emphasises that throughout history local currencies were earned -- not borrowed -- into existence, reflecting the abundance of the season's grain, and not depending on artificial scarcity for their value. By contrast, official currency is created by central authorities external to the community, which have been shown to have little sensitivity to or concern for the needs of the local population. Furthermore the supply of such money is artificially limited. According to Greco (2001) the destructive effects of official money is in large part due to its intentional scarcity, which can be alleviated by the creation of supplemental community currencies.

The use of complementary currencies to overcome the scarcity problem is echoed by Ayley and Ayley (2005), who argue that by allowing people to trade what they need at a local level, local currencies bridge the gaps in the conventional money system. For this reason they cite many local currencies as examples of money systems based on abundance. Describing the LETS system, Ayley and Ayley note that trading depends on

what goods and services are being offered by other people, rather than being limited by how much currency people have in their accounts.

“The idea that money could be so plentiful as to allow us to meet all our needs is a shock to many people. We have become so accustomed to our usual currency of scarcity that it is hard to imagine money could be abundant. In accepting our present limited supply money system, we have accepted a limited way of thinking about and using money” (Ayley and Ayley, 2005: 1).

A distinguishing feature of complementary currencies noted by Rushkoff (2009) is that they treat money as a utility, rather than an asset class, and are thus biased towards functionality instead of savings, and transaction instead of speculation. Rushkoff demonstrates how historically local currencies backed by grain actually lost value over time, as grain stores needed to be paid, and some grain was always lost to moisture or rats. For this reason people wanted to spend the money as quickly as possible, rather than holding on to it, resulting in constant spending and reinvestment of money. Consequences of this approach, according to Rushkoff, were that people paid more attention to preventative maintenance of their equipment, and paid their workers well which improved motivation and productivity. *“They worked less and ate better than we do today. (Women were taller in Late Middle Ages England than they are in 2009.) People had so much extra wealth that they invested in their futures by building cathedrals”* (Rushkoff, 2009: 3).

The key factor contributing to the abundance versus scarcity of alternative currencies is the fact that they are created interest free. As shown in Section 4.4.3, the artificial scarcity of money is due largely to the fact that its very creation depends on *interest bearing debt*. While alternative currencies, particularly those based on mutual credit, also essentially involve a debiting and crediting of accounts, the fact that no interest is charged (or earned) encourages spending of an essentially abundant resource, rather than hoarding of one designed to be in short supply. A further means to encourage abundance-based spending would be to build a negative interest or demurrage into the money system, as evidenced by mediaeval grain-based currencies noted above. A more recent example of the positive impacts of such a demurrage-based currency is the WIR in Switzerland (Douthwaite, 1996).

4.8.2 Keep the benefits local

Schumacher (1973) referred to a system in which the goods consumed in a region are produced in the same region using local resources and local labour as *“an economy of permanence,”* emphasising that such local emphasis is essential for sustainability. His 1974 book *Small is Beautiful: Economics as if People Mattered*, is often cited as the most compelling case for building vibrant regional economies as a counterpoint to our increasing reliance on far-flung global production systems (Witt and Lindstrom, 2004:1).

The fact that official currency can, and does, circulate far and wide further aggravates scarcity of money in the local economy. Money can easily be spent to buy goods and services from remote regions, and spent outside the local community, such money is no longer available to facilitate trading within the community. It must thus be replaced by attracting more money from outside, which is done by either exporting products, receiving government transfer payments, or attracting tourists and businesses to come and spend. (Greco, 2001). Seyfang and Pearson (2000) argue that community currencies *“respond to situations of market failure or economic exclusion, by circumventing the problems in conventional money-based market systems which have seen money being systematically withdrawn from peripheral localities and regions for investment elsewhere, leaving a shortage of local liquidity and a lack of effective demand for local goods and services”* (Seyfang and Pearson, 2000: 2).

Witt and Lindstrom (2004) show that in the global economy of the late 20th and 21st century, national currencies have undermined local communities by centralizing ownership of wealth and thus widening the gap between rich and poor, while devastating indigenous peoples, and polluting the environment. To counteract these destructive effects of globalisation, they believe that decentralised regional currencies can help to redistribute wealth more broadly while supporting unique regional identities, cultures, and communities. *“A local currency defines a regional trading area, favouring those small independent businesses willing to trade in the currency. Local businesses, unable to compete with the products of an increasingly predatory global economy, become strong players in resilient, regional marketplaces”* (Witt and Lindstrom, 2004: 1).

By emphasising local exchange, alternative currencies promote local self-reliance by *“building up a locally provisioned economy, rather than relying on imported and transported inputs and commodities”* (Seyfang and Pearson, 2000: 2). In addition to its social benefits, such localised emphasis is also considered to be central to visions of more environmentally sustainable ways of living and working.

While the universality of national currency may be considered its greatest advantage in terms of flexibility and spendability, it is also its greatest disadvantage when it comes to local self-reliance and integrity of the local economy. Greco (2001) argues that local unemployment and business stagnation most often result from the fact that the money necessary to connect needs with supplies has gone elsewhere, rather than from lack of skills or physical resources.

By contrast, a local currency is, by its nature, limited in scope, as it is only recognised within a limited area, and can therefore only be created, earned, and spent within that area. According to Greco this fact tends to favour local producers who have agreed to accept the currency, and due to its narrow range of circulation the spender will be more likely able to earn it back. In this way local currencies can be seen to stimulate local production and employment. Greco frequently uses the image of a breakwater protecting a harbour from the extreme effects of the open sea, to describe the manner in which a local currency *“protects the local economy from the extreme effects of the global market and the manipulations of centralised banking and finance.”* While total reliance on national currencies and the global market’s competitive conditions *“tend to force all communities to the lowest common denominator of environmental quality and working conditions”*, local currencies *“provide a buffer that allows local communities to set their own standards and maintain a higher quality of life”* (Greco, 2001a: 53).

Robertson (2009) believes local currency development to be an important aspect of monetary reform required to deal with the current financial crisis, noting that such currencies can make a significant contribution to economic decentralization. In addition to facilitating local trade, the spread of community currencies can also promote greater local economic self-reliance by supporting new institutions like local banks, credit unions, and investment funds.

4.8.3 Create employment

Community currencies contribute to employment creation in that they provide a means whereby un- or underutilised potential within a community can be utilised to fulfil the needs of others in the community, who in turn could compensate for such skills with similar offerings, despite the scarcity of ‘official’ money currently preventing such exchanges. By compensating services that would otherwise be exchanged for free (e.g. caring) or not at all due to a lack of money, they have the potential to unleash productivity and well-being through the additional parallel ‘income’ provided.

In 1997 Lietaer predicted that local currencies would become a major tool for social design in the 21st century. Lietaer believed the main reason for such an expected move towards local currencies to be employment creation, as such local economies could provide a form

of employment that would not be threatened with the extinction of 'jobs' in an age of information and technology driven production. He cites the example of France where, at the time, there were already 300 local exchange networks, called *Grain de Sel*, literally 'Grain of Salt.' These systems, which facilitate exchanges of everything from rent to organic produce, arose exactly when and where the unemployment levels reached about 12 percent. Lietaer distinguishes between 'work', which he believes local currencies can create, and 'jobs', which he expects will become obsolete:

"Local currency creates work, and I make a distinction between work and jobs. A job is what you do for a living; work is what you do because you like to do it. I expect jobs to increasingly become obsolete, but there is still an almost infinite amount of fascinating work to be done. For example, in France you find people offering guitar lessons and requesting lessons in German. Neither would pay in French francs. What's nice about local currency is that when people create their own money, they don't need to build in a scarcity factor. And they don't need to get currency from elsewhere in order to have a means of making an exchange with a neighbor" (Lietaer, 1997a: 2).

4.8.4 Valuing 'non-monetary' services

Seyfang and Pearson (2000) believe that community currencies can reinvent or restructure the market by valuing and rewarding services and skills that are not recognised by the market economy. Examples of such services include caring social, reproductive services, as well as the labour of the unemployed for whom the market currently has no demand.

Avid community currency and social networking enthusiast Les Squires is passionate about the potential of community currencies to put an end to 'volunteerism', which he believes to be one of the major scourges of society. Squires describes volunteers as people who put their hearts and souls into something because they are passionate about it, noting that they are usually used by organisations until they burn out, at which point they are replaced without having gained anything but their experiences over that time. Volunteerism is thus regarded as exploitative, especially of women, as in many cultures it is the female who volunteers. In more traditional cultures, the husband goes out and brings home the money for which he renders his labour, while the woman renders her labour in terms of childcare and household duties which are uncompensated. Women are also more inclined to volunteer for social causes outside the home. As this work is unpaid, it is not recognised as equal to what the man is doing. Community currencies have the potential to reward such work in a manner that can be of value to those involved in it, thus potentially adding to the total supply of services focused on social care:

"I want for instance, say, to teach a class, volunteer to teach a class, teach some kids how to read or take in an elderly parent and I want to be compensated for that, not in Dollars or Rands but I want to be compensated. I want to be able to go to the grocery store and buy some food for the value I've given to others" (Squires, 2009, telephonic interview).

Richard Douthwaite similarly notes how alternative currencies enable those who might otherwise forego payment for their services if those who need them are unable to pay, choosing to serve rather than focus on material gain, to be compensated in some way. This is cited as a particular motivation for alternative health care practitioners to become involved in alternative currency networks.

"[O]ne of the reasons that the alternative health people are so keen on LETS is that they are primarily interested in health, not money, and if a patient who needs help doesn't have any money, they will often be treated for nothing, or very little. If such a patient joins LETS, at least the practitioner gets something" (Douthwaite, 1996:12).

4.8.5 Enhance social capital

Another important impact of community-based currency is the fact that they have been noted to build trust and social capital, and foster mutually supportive community networks. This is accomplished through interpersonal transactions and face-to-face contact which many people feel is missing from conventional economic relations and society (Seyfang and Pearson, 2000).

According to Ayley and Ayley (2005) a thriving local currency revives the elements of community, relationship and goodwill in our transactions. Once the limitations of a scarce money supply are removed, emphasis shifts from “*Do I have enough money?*” to “*Do I want to trade with this person?*” This leads to a heightened emphasis on goodwill between people, as this becomes the basis on which community members will choose to trade with each other. “*As relationships, rather than money, become primary to exchange, the social alienation fostered by our current monetary system is replaced by the connections between people that build and strengthen community*” (Ayley and Ayley, 2005: 3).

Although the majority of local currencies are started with the primary purpose of creating employment, Lietaer (1997a) notes a growing group of people who are starting local currencies specifically to create community. The community building power of such exchange is illustrated in the following example:

“I would feel funny calling my neighbour in the valley and saying, “I notice you have a lot of pears on your tree. Can I have them?” I would feel I needed to offer something in return. But if I’m going to offer scarce dollars, I might just as well go to the supermarket, so we end up not using the pears. If I have local currency, there’s no scarcity in the medium of exchange, so buying the pears becomes an excuse to interact” (Lietaer, 1997a: 2).

By emphasising *community* and *relationships* as fundamental to exchange, community currencies can be seen to represent a reversal of the individualising aspects of the ‘Great Transformation’ referred to by Polanyi (see 3.3.1).

The ‘community building’ potential of ‘community currencies’ is often highlighted as a key benefit of such alternative money systems, commonly catering for a select, ‘localised’ *community*. As noted in the name ‘Community Exchange System’, the CES, investigated in this research (see Chapters 5, 6, and 7) also has a strong emphasis on social capital or community building as part of its ethos. Building community is particularly cited as amongst the strongest ideological reasons for members joining the exchange (see 5.5.3). It is however also important to note that, despite the ideological motivation, such ‘community building’ is often problematic when it comes to practical implementation of alternative currency systems, particularly when the geographical scope of membership extends across vast areas and across socio-economic groups (see 7.2.1), all the more so for web-based currencies in which issues of differential Internet access must also be taken into consideration (see 7.2.2). The community ideal nevertheless remains a critical foundation of the alternative/ complementary currency movement, and measures to enhance ‘community’ amongst members are considered key to fostering reciprocity in such networks, as demonstrated in 6.5 and 6.6.

4.9 Potential obstacles for community currencies

Much evidence points to the fact that complementary currencies can provide people with a partial response to immediate economic crises such as the one experienced globally in 2009. Robertson (2009) believes that such currencies should be encouraged to expand after mainstream monetary reform whereby the national money supply should be created as a public service under democratic supervision. Despite the potential for such sustainable currency reform, there are a number of obstacles that could prevent the true benefits of community-based money from being unleashed. External obstacles include

opposition from powerful interest groups, as well as issues related to legal implications and taxation, while internal obstacles pertain to creating sufficient awareness and maintaining the momentum of alternative currency systems, continued dependence on the dominant national currency, and building of trust within networks. These are discussed below.

4.9.1 Why central governments and central banks don't like local currencies

Despite the immense potential for alternative money systems to address the current economic crisis and promote social justice and well-being, Robertson (2009) believes that, in the absence of monetary reform, private banks will do everything possible to prevent the expansion of such locally controlled currencies in order to maintain their profits, just as they did after the 1930s Great Depression. *“As a result, most people will probably remain too dependent on earnings, pensions, benefits, etc., all denominated in a national currency, to commit themselves to decentralised alternative currencies instead”* (Robertson, 2009). The issue of commitment and motivation is discussed in more detail below in terms of obstacles to maintaining the momentum of local currencies.

Lietaer (2009) agrees that the first objection to any form of alternative money system will come from the banking system, which would prefer to keep the status quo. A possible objection would be that such alternative currencies may be seen as excluding the banking system from their usual function, thus ‘disintermediating’ the banks. Such an objection Lietaer argues is only valid if the banks themselves choose not to get involved in providing accounts and transactions using alternative currencies. To show that such exclusion is not as essential as one might think, he cites examples of several (particularly local and regional) banks that have gotten involved in providing account and payment services for complementary currency projects. These include the Bank of Ithaca, which deals with Ithaca HOUR accounts in the city of Ithaca, New York; the GLS Bank in Germany, and the Raiffeisenbank in Vorarlberg, Austria. The logic behind these banks’ decision to assist with the administration of local currencies is that local or regional banks can only compete with giant national and global banks by providing services that the big ones do not bother to provide. This is thus seen as a way to attract clientele, based on the assumption that a client with (for example) an Ithaca Hour account with the Ithaca Bank, will tend to open a dollar account with the same bank (Lietaer, 2009).

Another possible objection banks could have to alternative currencies is that using multiple currencies within a national economy could reduce the efficiency of the price formation process and of the exchanges among economic agents. While this argument is valid, Lietaer emphasises the fact that this overarching emphasis on efficiency is precisely what has reduced the resilience of the system, and made it so brittle, leading to the current economic crisis (2009).

The type of opposition that may be expected from central authorities towards alternative currencies can be evidenced from the raiding of the Liberty Dollar in Evansville by The United States’ Federal Bureau of Investigations (FBI) in 2007. FBI agents seized gold, silver and platinum used to back the currency, as well as currency notes, files and computers, and froze the group’s bank accounts (Lesnick, 2007).

On the other hand, the possibility of banks collaborating with local currency proponents is illustrated in Brazil, where the National Secretariat for Solidarity Economy has encouraged the establishment of *Community Development Banks*, as non-profit organizations responsible for issuing ‘*social currencies for local circulation*’. The Secretariat has gone to great effort to establish a regulatory framework for a solidarity financial policy, using social currencies throughout Brazil at the federal, state, and municipal levels of governments (MTE, 2006).

Fully aware of these events, the Central Bank of Brazil has engaged in a project to research and evaluate the main theoretical and practical aspects of worldwide experiences

with *social currencies*. The Bank hopes to use this research to create mechanisms to enable permanent monitoring of developments in the field of issuing and use of *social currencies* in Brazil.

In presenting the preliminary results of an investigation into social currency systems to be used as a reference for the study currently being undertaken by the Central Bank of Brazil, Freire recommends that social currencies should be regarded as public policy instruments for local development, which he shows to be compatible with monetary policies to be taken under the responsibility of the Central Bank.

According to Freire (2009) *“the use of social currencies neither affects the power of central banks to control the money supply nor poses a serious threat to the role of central banks in relation to national payment systems, nor even jeopardises the stability of the financial system.”* On the other hand, he argues that *“the use of certain social currency systems [...] may endow greater effectiveness to a differentiated compulsory deposits policy implemented in line with the credit needs of local economies, and thus contribute toward a better distribution of the supply of credit within the national financial system and, consequently, toward lower costs of bank credit for selfemployed workers and micro and small businesses within the local economy.”*

4.9.2 Legal implications, taxation

In examining the legal and regulatory framework of social currencies in Brazil, Freire (2009: 92) finds that *“each social currency system corresponds to a particular set of legal and contractual arrangements that acknowledge common interests and establish mechanisms for participation of members, and the methods for coordinating and managing local economic activities, thus enabling individuals to exercise greater control over the creation and use of the social currency, in accordance with the political will of the community.”* Freire shows that this makes it possible to legally structure social currency systems in various ways, some of which can be compatible with the objectives of monetary policy and with banking regulations, as well as with *“public policies for solidarity finance, targeted at generating jobs and income, fostering social inclusion, and promoting solidarity and fair local development.”*

In addition to the potential legitimate benefits of community currencies, Schraven (2001) also notes some potential *illegitimate* benefits, the most commonly cited being the use of such currencies for underground or black economy transactions, thus evading taxes and regulation. Schraven argues that tax evasion is not more prevalent with Community Currencies than with the national currency, citing the findings of research conducted by the Inland Revenue (1996)¹⁶ who note that they were not aware of any particular problems with Local Exchange Trading Systems and had no plans to evaluate these schemes. The Inland Revenue review emphasises the fact that traders who operate within a Local Exchange Trading system are taxable on their trading profits, just like traders who operate outside of such a scheme.

Douthwaite (1996) notes that in practice the question of tax rarely arises for members of LETS networks because either a) their national currency incomes are insufficient to place them in the tax net in the first place or, b) if they are income tax-payers, they do so little of any one thing within the system that the tax authorities are happy to ignore the tiny amounts of imputed income involved. As Angus Soutar, who worked with Michael Linton to set up Greater Manchester LETS, and advised British LET systems on tax comments:

¹⁶ *“The Inland Revenue is not aware of any particular problems with Local Exchange Trading Systems and has no plans to evaluate these schemes. Traders who operate within a Local Exchange Trading system are taxable on their trading profits, just like traders who operate outside of such a scheme.”* Mr. Jack, answering a written question of Mr. Martyn Jones (Commons Hansard Written Answers text for Tuesday 5 Nov 1996) quoted in Schraven, 2000: 3)

"There's nothing like a detailed account of dog-walking or granny-sitting to convince an inspector that further investigation is likely to be less than cost-effective" (quoted in Douthwaite, 1996: 12).

For this reason Douthwaite argues that only those members who do part of their normal business or profession through a LET system are liable for income tax on their local currency earnings. In such a case it is essential to determine appropriate valuation of services rendered for local currency payment. As Douthwaite describes, even with currencies that are nominally tied to the national currency, actual prices charged cannot necessarily be said to reflect a direct national currency equivalent. An example of such discrepancies in valuation include alternative healing practitioners who provide treatments in local currency to those who would not otherwise be able to afford such treatment at all as noted in Section 4.8 above. The comparison to 'real income' would thus not be between the local currency and its direct 'monetary equivalent' for the same treatment in national currency, but between the alternative currency charged, and nothing. Another example cited by Douthwaite involves differential rates paid for the time of service provided, whereby the value of the currency may be said to be determined by the service on which it is spent, and not the actual income earned.

Douthwaite believes that the optimal solution to the valuation problem would be for revenue authorities to agree to accept any income tax due on a local currency income in the unit in which it was earned, though noting that this is unlikely to materialise as, throughout the world, such authorities insist on payment in the national currency. Members of LET systems are adamant that if a transaction is completely in the local unit, that unit should also be used to settle any tax liability incurred, as such a system designed to enable people to manage with less official money is weakened if users are obliged to earn national currency to make their alternative arrangements work. The issue of taxation of local currencies, and the units in which such taxes should be paid, is considered particularly critical, as it has implications for the currency's credibility, as well as its potential to optimise benefits to the local economy. As Douthwaite (1996: 13) notes: *"[I]f governments accepted locally-produced money in payment of taxes, it would give that money enormous credibility. Moreover, since this revenue could only be spent in the area from which it came among members of the group which generated it, the area would benefit twice: first in terms of the jobs created when the tax was spent and, second, as a result of whatever the spending achieved."* Douthwaite furthermore argues that the payment of taxes in local units could be beneficial to local councils too, since it would give them an additional source of income independent of central government. The most powerful opposition for such a move can be expected to come from national governments which, Douthwaite notes, will be *"very unhappy to see even a trivial part of their financial power slip away."*

Lietaer (2009) also notes the possibility of governments accepting partial payment of taxes in money other than exclusively bank debt money, noting that the decision of whether to do so resides completely within a specific government's own political decision power. Lietaer notes that the strategy according to which this may be achieved is very flexible, in that a government can decide to accept payment of certain taxes only, only for a given percentage, for specific types of complementary currencies chosen for their robustness and other positive effects, and/or only for specific fiscal years. In this sense he believes that complementary currencies can be tailored to be acceptable for payments of taxes, which in turn help to address monetary shortages faced by an increasing proportion of the world population in 2009 (Lietaer, 2009).

4.9.3 Maintaining momentum and motivation

Although the rise of the community currency movement has provided ample learning opportunities for a great many people, Greco (2001) believes these opportunities to still be

the exception rather than the rule. While commercial "barter" exchanges involving business-to-business transactions have had some notable success, Greco (2008) notes that the grassroots alternative exchange movement remains fragmented and has not yet made a significant economic impact nor involved more than a handful of individuals. The typical pattern for grassroots-based mutual credit, LETS, and community currency systems according to Greco, is characterised by *"strong initial enthusiasm and rapid growth in participation, followed by a slow decline and volunteer burn-out, followed by the system either going defunct or limping along at a minimal level with little trading and a much diminished participant base"* (Greco, 2008:).

One reason for such difficulties in maintaining momentum cited by Greco (2008a) is the fact that participants in local currency networks often have different motivations for becoming involved. While some aim at monetary reform, accepting as given the socio-political foundations of the present regime without questioning its basic assumptions, others wish to transcend the dominant structures of money and banking, taking little for granted and seeking to reinvent money and banking to better serve their intended purposes. Greco believes that despite the fundamental differences between these approaches, they may be brought into alignment toward a common goal, namely *'empowerment of the people'* (Greco, 2008).

Two key reasons for the waning momentum and motivation commonly noted about alternative currency networks include: 1) ongoing dependence on the national currency, and 2) lack of mutual trust of reciprocity between network members, as discussed below.

4.9.4 Dependence on national currency

In terms of dependence on the national currency, it was noted in 4.9.1 above that central authorities can be expected to, and do, suppress alternative money systems wherever possible, maintaining the supremacy of national, bank-dominated, currencies. As people remain caught up in the 'conventional money' system – compelled to work for national currency as this is the only means whereby many obligatory payments (e.g. taxes) can be made – the time and energy they have available to partake in fledgling new systems requiring much initial nurturing is often limited. Limited time available was frequently cited as reason for non-participation in response to an online survey conducted with members of the Cape Town Talent Exchange, which forms part of the Community Exchange System (discussed in the next chapter) as part of this research.

Dependence on conventional currency commonly results from insufficient scale of the community currency resulting in limited offerings, thus detracting from the currency's real value in terms of what is available. Greco (2009a: 143) notes a number of constraints relating to the appropriate scale and scope of a community exchange network, namely:

- Failure to achieve critical size of the participant base;
- Too narrow an assortment of goods and services offered;
- Failure to attract participants from all levels of the supply chain (production/distribution circuit); and
- Failure to gain wide acceptance among the mainstream business community.

Increasing membership is noted as means to encourage reciprocity in online networks, where a larger audience has implications for reputation, as well as need based motivations to reciprocate (Kollock, 1999). In a community currency increased membership similarly provides users with an increased 'audience' or 'market' for their services, as well as greater variety of offerings allowing for reciprocal exchange.

4.9.5 Lack of trust and reciprocity

Mutual trust and reciprocity are essential for the effective circulation of goods and services using a community currency, and their lack are amongst the most common factors that reduce motivation to partake (Greco, 2009). Problems arise around the issue of trust in whether or not others in the system will reciprocate, which will determine if the currency can procure sufficient exchange for services rendered. Those who do initially dedicate time to providing goods and services for alternative currency, thus earning credits in the system, are often unable to spend these as the services available do not meet their needs. By contrast, others go into debits without providing services in return, or decline from trading at all as they either do not have the time, or the inclination, to provide services. Unable to exchange their credits as the supply of available services is limited, many initial enthusiasts eventually drop out or become less inclined to offer their services, thus detracting value from the system as a whole.

Kirschner (2008) emphasises the importance of trust, and the credibility of currency organisers to ensure the success of any alternative currency, noting that “[a] local currency is a financial instrument that only has as much power as the people who use it. We put our trust in banks with cherry furniture and marble counters. The measure of the strength of a local currency is not its physical assets, but the dignity and connectedness of those who lead and participate.”

Ayley and Ayley (2005) feel that many local currencies fail because the founders do not place sufficient emphasis on facilitating the development of personal contacts and one-to-one relationships essential for the community building required for such currencies to thrive. According to Ayley and Ayley the corporatisation process has reinforced a view of trading in which monetary exchange is seen as primary, and personal relationship, if it exists at all, is secondary.

“Conditioned by this situation, it is easy to focus on the ‘trading’ aspect of local currencies, and forget that it is people who are making those trades, and it’s also personal relationships that underpin people’s willingness to trade with one another. Successful systems usually provide ongoing opportunities for social connections between members, fostering a sense of community and the personal contacts that facilitate trading” (Ayley and Ayley, 2005: 3).

Lack of trust can be most effectively addressed through conscious community-building by designing means whereby real relationships can be fostered between members. In a reasonably small and close-knit community some degree of social pressure can be exerted on those perceived to be taking more from the system than they are putting in. While geographically proximate ‘communities’ have been known to encourage community-building through market days and other activities where members can meet face to face, this becomes more complicated when the ‘communities’ in question are virtual, expanding over vast geographical distances. Douthwaite (1996) notes examples of system administrators taking special initiative to encourage trading by approaching those seen to have substantial debits or credits in their account, assisting where possible to find appropriate ways in which units may be earned or spent to restore equilibrium and stimulate exchanges. However, Schraven (2001) shows that, as membership increases beyond the lines of social control, such monitoring becomes more difficult and expensive, as transactors do not know each other. This trend is noted by Ellickson (1991:283, cited in Schraven, 2001: 49) who finds that people start resorting to the law when the social distance between them increases.

The next chapter will discuss the impact of ICTs on extending the potential scope of community currencies with specific reference to the Community Exchange System, noting the implications such increased scope has on relationship building amongst often dispersed communities.

4.10 Conclusion

This chapter focused on the concept of 'money', beginning with a historical overview of the origins of money, followed by an alternative perspective on currency design to promote human wellbeing. Throughout the chapter the socially embedded nature of money in society was emphasised, noting how the design, or 'programming' of a particular currency or system of money impacts on the society in which it is used. In this manner, the current conventional money system, in which money is created by banks creating interest-bearing debt, was shown to reinforce the concept of scarcity (shown in the previous chapter to have been placed at the centre of modern economics), which in turn promotes greed as basic condition for survival. By contrast it was shown that alternative money systems charging either no interest, or 'negative interest' (demurrage) have historically been shown to encourage spending rather than hoarding, thereby promoting a spirit of abundance rather than scarcity.

The essence of money as an 'information system' or 'collective memory' whereby debits and credits can be accounted was highlighted throughout the chapter. Moving into the Information Age the essence of money is evolving rapidly as people are empowered to create alternative means of exchange required to keep account of transactions. This chapter touched briefly on the issues of electronic money, and the way ICTs enable a shift in the power of money manipulation from central banks to the people who use it.

The remainder of the chapter looked at the rise of alternative and complementary currencies, focusing specifically on what may be called community currencies, based on mutual credit clearing. Such currencies were shown to be more socially 'conscious', being interest-free, and promoting a spirit of abundance that enhances wellbeing by keeping benefits 'local' (defined as within a specific community that may or may not be geographically based), creating work, enhancing social capital through relationship building, and acknowledging services that are commonly offered for free.

Despite their potential to promote a more just society, alternative currencies face some significant obstacles. The most significant external obstacle is opposition from powerful interest groups, notably central banks and governments. While legal implications, particularly around issues of taxation, could become a problem when these currencies grow, these could be most effectively overcome if taxes on income earned in alternative currencies could be paid in these as well. Internal obstacles relate to maintaining momentum and motivation for alternative currencies, complicated by continued dependence on official currencies reducing the time and energy people have available to partake in an alternative economy. Lack of mutual trust and reciprocity, essential for the effective circulation of goods and services using a community currency, also reduces motivation to partake. This can be most effectively addressed through conscious community building by designing means whereby real relationships can be fostered between members.

The next chapter examines the potential of the Internet to expand the scope of alternative currencies by providing a web-based platform where offerings and wants can be registered and accounts can be kept, looking at the example of the CES, and specifically the CTTE, followed by a look at issues pertaining to trust and reciprocity in Chapter 6, and a glimpse into possible futures in Chapter 7.

PART B: FIELD RESEARCH: THE COMMUNITY EXCHANGE SYSTEM

5 CHAPTER FIVE: INTRODUCTION TO THE COMMUNITY EXCHANGE SYSTEM (CES)

5.1 Introduction

Part A of this thesis provided a theoretical overview of issues pertaining to online interaction and exchange, economics as a *social* science, as well as monetary systems, looking specifically at the phenomenon of community currencies. Part B will now provide a closer look at a specific online community currency, namely the Community Exchange System (CES), and its manifestation in Cape Town through the Cape Town Talent Exchange (CTTE). Issues that are explored in this and the following chapter relate to the extent to which a 'community currency' such as the CES can be regarded as a viable alternative to the current mainstream economic system. The more 'social' nature of an economy based on such an online complementary currency is investigated to determine whether such currencies could lead to a reversal of what Polanyi termed as 'The Great Transformation' (see 3.3.1) of Western society from a system of exchange based on relationships, to a more impersonal, market-dominated economy.

The CES was initiated by the South African New Economics (SANE) Network, an organization modelled on the New Economics Foundation in the UK, which encourages complementary currencies as a means of promoting local economic activity. Initial proposals were to establish a paper-based LETS (Local Exchange Trading System)¹⁷ group. Founding member Tim Jenkin had recently designed an Internet-based trading system for a Cape Town hiking club which, while failing to gain popularity amongst hiking club members, was immediately taken up by members of the SANE Steering Committee as a platform for the proposed system. The currency was called 'Talents', and its value based on the South African Rand, though this was to be taken merely as a reference for pricing as the Talent would not be 'tied' to the Rand and was expected to deviate from it over time. The system became known as the SANE Community Exchange System (CES).

This chapter begins with a brief look at the background and management of the CES and its local manifestation in Cape Town, the CTTE, before providing an overview of how the system works in practice, and who uses it. This is followed by a look at some of the ideological motivations as well as perceived practical benefits of the system cited by users. The web-based nature of the system is examined with emphasis on user perceptions of the online platform, followed by a look at issues of scale, noting the current size as well as growth of the CTTE, and the practical implications thereof.

5.2 Background and management

The CES was launched as a pilot project in February 2003, with 11 participants - all members of the Steering Committee. Very little trading took place initially, as commonly experienced by LETS start-up groups when little is on offer. Membership, and with it the number and range of offerings began to increase after a public meeting was held and Talents were introduced at a few public markets. The system gained momentum as membership approached three hundred, and the South African CES was renamed the 'Talent Exchange', with the motto 'Your Wealth is your Talent'" (Jenkins, 2004).

¹⁷ Local Exchange Trading Systems (LETS) also known as LETSsystems are local, non-profit exchange networks in which goods and services can be traded without the need for printed currency. LETS networks use interest-free local credit so direct swaps do not need to be made. In LETS, unlike other local currencies, no scrip is issued, but rather transactions are recorded in a central location open to all members. As credit is issued by the network members, for the benefit of the members themselves, LETS are considered mutual credit systems. Michael Linton originated the term "Local Exchange Trading System" in 1982 and, with his wife Shirley, for a time ran the Comox Valley LETSsystems in Courtenay, British Columbia. The system he designed was intended as an adjunct to the national currency, rather than a replacement for it, although there are examples of individuals who have managed to replace their use of national currency through inventive usage of LETS (NationMaster Encyclopedia)

The system quickly spread to exchanges around South Africa, and in 2005 the first international exchange was added when a LETS group in Australia asked to become part of the CES (CTTE Newsletter, March 2005). This was rapidly followed by more groups in Australia, New Zealand, the USA, and Europe. These groups each function as separate exchanges with their own local currencies, all linked via a common platform that enables inter-group trading. The exchange is currently (June 2010) used by 218 exchanges in 28 countries, with Australia (57 exchanges), the USA (46) South Africa (25), and New Zealand (22) most active, as shown in Table 2 below:

Table 2: CES networks around the world

#	Country	Count	%
1	Argentina	2	0.92
2	Australia	57	26.15
3	Brazil	2	0.92
4	Bulgaria	1	0.46
5	Canada	5	2.29
6	Chile	1	0.46
7	China	1	0.46
8	Ecuador	1	0.46
9	Finland	6	2.75
10	France	2	0.92
11	India	3	1.38
12	International	1	0.46
13	Ireland	1	0.46
14	Italy	1	0.46
15	Lithuania	1	0.46
16	Mexico	3	1.38
17	Namibia	1	0.46
18	Netherlands Antilles	1	0.46
19	New Zealand	22	10.09
20	Romania	3	1.38
21	Slovenia	1	0.46
22	South Africa	25	11.47
23	Spain	14	6.42
24	Sweden	3	1.38
25	United Kingdom	6	2.75
26	United States of America	47	21.56
27	Vanuatu	5	2.29
28	Zimbabwe	2	0.92
29	All	218	100

Source: CES website, 17 June 2010

Following the death of SANE chairperson Margeret Legum, who was a keen supporter of the CES, in 2007, differences in opinion between CES management and new SANE leadership led to a split between the CES and SANE in 2008. As SANE was initially responsible for management of the CTTE, management of this local network now became the added responsibility of the broader CES administration, based in Cape Town. While membership of this exchange was by this time sufficient to sustain trading despite managerial difficulties, a number of initiatives that relied on SANE's involvement were abandoned, particularly in terms of community building and efforts to promote social development in disadvantaged communities. Furthermore the additional responsibility of managing the local CTTE network, as well as maintaining the web-based platform for the CES, which was now used by exchanges world-wide, led to increased pressure on the

CES/CTTE management, resulting in a temporary decline of initiatives aimed at community building and proactive encouragement of interaction and trade between members.

By 2009 activity had to some extent resumed with initiatives aimed at recruiting more active participants, including a new CES Board which was established towards the end of 2009. As involvement in the initiative remains on a volunteer basis, many of the challenges cited throughout the literature on community currencies pertaining to maintaining momentum and motivation (see 4.9.3) remain a critical factor to be considered for the local CTTE network as well as its global manifestation through the CES.

5.3 How it works

The CES home page can be found on <http://www.community-exchange.org/>, providing links to numerous public information pages, and requiring members to log in. An online application form requires full contact details and a list of three 'offerings' for the applicant to be considered. There is no membership fee, but members pay a levy per trade which is accumulated in a CES administration account. This levy was initially set at 4%, but was reduced to 2% as membership and trade volume grew.

Beyond the login page the site can be regarded as an online 'bank' or 'clearing house' (similar to online banking services offered by commercial banks) as well as providing membership lists, 'offering' and 'wants' directories, and trading statistics. Users can update their account, profile information, offers and wants, browse and respond to others' offerings via phone or email, or send an order directly through the site. Sellers enter transaction information into a transaction form on the site and account balances are immediately updated.

Members get a T5000 credit and debit limit, which allows new users to start 'buying' through the system without having 'sold' anything. While this system of creating currency by issuing an initial 'debt' is reminiscent of the creation of conventional currency (see 4.4.2), a key difference is that no interest is charged on these debits. Users are encouraged to make use of this facility, as it provides others with the opportunity to earn Talents, thus keeping the system in motion. The underlying intention is that members who have used this facility to obtain goods for Talents will then be more motivated to also provide goods and services to the system to earn back those Talents, thus maintaining balance in the system (to be discussed in Chapter 6).

As the site expanded first across South Africa, and later globally, a remote trading facility was introduced to allow for exchange with members of other networks, both nationally and globally. This was done through the introduction of an intermediate 'virtual member' when trading outside the group (Jenkins, 2004). New features were systematically introduced to allow searching and trading with, as well as advertising offerings and wants on other exchanges. While the web-based platform technically expands access to offerings in other exchanges, less than 20% of respondents to the online survey of CTTE members conducted for this research (see 1.3.3) have actively traded with members of other exchanges. Thus, although the potential scope of offerings is increased, it does not appear as though this is yet having a significant impact on members' experience of the exchange.

5.4 Member profile

At the time of writing (June 2010), a total of 3990 members had registered on the CTTE since its origin in 2003. Of these 75 (2%) of accounts had been 'closed' over this period, leaving 3915 members still officially registered. Of these however, only about half have actively traded using the system, and only 30% have accessed their account in the past year.

Membership spans across the city of Cape Town, across different socio-economic groups. During a drive to promote the system in some of the city's lower income groups, initiatives

were launched in the Khayelitsha, Masipumalele and Delft communities (see Section 6.6.3), where large numbers of new users signed up. While this initiative initially included CES offices where users could come in to access the online system, as well as proactive attempts by CES management to organise Talent markets in these areas (hoping that community members would later take over these initiatives) these were subsequently abandoned, and many of the new members were thus unable to continue accessing the system. It is however worth noting that the system does continue to function in these areas, though less actively, through the mediation of some community members who do have Internet access through which others can continue to make use of the system. Many more ‘well-off’ members have also made a point of introducing the system to people who work for them, by for example paying part Talents for services such as gardening or domestic work. In this manner the system has and continues to grow across the socio-economic spectrum, although certain key demographic groups, particularly what may be considered ‘alternative types,’ do appear to dominate.

Figure 1 below illustrates the geographic spread of officially registered members on the CTTE. A striking feature that emerges is that the largest proportion of officially registered members are from the Khayelitsha area, comprising 19% of the total members registered on the CTTE, followed closely by members from the Southern Suburbs (18%) and South Peninsula (12%). The large percentage of members from Khayelitsha can be attributed to the initiatives mentioned above, and discussed in more detail in Section 6.6.3, whereby conscious efforts were made to extend the CTTE to historically disadvantaged areas, also including Delft, Masipumalele, and later Belhar (each of these sub-areas contribute 4% of total membership). It should however be noted that, following initial enthusiasm in these areas (particularly Khayelitsha), active membership in these areas declined drastically as initiatives to extend Internet access, as well as conscious efforts by management to organise Talent markets, were abandoned. A closer look at more recent activity within the CES shows that only 13 of the 725 CTTE members from Khayelitsha (less than 2%) accessed their accounts in the past year, clearly demonstrating that activity in this area has all but ground to a halt.

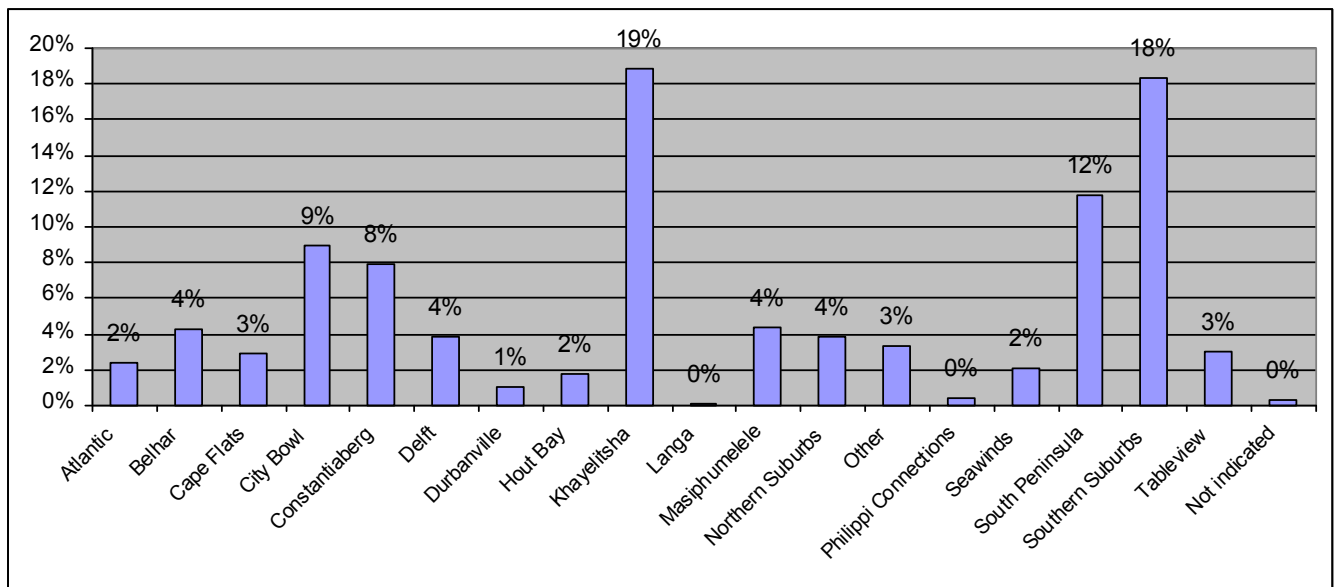


Figure 1: Geographic spread of CTTE members

Source: Based on statistics obtained from CES website, 14 June 2010

Figure 2 below shows that of the 1174 members who accessed their accounts in the past year, almost a third (363) are from the Southern Suburbs, and almost 20% from the South Peninsula (218), while 13% are from the City Bowl, and 12% from Constantiaberg.

Together these areas thus account for almost three quarters (74%) of all members who accessed their account between mid June 2009 and mid June 2010. The geographical distribution of new members can similarly be seen to strongly favour these areas. Of the 503 members who joined in the past year, over a quarter (133) are from the Southern suburbs, and a further quarter from the City Bowl (13%) and Southern Peninsula (12%), followed closely by Constantiaberg (9%), with the four suburbs accounting for 60% of new members.

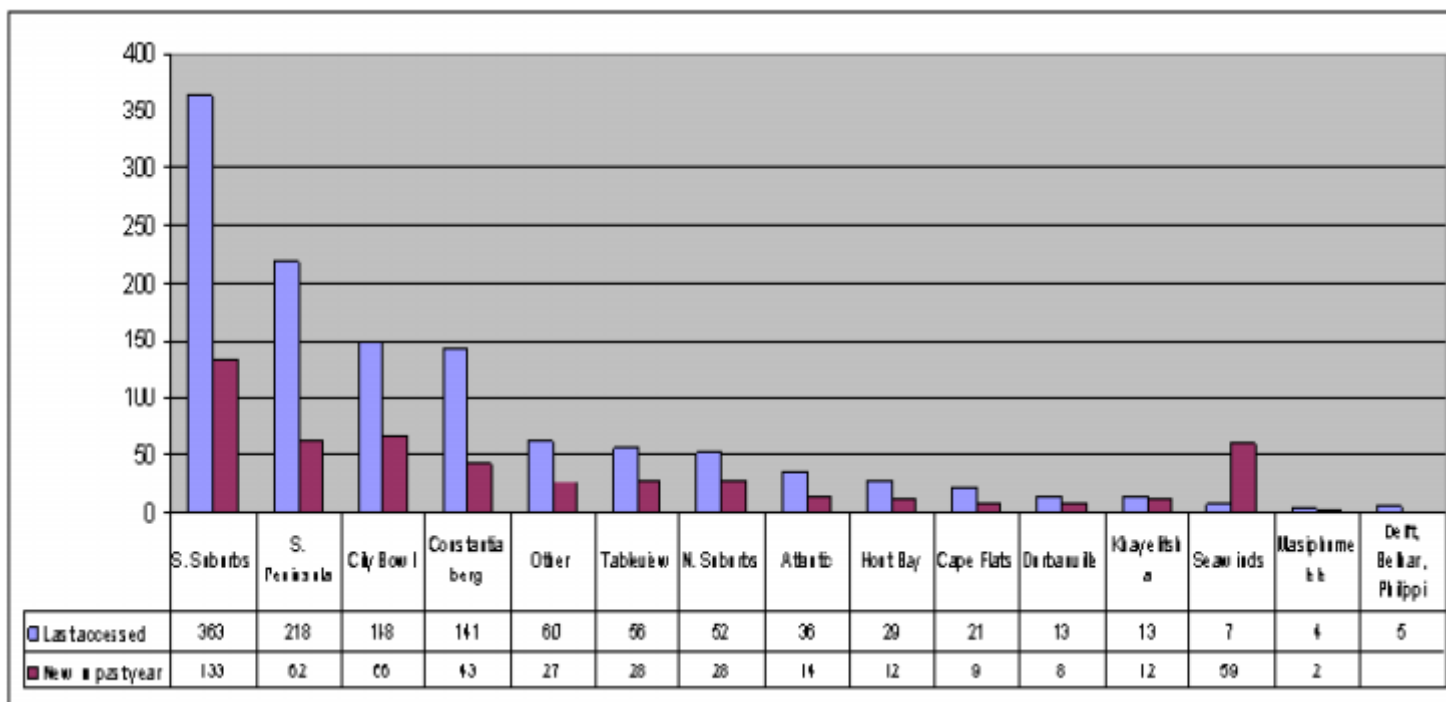


Figure 2: Geographical spread of CTTE members accessing accounts or new in the past year

Source: Based on statistics obtained from CES website, 14 June 2010

The types of offerings provided on the system provide some insight into the types of people commonly attracted to the system. Similar to experiences of community currencies around the world, the system appears to hold a strong attraction to those who may be considered 'alternative' in terms of general interests and occupations. A large proportion of offerings relate to alternative healing therapies and treatments, as well as holistic workshops and what some may consider predominantly esoteric pursuits. It is however important to note that the system is not restricted to these types of offerings, with a number of users offering more 'practical' offerings such as accommodation and consumable items such as food and clothing. Many use the system to trade in used household items, while others offer services they engage in professionally, including various IT skills, copywriting, proofreading and editing, and financial advice.

5.5 Ideology

When questioned about their reasons for joining the CES site, almost half of the participants in the online survey conducted as part of this research responded with arguments reflecting ideological preference for an alternative money system, reminiscent of arguments raised for a *conscious* currency in Section 4.8. This corresponds with the profile of members described above, showing the majority to be what one might consider 'alternative types' from Cape Town's Southern Suburbs, City Bowl and surrounds, many of

whom can be expected to support a system such as the Talent Exchange for ideological reasons.

While many responses straddled various rationales, some key arguments could be distilled. The majority of those citing ideological reasons for joining the exchange indicated a desire to move away from the current monetary system, which they perceive as corrupt, demonstrating acute awareness of how money works as illustrated in Section 4.4. Other prominent ideological standpoints related to a desire to “go back to the old ways” of barter, and perceptions that such a system promotes empowerment of people, as well as greater social and environmental sustainability, and consciousness of planetary values in energy exchange. Ideological arguments were also offered in response to other survey questions pertaining to differing perceptions to using Talents versus Rands, use of the web-based platform, and thoughts about the future of alternative currencies such as the CES. These largely corresponded to the categories noted above, but also included emphasis on the spirit of abundance fostered by such currencies. These positions are elaborated in the sections below:

5.5.1 Alternative to corrupt, debt-based, bank monopoly currency

A number of survey respondents raised concern over the essentially ‘imaginary’ nature of fiat currencies which are backed by nothing, emphasising the advantage of a system in which value is created through exchange of ‘real’ goods and services, rather than the manipulation of figures derived from interest on debts. This sentiment is illustrated in the following comment:

“It feels right to trade talents and time and goods rather than work with money the banks are lending out which is really a figment of the imagination anyway. There just isn’t enough actual gold to back up what they say the money represents. And we all go along with that lie.”

Survey responses indicated users’ acute awareness of the nature of the current monetary system, based on interest-bearing debt manipulated by the banking sector (see 4.4), and the belief that a system such as the CES can move away from this approach towards a more people-centred approach as proposed in 4.5.2. This sentiment is illustrated in the following comments:

“It works away from the old money tree system that can only start with debt, if you do not have money you always have to start with debt. Here your contribution is more important and how you enter the market – by the people for the people. It’s a much more holistic approach to life and living.”

“My view of such currencies is that they provide a practical alternative to debt and interest ridden mainstream currencies.”

5.5.2 Going back to the old ways of barter

“Sometimes you have to step back to leap forward and in terms of money [...] now is that time to convert and regain control of ourselves.”

Survey respondents were enthusiastic about the idea of what might be termed as a “return to the old ways” of barter, thus de-emphasising the inherent value attached to modern money, focusing instead on the actual goods and services that are exchanged, and the social nature of the exchange. The following statements clearly illustrate respondents’ desire for a system that values both individual skill and the social aspect of trading, perceived as something from the past that should be regained.

“I like the idea of bartering like in the old days with trust in other people and without interest. I enjoy meeting like minded people. I believe it is the way our future trading should go.”

"I think they have a very good chance of becoming an essential part of our lives. We did it in the ancient times, time to do it again and break the hold banking institutions have on our lives."

"I loved the idea of not using money and exchanging talents. I think it's a fantastic concept and should be the new (old) way of the future."

"It acts as a new or 'old' way of satisfying the needs of buyers, and offering sellers a viable conduit for their services or goods. I like the localised sharing, selling, and trading also."

Recognising that society has moved away from "the old ways" in which human interaction formed the basis of exchange, as postulated by Polanyi in *The Great Transformation* (see Section 3.3.1), survey respondents expressed a desire to a return to a 'former' system of exchange based on barter, in which relationships are valued higher than money. Should the CES and similar systems indeed be able to facilitate such a "*new (old) way of the future*," it could be seen as an important step towards what may be referred to as a reversal of the 'Great Transformation' towards a more relationship-oriented economics as proposed in section 3.4.1.

Jenkins (2010) emphasises the relationship-oriented approach of the CES, specifically referring to it as an attempt to '*reinstate the 'gift economy'*', shown in 2.4.2 to place an emphasis on relationships rather than price.

"The CES is an attempt to reinstate the 'gift economy' in the 21st century so that we can bring back the spirit of generosity where the greater pleasure is in giving rather than receiving."

5.5.3 Building community

Enhancement of social capital through a specific focus on building community is commonly cited as amongst the key benefits of complementary *community* currencies, as shown in section 4.8.5. This emphasis on social capital and community-building is particularly important to consider in terms of the key argument of this thesis pertaining to the potential reversal of the 'Great Transformation' of the 20th Century proposed by Polanyi (see 3.3.1), through a re-integration of social relationships into economics and exchange. The potential of the system to build 'community' and return to a more 'sociable' way of exchange is emphasised in the following statements:

"Through exchanging, the possibility for social vertical integration opens up and it increases a sense of community. The focus can be more on supporting local enterprises etc, thereby giving people the opportunity to take responsibility to impact on their social environment. Through exchange we hopefully become more conscious of how we all benefit from each others' existence really, and hopefully this will spark a social concern which will work for the creation of more integrated communities."

"The alternative currency provides a way of recognizing skill, and being able to exchange it in a way that reflects both a financial and social transaction. I was drawn to it because it moves away from a monetary system into a more social, sustainable and traditional bartering system."

Numerous respondents indicated that they were drawn to the CES by the sense of 'community' it is thought to foster:

"The word community, and the fact that one could trade one's Talents."

"A friend of mine introduced me, and I liked the idea of meeting community, and bartering/exchanging first hand."

"I like the sense of community it creates, I like dealing with real people, rather than an anonymous check-out."

Several respondents emphasised the value of the 'human touch' inherent in dealings conducted via the Talent Exchange, noting how it allows for closer connections with others, thus allowing a more personalised system of exchange than is present in conventional trading.

"The "human" touch. People who have no conventional money can partake - thus creating a means to exist. It is safer - no one can steal your Talents. [It] builds a sense of community and achievement."

"Closer connection to the person providing the service or good. In a shop it isn't as likely to form a relationship with the people you buy from - this depends where you buy though. I am much happier to spend Talents than I am to spend money."

"The sense of a more personal connection regarding the actual trade and that even if you begin to trade without credits the 'debt' does not accrue interest (it's the interest on debt that cripples people financially and lines the coffers of business and financial institutions)."

"I like that you do not have to have ready cash, that no interest is charged, that you cannot really incur debt, that a camaraderie exists within the system, that you meet lots of different people on a more personal level than in normal trading, that one can relate to them at a deeper level and give proper feedback on what they offer."

In contrast to the above, it is interesting to note that one respondent also raised the possibility that the more 'personalised' form of exchange could become too much for some, who may in fact prefer the more anonymous nature of the conventional economy:

"If you don't like dealing with people it might be too 'personal' - you might feel pressured into buying when talking or meeting the producer face to face where in conventional currency that can never be the case."

In line with the shared-value-based definition of 'community' adopted for this research, a number of respondents cited the underlying values, 'mindset' or 'spirit of trading' as important factors contributing to the opportunity to 'meet like minded people' in the CES.

"I was drawn to the CES primarily by the idea of "Community" exchange. Initially because I'd moved from Johannesburg and needed to connect with like-minded people who understand that the use of conventional currency and the fundamental system that generates this currency is flawed, corrupt and is aimed at keeping people in debt."

"It's not the currency per se that makes a difference, but the mindset that goes along with it, as well as the interesting people that you meet as a result."

"...the spirit in which trading happens, the immediate access to a broad and diverse range of "like-minded" people, access to alternative health, and a way of energetic exchange which has a value but not a rigidly commercial one."

The concept of community was also commended from a social development perspective, particularly in times of economic strife, and for people experiencing material hardship:

"I was drawn by an interest in LETS and the potential for the use of alternative currency in encouraging more localised development and community building."

"Most economies are facing serious problems, alternative currencies could be a way of regenerating local communities and bringing people together."

"Its innovation and possibility of community interaction - especially for poorer communities."

5.5.4 Empowerment

While the majority of survey respondents can be assumed to be in higher economic brackets (due to their ability to access and respond to the online survey), a strong sense of social consciousness and a desire for the empowerment of those less fortunate could be perceived throughout the responses.

"I have always felt it's essential for a community to have a non-money-based exchange system and was very impressed to discover the CES account system which enables trading for Talents rather than being limited to barter swaps. It allows people with no money to be empowered again."

"I was drawn by the simplicity of the idea of an alternative currency built into a community. I think that it is very important indeed for people to explore these options in order to feel less powerless and victimised."

"The current economic system is seriously flawed in many ways. This system provides hope and gives the power back to the people."

"Our society lives on a debt based system, which does not empower those in poorer backgrounds. The CES offers the opportunity for members to trade directly in skills

Respondents believed the system to provide particular opportunities to be used for social upliftment and community development work, as illustrated by the following comments:

"The CES can be a powerful tool for social upliftment."

"I am trying to introduce alternative currencies into my community development work."

"I think it's a great idea. I think that in theory, it could do a lot of good, especially if it is harnessed to work for the underprivileged or unemployed."

5.5.5 Value and expression

Respondents cited the exchanges facilitated by the CES as feeling more 'real' than those mediated by money by emphasising the actual value of the goods/services exchanged rather than their price tag. An example of such perception of more 'real' exchange can be seen below:

"I think that society is far too reliant on money, has placed far too much importance on it and that this has eschewed people's views of things that are of real value, and human principles. I really like the way the Talent Exchange forces people to interact without money, and put a value on their talents, i.e. what they can do and how much it would realistically be worth to somebody else, and being proud of what you can do."

Trading in alternative currency has the potential to liberate skills some would not otherwise have thought 'marketable'. In this way some respondents feel that the system allows for greater self-expression as it enables people to experiment by offering goods and services for Talents which they may or may not later trade for conventional currency:

"The opportunities for people to express their true passions through this site are incredible."

"I thought I had some "skills" that I do not want to market or value but just exchange (I have never invested in [teaching] French, [although] it is my mother tongue). [Now I] like the idea of [...] giving 3 hours [of French lessons] and I get a massage. The people that I used for massage, not all of them were professional but trying to be so it is also a way for them to start something."

“The CES feels heartfelt, close, human and about getting to know your neighbour, about valuing all your abilities, not just the commercially recognised ones and about the abundance of life.”

5.5.6 Sustainable energy exchange

Section 4.4.1 showed that currency design can have important impacts, not only on people, but also the planet we live on, while 4.4.2 shows that compound interest, requiring perpetual growth, is inherently unsustainable. In contrast to the unsustainable nature of interest-based conventional currency, a currency based on facilitating exchange of existing goods and services without interest can be seen to promote greater environmental as well as social sustainability.

A number of respondents to the online survey conducted as part of this research noted that the CES provides a means for more sustainable energy exchange than is currently favoured by the prevailing monetary system. By encouraging exchange, and thus re-use, of goods, it is argued that the drive for ever-increasing production of new goods (and consequently the exploitation of natural resources) can be curtailed. The desire for a more sustainable system that can be facilitated through the system is illustrated in the following statements:

“As an environmentalist I prefer the exchange of used goods rather than the emphasis on buying new things. I believe that the more owners the good has the less the ecological footprint.”

“It is an opportunity in a way to limit waste and allow for more exchanges of second hand goods... It could also be a way to ‘recycle’ skills.”

“I would like to see an operational world that serves the Planet, unlike what we are experiencing at present. I believe that our present monetary system serves to destroy our Planet and needs to be changed.”

“The current economic system is ruining the planet. The CES and LETS are a way to make our economies more people-centred and environmentally friendly.”

5.5.7 Spirit of abundance

The possibility of community currencies to foster a spirit of abundance was noted in 4.8.1 as an alternative to the concept of scarcity postulated as one of the fundamental principles of classical economics (see 3.2.2), and artificially maintained through interest-bearing debt (see 4.4.3). A number of survey respondents cited the spirit of abundance inherent in the Talent Exchange as a key factor distinguishing it from conventional monetary transactions.

“I saw the system as a wonderful opportunity to remove the blockages that the current system so often seems to have and open up the abundant Trade network - which CES has done...”

One respondent expressed great enthusiasm about the potential of the exchange to foster a spirit of abundance as well as a greater sense of security, which in turn reduces the ‘panic’ associated with conventional trade, promotes local trade and builds community:

“It makes things more accessible, it helps recycle goods, really making their production worth it, it allows for a sense of abundance and security - there will always be something that I have that I can swap for something that I may really need. Just that security alone takes away the potential for panic. Without the panic, I can allow myself to be creative and from that space be successful. By having a ‘way out’ of the economic system without losing access to goods and services I think the people will panic less, thereby diluting the potential for a social blow-up in the face of crisis.”

The spirit of abundance was indirectly reflected in numerous respondents' description of their emotional perception of dealing in Talents, which they find easier and more satisfying to earn and spend. This in turn is thought to promote greater generosity and a spirit of sharing amongst traders, in contrast to the greed fostered by conventional currency.

"CES units seem plentiful and are always there. Conventional currency runs out pretty quickly leaving you consoled by CES."

"CES currency is a heart-based currency, and about what you can offer to the community, and fosters generosity, whereas conventional currency fosters greed, poverty and lack."

"What I like about Talents is that they aren't associated (in my mind) with the stressful baggage that goes with money. It seems to be easier to sell things for Talents, and I don't feel the "ouch" when I spend them."

5.6 Perceived practical benefits

In addition to ideological motivations for joining the CES, survey respondents noted a number of practical benefits associated with trading in Talents. These predominantly relate to greater affordability of goods and services procured through the Talent Exchange, which many see as a reason to use Talents to procure 'luxury' goods or services that would otherwise be unaffordable. Increased employment or business opportunities offered through the exchange were frequently mentioned as well, particularly as clients who would otherwise be unable to afford services can now pay in Talents. Some specifically referred to benefits of an alternative system to buffer impacts of the global financial crisis, while a few noted the fact that Talents are not taxed as a key benefit. These benefits are discussed in more detail below:

5.6.1 Affordability

Numerous survey participants commended the system for enabling them and others to engage in exchange without using money, thus overcoming constraints to trading experienced by those lacking in conventional currency.

"I'm no fundi on economics, etc. so won't philosophise, but Talents seem to reduce the divide between the haves and the have-nots to some extent. It's easier to sell household stuff on a CES market than a flea market, and I feel I could possibly afford a plumber and electrician on Talents, though not in Rands."

Respondents noted how the system helped them during periods of their lives when they themselves had been financially constrained, as well as referring to the benefit it brings to others during difficult times.

"I was a bit down and out and my health was failing me. I could attend to my health without needing money. That was amazing. I think alternative currencies are amazing and useful!"

"It is a way I can exist as a normal human being, able to shop, trade and get services and items I could not otherwise afford."

"We are on a low income and I like the community exchange philosophy."

"Resource-based systems do not cheat people with interest and inflation. You can still get services you need from CES, without having to beg, borrow or steal like you might in the conventional currency, if you get into financial trouble."

Two single parents with limited resources noted how the system helped them to obtain goods and services for themselves and their children:

"Being a single parent inspires one to find other means of survival."

"The fact that you could trade without Rands and still access necessary services [...] was great for a single parent who had limited resources."

Avid Talent exchanger and system administrator Dawn Pilatowics frequently cites her own experiences of the CTTE as an example of how the exchange can make life more affordable. Dawn primarily uses the exchange to procure a range of physical therapies which she would otherwise be unable to afford. She has also used the exchange to refurbish and decorate her house, as well as obtain assistance of others who help her with shopping and running of errands:

"I am physically challenged so everything I do from shopping, to going to the doctor, to an evening's entertainment I need help with. It got to the stage where I felt I had worn out my friends, constantly asking for help, but the Talent Exchange changed all that. I can shop via the exchange, I can get treatments via the exchange, I can pay someone Talents to do my shopping. Instead of my few loyal friends I have over 1,000 people out there I can call on to help me."

5.6.2 Use for luxury/ different types of goods

Closely related to the ideological 'spirit of abundance' noted in section 5.5.7 above is the practical benefit of indulging in non-essential services and luxury items that would otherwise be unaffordable, as cited by a number of survey respondents:

"When trading in Talents I feel I can spoil myself or others with the Talents I have earned because they were earned purely from my usage of time.....it somehow feels very liberating to be able to be more free with them....whereas I feel that I need to be more careful when spending cash cause there are usually more important things that I should be spending the cash on."

"I like [...] the fact that I can treat Talents as 'mad money' as I can't use it to pay rent, etc. So, I use it to treat myself."

"Things that are luxuries feel more affordable in the CES."

"I tend to spoil myself a bit more because of the CES (not so restricted as with Rands), it is also nice to value the contribution of others on the system."

"I more easily spend Talents on things that I perceive as 'luxuries', which I wouldn't necessarily be able to justify to myself spending traditional money on. I've found that the system has really enriched my life in many ways."

Aubrey Dampies, cited previously as an avid entrepreneur using the CTTE for his business ventures, notes numerous items he would commonly have regarded as 'luxury goods' which he obtained for himself on the Talent Exchange. These include a used car, an electric guitar, a clarinet, a Nikon camera and lenses, a television set and four bicycles (two of which he subsequently sold).

5.6.3 Alternative 'employment' and business opportunities

The above examples of increased trade without the constraint of money illustrate Michael Linton's description of LETS as "*an information system we use to deploy human effort*" (see section 4.2.2.) This in turn can be seen as ways in which the system provides an opportunity for alternative forms of 'employment', cited as one of the primary benefits of 'conscious' community currencies (see section 4.8.3). A number of survey respondents referred specifically to ways in which the system has served them in such a way by providing an alternative means of earning an income when they were unemployed.

"I was not able to earn Rands for my first two years in SA while waiting for a business permit, CES was a good way to get an income going."

"I had no job initially and loved the idea of trading instead of having to use money."

“As a student my funds have always been very limited, so the talent exchange gave me a way to generate an independent "income" without having to work a regular job. I am very excited by the idea of being able to trade in goods and services in an informal way.”

As the highest earner and spender on the CTTE, Aubrey Dampies from the Delft community is an excellent example of someone who recognises the potential of the Talent Exchange to enhance his entrepreneurial ventures. Aubrey uses the exchange primarily for business purposes, acting as ‘broker’ between the CTTE and the conventional economy. He checks the system every day for new offerings and wants to which he promptly responds, and is an avid spender at markets, where he buys goods for Talents which he then resells in the Delft and surrounding communities. While he sells items for Talents (at a profit) to others who are also on the exchange, he also uses the exchange to earn Rands by selling items bought for Talents for Rands in his home community. To earn more Talents, he buys items which he can find at discounted prices (for example used office equipment) for Rands, and sells these on the Talent Exchange. Aubrey is an avid buyer at every market, commonly offering to buy up all of a stallholders’ goods when he recognises the potential for resale of these items.

While some disapprove of Aubrey’s strategy, perceiving it to be excessively profit driven, and not ‘in the spirit of’ the exchange (see 7.2.6), it can be seen as an example of an entrepreneur identifying the potential of the system to create a business opportunity, benefiting himself as well as those with whom he trades as it allows for greater circulation of Talents in the system, as well as providing goods to Delft residents at lower prices than they would otherwise pay.

5.6.4 Valuing non-monetary services

Another benefit of the Talent exchange noted by some survey participants is the ability to provide services to, and be compensated by, people who would not otherwise be able to afford what they would generally charge for their services:

“It gives people who cannot afford my services a way of compensating for my efforts.”

“I was a member of a local LETS for several years and found that clients were able to "afford" to come to me, by trading in LETS currency.”

“The opportunity to offer a service to people who can't necessarily afford the service but can afford to give their time/ expertise to others.”

In expressing her gratitude for the benefits of the Talent Exchange, Dawn Pilatowics notes how assistance she would formerly have required from friends and acquaintances, but often felt uncomfortable to ask for, can now be valued in Talents. The ability to account or keep track of ‘favours’ thus exchanged diminishes the feeling of indebtedness without having to resort to monetary compensation, as illustrated below:

“I have made so many new friends on the exchange, and yes, we quite often swap treatments or services but there is no longer a feeling of resentment because I did more for them or a feeling of indebtedness because they did more for me. We always just bill each other the rate we're comfortable asking” (Pilatowics, undated).

For those who are not in a position to offer their services for free, the system thus enables greater productivity as they are able to continue ‘earning’ for services provided, and thus also cater for their own needs, despite monetary scarcity that might otherwise prohibit exchange.

The sentiments expressed here echo comments by Douthwaite (1996) and Squires (2009) (see section 4.8.4) pertaining to alternative currencies enabling compensation for services

that might otherwise go unpaid for, either due to the 'traditionally non-monetary' nature of the service, or inability of those receiving them to pay.

The system was particularly commended as a tool for budget-constrained non-profit organisations to continue delivering much needed services, as noted by a representative of 'Milk Matters', one of the 134 non-profit organisations registered on the site:

"CES was recommended to us by a breast milk donor who also donated services to our organisation. Lack of funding is a constant issue for NPOs especially in the current financial situation, so it made sense to explore an alternative, particularly in a group of people likely to be supportive of an organisation such as ours, providing a service to the community that saves babies' lives."

5.6.5 Buffer during global financial turmoil

The idea of community currencies providing a 'buffer' against fluctuations in the global economy is frequently referred to by Greco (see 4.8.2). Numerous survey respondents referred to the benefits of alternative currencies such as the CES during times of global financial turmoil, such as that experienced since 2008. Such alternative systems based on direct exchange of goods and services for an essentially 'valueless' currency serving only as a means of exchange (see 4.2) or the community's collective memory (see 4.2.2) are seen to provide an important buffer to fluctuations inherent in conventional fiat currencies:

"Community exchange is part of the bigger picture of changing the world order to a more human scale. Enabling people who are disadvantaged in the current economic climate to contribute and receive benefit for their skills and services."

"With the downturn in the economy around the world - businesses could keep people employed and keep operating if they incorporated alternative currencies into their businesses."

"It's a perfect storm: as the mainstream economy crashes, people look for alternatives that are environmentally and socially sustainable."

"Conventional currency is severely limited by its links to the formal economy, and fluctuations in the economy affect how much money we have to spend. With CES currency, those limitations are not there."

5.6.6 Free of taxes and middlemen

Another benefit to the CES cited by some users is the ability to avoid paying taxes on earnings, as well as reduced 'cost' as value added tax (VAT) and other 'middle-men' do not inflate the value of goods and services exchanged through the system:

"I found the system to be more efficient in converting effort into reward. It cuts out the banks, the boss, accountants and the tax man (no VAT:-) and any other middleman trying to get their hands on my earnings."

"[It provides] an opportunity to engage in work transactions that don't involve cash transfer (which could also reduce the amount of tax I pay!)"

"I like the idea of the barter system - my clients and I regularly use 'trade swops' as a way of having things you couldn't afford to buy with a retail/middle-man markup – and I don't like paying tax."

In section 4.9.2 tax evasion is noted as one of the *illegitimate* benefits of alternative currencies (Schraven, 2001), which in turn can pose obstacles should authorities choose to clamp down on such systems. While the CES can currently be considered as sufficiently 'marginal' to avoid such scrutiny, one survey respondent noted that, should it become more commonly used, tax implications may need to be considered:

“If it becomes well used amongst the people, it could have an impact on legal currencies and I can see the government stepping in to ‘tax’ the system.”

The issue of taxation of community currencies is discussed in section 4.9.2, with various means of implementing a just form of taxation (e.g. taxing Talent earnings in Talents) proposed. Should an increase in membership and use of the system result in future taxation, members citing tax evasion as one of the system’s key benefits may have to re-evaluate their current stance.

5.7 Web-based System

The vast majority of survey respondents concurred that the Internet is essential for a system like the CES, noting that it significantly reduces the administrative burdens that would otherwise accompany such a system using alternative means of communication. The system’s ease of use and the instantaneous nature of transactions were particularly commended, with many users citing time and instant access as critical factors in the modern world. In contrast with commonly held perceptions that the site is ‘easy to use’, there were however some respondents who raised concerns about the user-interface of the CES site, noting this to be less user-friendly and visually appealing than what is possible to achieve in a web-based environment.

The opportunity to expand one’s personal and trading networks was cited as an important advantage of the online system, with some emphasising increased global reach as the system continues to grow internationally. In contrast others raised concerns about the impact of such ‘global reach’ on ‘local’ community building, as well as the system’s inaccessibility for those without Internet access.

While some believed such a system could potentially work without the Internet, it was emphasised that this would be significantly less efficient, and impossible to administer on the large scale on which the CES, and particularly the Cape Town based CTTE, currently operates.

These issues are discussed in more detail in the sections below.

5.7.1 The Web is the way

Although a few users expressed some reservations about using a web-based platform, and suggested that alternative methods could be used to administer a local community currency, the vast majority were in agreement that a system like the CES could not function without the Internet. In addition to allowing members to connect and eliminating geographical constraints, the Internet is considered essential in an age where time has become a critical limiting factor in most people’s lives.

“I don’t know how it would work at all without the Internet. The website enables members to find one another.”

“I don’t think that it would work effectively without the Internet. Without the Internet one would be limited to ‘market days’ only when one could physically meet others at a venue. This has time, geographical and availability constraints. All these constraints are eliminated using the Internet.”

“It couldn’t work effectively without the Internet. Time is too limited for people, they look for fast ways to do things.”

A number of respondents compared the Internet to other forms of communication which were shown to be significantly less suited for use by a system such as the CES. As the medium of ‘the future’, the online environment offers numerous advantages in terms of convenience as well as cost factors, as demonstrated in the comments below:

"The Internet is the future and more up to date than newspapers, you can view in your own time, it's targeted when you know where to look, and convenient to use from your pc."

"The low cost of communication on the Internet makes this system possible. Imagine the overheads associated with SMSing everyone every time there is a statement of account, or offering list."

"It definitely facilitates this kind of thing better than any other form of communication could."

The greater efficiency of an online environment where information can be computed remotely, and members can communicate directly rather than relying on opportunities where all can meet face to face was particularly commended, noting how it overcomes geographical constraints, which in turn also reduces the need to travel with consequent benefits in energy saving:

"[It] cuts out travel energy expenses, widens the trading arena, and provides quick access to info."

"It's accessible in various locations, and in your own time."

5.7.2 Reduced administrative burdens

By enabling members to enter their own transactions online in a global web-based platform, local system administrators are relieved of the burdens that have traditionally constrained LETS type systems, and can thus focus more on other aspects such as community building.

"[It] takes the administrative burden off local systems and allows them to concentrate on recruitment and relationship building locally."

The greater administrative efficiency facilitated through a web-based system was cited by a number of respondents who do not believe such a system could function using alternative forms of communication:

"My understanding of the system is that it is 100 percent Internet-based. I mean, one is not going to schlep down to notice-boards or sit on the phone, and the postal system just wouldn't work at all - you have to have an immediate interface."

"It would not work without the Internet - not in this hippy, lacksie-daisy environment. It would cause endless disputes and messed up admin."

"Well it has become the essential vehicle for this kind of networking / calculating the monthly statements, etc. and keeping people up to date with what's offered / groups available."

The billing system, whereby sellers directly enter transactions into the site and are immediately credited for the appropriate amount deducted from buyers' accounts as debits, was commended by a number of respondents as easy and efficient, particularly as it empowers people to do their own transactions without depending on an administrator:

"I find the billing easy and efficient."

"I can use the system myself, rather than having someone (in the office) do it for me. I can debit my client immediately the work is done, and receive immediate credit."

Though agreeing on the benefits of the automated billing system, one respondent's comment regarding some clients' discomfort at such 'instantaneous' billing is interesting to note:

“The automated billing system is heaven sent. However I have encountered some psychological resentment if people are billed immediately rather than waiting a week or two!”

5.7.3 Easy and instant

The most common advantages of a web-based system cited by survey respondents related to the fact that it is easy to use; effective and efficient in keeping track of offerings, wants, and trading records, as well as entering actual trades; and instantly accessible:

“All members’ balances, trading position and recommendations, offers and wants are easily available as opposed to a paper system.”

“It is a quick and easy way to search for and access information from anywhere (as opposed to someone having reams of paper on file somewhere). It is also easy to update, so a lot (although not all) of the info on offerings is up to date.”

“It makes it far easier to go online and research what one wants in one place than to try to contact everybody, and sometimes one comes across something amazing by luck!”

Numerous respondents commented on the advantages of having access to the site ‘24/7’, with constant updates allowing for live coverage of what is available at all times. The ‘instant’ factor was frequently commended as a key feature, again emphasising the relevance of ‘time’ as a critical factor influencing people’s willingness to engage with such a system in the fast-paced early 21st century:

“The Internet enables everybody to see live information about products or services being offered by other users. It is easy and quick to update information. In the age of instant gratification I don’t see another medium being as effective.”

“Instant access – 24 hour, 7 day access. Constant updates of records and offerings and wants [are] supplied by the administrators.”

A number of users appreciate the freedom of being able to use the system in their own time, in the comfort of their own homes, choosing when (or when not) to access it:

“You can use it in the comfort of your home.”

“[You d]on’t have to go far. [You can use it in the] comfort of your own space.”

“I can do it in my own time.”

“It provides both an immediate channel of contact and also a means for it to be let lie.”

5.7.4 User interface

In contrast to perceptions cited above about the system’s ease of use, a number of respondents were less complementary about the website’s appeal to users. Some believe that the site can be made more user-friendly and accessible, particularly for people with limited exposure to the Internet:

“I have found the website trading system a little un-user-friendly, and have had difficulty in the past making a transaction. I think I have figured it out now, but I do think this could be really improved.”

“The online tools are good and reliable, BUT not user-friendly. It’s clear the site is designed by a programmer not a designer. The site is actually too messy and complex for the occasional user. I am very web-literate but sometimes struggle to find the most basic of functions on the site. Interface needs redesign to be more intuitive, simpler and attractive.

Some recommend a more 'marketing oriented' design for the website, to include greater emphasis on navigability as well as opportunity for personal marketing through profile options:

"The CES home page should be more 'marketing oriented' and there should be more RSS and SMS notification services instead of long, uncategorised offerings and wants lists, that are of little if any relevance to the recipient. It should be customizable (in terms of what one wants and offers) to the largest degree. The technology exists to facilitate this."

"I definitely would love the platform to be more inviting in terms of graphics and easy navigation. I am sure I would use it more if I could build a profile around my value-add, my product and that would definitely inspire me to look at the value-add and product of others!"

For some the site works well, but lacks visual appeal:

"I feel the look of the website can be greatly improved. The functionality is very good."

"Sorry to have to say this, but it looks old and ugly. Which may be good or bad, I'm not sure."

The importance of visual appeal and ease of navigation was particularly highlighted by one user who noted that: *"People's persistence levels on the web are very low due to increasing amount of time in front of the screen."* For this reason it is considered crucial to ensure that users' attention is maintained through visual stimulation, requiring minimal effort to find what is required.

One user specifically requests *"downloadable user friendly kits, workshop/ learning materials for members to market and promote the CES"*. Similar requests have also been made on the Facebook and .Ning sites. It is worth noting that such material is currently available on the website and on the .Ning network, and has been for a long time. The fact that users still make these requests confirms comments raised above regarding difficulty in navigating and finding relevant information on the site.

5.7.5 'The Internet connects'

In section 3.4 the idea of a 'network society' as espoused by Castells was highlighted, emphasising the Internet's inherent power to build connections between people, thus facilitating a more intricately networked world. Respondents to the online survey conducted for this research were enthusiastic about this ability of the Internet to 'connect' people, hence providing an opportunity to expand networks through the web-based system:

"The Internet connects.....with a system like CES that is based on connecting to others it is vital to have a simple way to connect and the Internet is by far the simplest tool we have for that."

"The Internet is all about connectivity, thus connecting everyone to everyone else, makes chances for a system like this to work even better. People do not realise the immense possibilities of the Internet, and how much good we can spread through it."

"The Internet is one of the best networking tools and medium of communication."

Networking opportunities are enhanced through the Internet's accessibility to a much wider audience than would be possible in an offline environment. This facilitates greater growth in membership, which in turn results in a greater market for products and services, as well as greater variety of offerings:

"[It provides] greater networking opportunities. You can reach a vast majority of people, who can also reach you in a single click as opposed to hours on the phone or driving around in search."

"The Internet has a wide audience so there is an immediate pool of members."

"It can reach a bigger audience and create awareness relatively quickly."

"It allows for massive expansion of the network of trading individuals. This obviously means that there will be a greater demand for whatever you offer and similarly you are more likely to find offerings of what you are looking to buy."

Opportunities for online networking are commended as they can transcend the immediate purpose of contact, thus going beyond a mere online trading system, as illustrated in the following comment:

"Without the website I don't think I'd have bothered to get involved - I work mainly on the net. Also, it does allow one to find out more about the person one is trading with. Someone contacted me about one thing I offered and we ended up networking about something totally unrelated. So it's a useful way of finding people who are open to thinking beyond the usual corporate mindset."

5.7.6 Global reach

Although few survey respondents had made use of the site's functionality to trade with members in other CES networks around South Africa (22%) as well as abroad (11%), those who have note how this has increased their scope of clientele as well as the availability of offerings to select from:

"My clients are from around the world and so my services can be bartered around the world as well. The Internet provides a platform where people who wouldn't normally connect are able to exchange ideas and services."

"Particularly in the case of digital services, the Internet could enable a person to pick up work from anywhere - and be evaluated based on the value that the work adds."

Others who have not yet made active use of the global trading facility express an interest in doing so:

"I have heard of friends successfully trading with other countries. I will try that in the future."

While a few traders have had success in expanding global networks through the CES, others have found this more difficult. One user reports active attempts to market services abroad, but finds building sufficient trust more difficult:

"I am in the process of rendering my services outside my country. I was not yet successful, it is very difficult to get people to trust and notice you, on CES` outside the borders of your country."

5.7.7 Network capacity

The CES software as developed in Cape Town is currently used on all the CES exchange networks around the world. To date development of the software has been done by a few dedicated Capetonians, who have used their own resources in doing so. It has however been acknowledged that the system will soon require upgraded technology to host all the new networks that have and are continuing to join the system. A request has been posted on the announcements page of the CES site, which is emailed to members on a regular basis, requesting for assistance to fund the acquisition and development of such an upgraded system (*CES Newsletter*, June 2010). A request was posted on the .Ning platform requesting for assistance with procuring inputs required for such an upgraded

system, which would require a minimum of 2 GB memory and two hard drives of minimum capacity of 500 GB each (Piladowics, 2010).

It has also been noted that the CES needs a development team to set up a Global Exchange platform with multiple, distributed servers to cater for the expansion around the world. To fund such an initiative, the CES is fundraising for people to be paid either in the traditional currency, or the CES currency, to convert the existing software into an open-source format so that programmers from around the world can contribute to its development (CES Newsletter, June 2010).

In response to a discussion on the CES Facebook group pertaining to service levies charged on trades to support management and maintenance costs for the server, users have indicated a willingness to contribute in such a way as long as such contributions are only Talents. While this is encouraging, it is important to note that the actual requirements for ongoing management and maintenance costs often involve expenses in 'real currency', which to date have been mainly supplied by a small group of key administrators, raising issues of ongoing sustainability of the system if these 'monetary requirements' cannot be effectively addressed.

5.7.8 Only access for some

Only about half of the members officially registered on the CTTE have their own email addresses registered on the website, and can thus be assumed to have some form of Internet access. Others either have no email addresses listed on the site at all, while many have generic 'group' addresses, and others share addresses of other users. This can lead one to conclude that at least 50% of the network's members do not have regular access to the Internet, drawing into question their ability to meaningfully participate in the web-based system.

While many respondents commended the web-based platform for increasing accessibility to the CES, some also raised concern that, while such accessibility is indeed significantly increased *for those with Internet access*, it does not cater effectively for those without, thus effectively creating barriers for poorer communities to become involved:

"It's much more easily accessible to those who use the Internet but not very accessible to those who don't."

"It reaches more people as the Internet becomes more pervasive. Unfortunately, this excludes a significant section of the population. Even with mobile stations."

"The Internet is essential. However the poorer communities would not have as much access as they possibly should."

One respondent was notably cynical about the system's real value to the majority of South Africans lacking Internet access, who may in fact be considered the ones most in need of such an economic alternative:

"Well, its democratic to 5 million SA citizens with Internet access. Not so democratic for people who would probably be able to benefit more from it, or who could use it to secure more business. However, these people probably already have this system in place along with other community and micro-finance systems. So it appears to be a largely middle class fringe effort, and is largely marketed to this portion of the population."

One of the primary motivations of the original founders of the CES was for it to be used as a tool for social upliftment precisely to avoid it becoming a '*largely middle class fringe effort*' as alleged above. This was initially promoted through active outreach efforts to market the system in low-income communities, but these efforts were abandoned when external donor funding was withdrawn following the split with SANE (see section 6.6.2). Nevertheless, some of the members who became involved during this initial outreach are

still active and attempt to promote the system in their communities, and, though limited, efforts at greater inclusivity through mediation by those who have Internet access are still being made. As noted in the comment below, some still get access:

"I worry that it doesn't allow for as much participation by the poor here in Cape Town, as it should. But I know people from these communities do get access."

It is hoped that the more recent design of a cell phone based platform would increase the system's accessibility for those lacking access to computers. One respondent who commented on this new opportunity however remains sceptical about its ability to truly extend the potential benefits of the system, noting the limited functionality of cell phone trading compared to what is available online:

"Too many people still do not have access to the Internet. Not sure how sms-based trading is progressing, because the penetration of cell phones in South Africa is very high. However this is not a good medium for finding out what is available, only for advising the system of trades completed."

Despite the limitations of the mobile system, it is worth noting that this platform is in fact actively used by some, for example Aubrey Dampies who, as the highest earner and spender on the CTTE despite lack of regular Internet access, indicates that he accesses the mobile system every day.

5.7.9 'Local' community?

Although the majority of respondents regard the Internet as an effective means to expand networks both locally and globally (see 5.7.5 and 5.7.6 above), a few were concerned that the larger networks detract from the real *local* element that they feel should be the underlying focus of a *community* currency:

"I think the essence of sustainable trading is that it should become increasingly local, and this system works in the opposite direction. If it were possible to put geographic limits (e.g. a 5 km radius) for trading, then we'd be back in business."

The convenience of online trading may be regarded as a benefit for the majority of respondents, but also diminishes the need for face-to-face interaction which, for some, may not be entirely positive:

"It connects us without having to move or spend time getting to know each other. Don't know if that's a good thing though."

Despite the concerns raised by some concerning the possibility that the Internet would reduce opportunity for 'real-time' contact between members, others noted the benefit of the online system for keeping members informed about 'offline' events such as trading days and markets. This indicates potential for online and offline systems to complement each other, rather than supporting opposing goals as suggested by some of the comments above:

"[It is the] easiest manner of accessing offerings and seeing where trading days/markets will happen."

"Reaching people, informing, motivating and inspiring online is the method that gets the word out. [It is good for getting updates] on news and markets, [providing] fast connection to those who need with those who offer."

"I think the Internet is very useful as it provides a forum to see what is on offer, provides a large network of diverse people who want different things.... I find the Internet and the market days are very complementary, and I liked and used them both a lot when I was in Cape Town."

5.7.10 Would it work without the web?

While some acknowledge that a system like the CES could work using alternative methods, this would be significantly more complicated and less effective:

“The ability to have online access to offerings/wants and accounts is what makes it workable, but should the Internet be switched off for some reason, it could feasibly continue albeit a lot more tediously.”

The advantage of reduced administration was cited by a number of respondents as a key benefit to the web-based system, allowing it to expand in a way that would not be achievable in a paper based system:

“[It is e]asier to keep track of trades, [it] allows community to grow. [It makes it] more scalable than any paper based system.”

Though acknowledging that similar systems could potentially be run in an offline environment for small, close-knit communities, respondents emphasised the necessity of the Internet to allow the broad scale at which the CES is aimed:

“Unless it were confined to a small, close-knit community, I don't see how this system could operate without the Internet.”

“I don't think it would work on this broad scale otherwise, at least not for me. For it to work without Internet, you'd need people coming into regular contact to trade. I've not yet made it to one of the markets, so maybe that works well sans Internet, but I haven't seen it.”

“It facilitates the exchange, bringing buyers and sellers together and making the transaction better. This allows the LETS to reach a critical mass that paper-based systems struggle to reach.”

Issues of scale are discussed in more detail in the following section.

5.8 Scaling up

One of the most significant constraints to community currencies noted by Greco (2009a) is lack of sufficient size which prevents such currencies from competing with more versatile national currencies (see 4.9.4). Although the CTTE has grown rapidly, less than two thirds (65%) of the 3990 members who had registered on the system since its origin have actively traded on the system, and less than a third (29%) have accessed their accounts in the past year over which this research was undertaken (mid-June 2009 – mid-June 2010). The assortment of offerings remains relatively limited¹⁸ as does reach across the supply chain, and acceptance amongst mainstream businesses.

Since its origin at the end of 2002, the CTTE expanded rapidly to its current total of 3990 members in mid 2010, growing at an average rate of 44 new members per month. Figure 3 below provides an illustration of membership growth of the CTTE network since its origin, showing both total new members who joined per year, as well as average new members per month. It can be seen that, while membership increased significantly in 2007, and to a somewhat lesser extent in 2008 and 2009, it appears to have slowed down rapidly during 2010. While it can be argued that less than half the year had passed at the time of writing, it is worth noting that average growth per month also appears to have slowed down significantly, from 66 members per month in 2009, to 38 by June 2010,

¹⁸ As with many similar exchanges across the world, membership of which predominantly comprises what may be considered alternative communities, a large proportion of offerings on the CES exchange involve holistic healing treatments.

showing an almost 75% decrease in average monthly membership over the past 6 months.

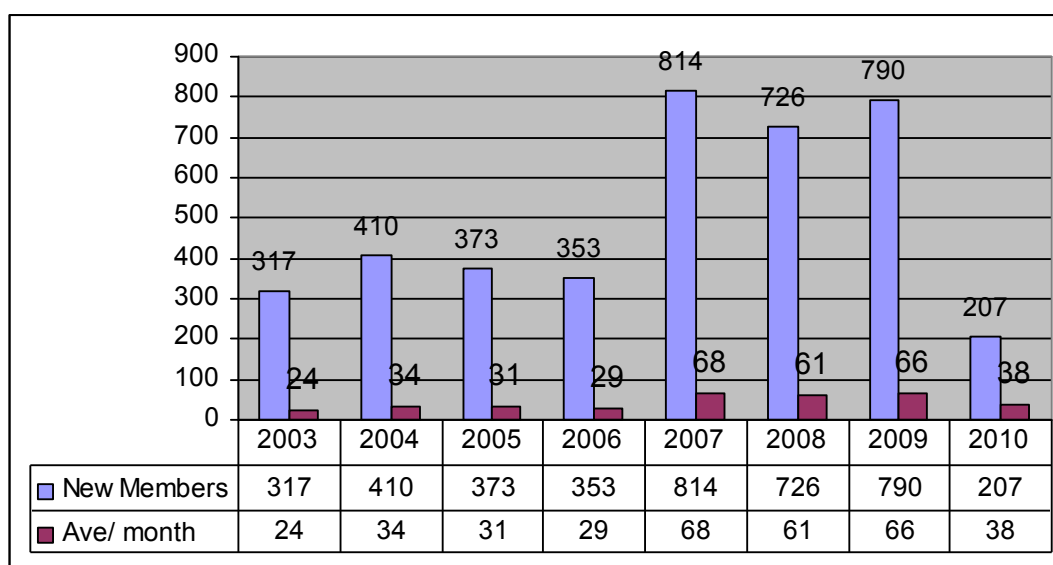


Figure 3: CTTE Membership Growth

Source: Based on statistics obtained from CES website, 14 June 2010

The apparently reduced rate of membership growth should be considered in the context of concerted efforts made in earlier years to promote the exchange through outreach initiatives, particularly in historically disadvantaged areas such as Khayalitsha (shown in 5.4 to have the largest proportion of officially registered members on the exchange.) While these initiatives did indeed appear successful in attracting new members, the fact that only a very small percentage of these have remained active users is important to note. It could thus be argued that the system is starting to adjust to a more realistic balance in terms of membership growth, which now continues despite significantly reduced initiatives by management to promote it.

While growth in the CTTE (by far the largest network on the CES) membership appears to have slowed down over the past year, it is important to note that the CES system itself continues to grow rapidly around the world, with the number of networks using the system having increased by almost 80% from 123 exchanges in 17 countries in February 2009, to 218 exchanges in 29 countries in June 2010. Growth has been particularly evident in the USA (25 exchanges between February and August 2009 to 45 in June 2010), and Australia (35 exchanges in February 2009 to 45 in August 2009, and 57 in June 2010). While the number of exchanges in South Africa increased slightly from 23 to 25 between February and August 2009, it has again *decreased* back to 23 in June 2010.

While growth in membership could add to the currency's value by (potentially) increasing the variety of offerings, thus making the Talent more useful, it also comes with practical constraints as the advantages of 'local' trading diminish. During consultation with some CTTE members, the issue of geographical distance was noted to limit the feasibility of exchange, as travelling long distances across the city to obtain something for Talents often makes buying it for cash at a nearby store more economical. Distance is also a factor when it comes to partaking in community building efforts such as markets and meetings. In an attempt to 'localise' the exchange further, sub-areas were introduced and local area co-ordinators assigned to promote activity within these areas (*CTTE Newsletter*, July 2004). To date, trade within these sub-areas remains limited. It is hoped that by continuing to grow the network, and maintaining the intended emphasis on more locally based exchange, sub-areas will eventually reach the critical mass to be able to function more independently as a greater variety of offerings becomes available in these areas.

While the concept of greater focus on areas through the appointment of area coordinators is laudable, it is worth noting that of the 12 area coordinators listed on the CTTE site in June 2010, four are situated in the Constantiaberg area (two of whom are in Marina Da Gama), and another 4 in Cape Town's southern suburbs. The remaining four are respectively located in the Atlantic Seaboard, Delft, northern suburbs, and the South Peninsula, as shown in Table 3 below.

Table 3: Location of CTTE Area Coordinators

Area coordinator	Area	Suburb
1	Atlantic	Fresnaye
2	Constantiaberg	Constantia
3	Constantiaberg	Marina da Gama
4	Constantiaberg	Marina da Gama
5	Constantiaberg	Tokai
6	Delft	Delft
7	Northern Suburbs	Parow
8	South Peninsula	Clovelly
9	Southern Suburbs	Mowbray
10	Southern Suburbs	Newlands
11	Southern Suburbs	Rondebosch
12	Southern Suburbs	Rosebank

Source: Based on statistics obtained from CES website, 14 June 2010

From the geographical spread of area coordinators shown above, it would appear as though the spread of area coordinators across the city may not currently be greatly effective at 'localising' the system in different areas across the city. While the significant representation of the southern suburbs does appear to have some value as this area is home to 18% of members officially registered on the CTTE (see Section 5.4), it is important to note that numerous other areas in which members of the CTTE reside (notably areas such as Khayelitsha which officially accommodate the greatest percentage of CTTE members, and the City Bowl area, home to 9% of members) are not represented at all. Section 5.4 showed that the majority of CTTE members who joined in the past year (26%), as well as most of those who accessed their accounts in the past year are from areas in which area coordinators are active. These include the southern suburbs (31% of members who accessed their account in the past year), South Peninsula (19%) and Constantiaberg. Although there are no area coordinators in the City Bowl, this area could be considered in reasonable proximity to the Southern Suburbs.

This situation is hard to remedy as area coordinators are appointed on a volunteer basis, thus leaving little scope for management to more proactively select where they should be based. It is however worth considering that a more proactive approach in targeting specific areas around the city could be of great value in promoting more active use of the exchange by existing members, as well as encourage greater growth in these areas if the system can be seen to hold value to those who use it.

5.9 Conclusion

This chapter provided an introductory overview of the CES and the CTTE, looking at the background of the system and how it works, as well as an overview of membership, before examining some members' perceptions pertaining to the ideology behind the system, perceived practical benefits, the 'community' element of the exchange, and its web-based nature. The chapter concluded with a look at the current size and growth of the CTTE.

While close to 4000 members have registered on the CTTE since its origin in 2003, it was shown that only about half of these have actively traded on the system, and only about a third have accessed their accounts in the past year. This appears to indicate that, despite

initial interest in the system, the majority of members cannot be regarded as active contributors. This has implications for the ongoing sustainability of the system, as well as issues related to reciprocity, which will be discussed in further detail in the following chapter.

Membership was further shown to be concentrated predominantly around the southern suburbs and Constantiaberg. While a large number of members from the Khayelitsha area initially registered on the system which was first introduced in this area, none of these users ever became active on the system, most likely due to the fact that the majority lack Internet access. This indicates important implications of a web-based system in a country where the majority do not have the technological means to participate.

CTTE members who responded to the online survey conducted as part of this research cited numerous ideological benefits of participating in the system, resonating closely with the theoretical motivations behind community currencies as 'conscious currencies' noted in section 4.8. Members appear acutely aware of the corrupt nature of the dominant monetary system discussed in Chapter 4, and see the CES/ CTTE as a potential alternative to such a system. The more direct exchange of goods and services without the ever-scarce medium of money was also noted to enhance a spirit of abundance in exchange, similar to that described in 4.8.1.

A number of practical benefits to the system were also cited by survey respondents, who noted how it makes certain items (particularly what they would generally consider as 'luxury goods', more affordable, thus further enhancing the feeling of 'abundance' noted above. Other practical benefits noted include the ability to value non monetary services (also see 4.8.4), and serve as a buffer during financial turmoil such as that experienced throughout much of 2009 and 2010.

The majority of survey respondents believe the Internet to be essential for a system such as the CES to survive, or at least to expand to the extent that it has done. Some do however feel that the current web-interface could be significantly improved to make the site and system more user friendly. Some users raised concern about the web-based system's inaccessibility for the majority of the South African population, while others fear that the more 'global' reach of the Internet could diminish the system's 'local' emphasis.

While the web-based system has allowed significant growth of the CTTE, which can currently be considered significantly larger than the majority of 'community currencies' throughout history, such increased size also has implications for the 'community' aspect of the exchange. To maintain such 'community' focus, the concept of area coordinators was introduced in Cape Town, to promote activity within specific subareas. To date however it appears as though the spread of area coordinators does little to truly extend the system's scope beyond areas in which the majority of members are already active (notably the southern suburbs and Constantiaberg).

Outside Cape Town growth of the CES has been slow around South Africa, with the number of exchanges using the system around the country having remained relatively constant over recent years, and activity within these exchanges limited. There has however been a significant increase in other exchanges around the world using the system, particularly in the USA and Australia (where Internet access can be assumed more comprehensive).

Issues of scale and community building are particularly important to consider when assessing the degree of mutual exchange and reciprocal relationships within a system such as the CES. The following chapter delves deeper into issues related to trust and reciprocity within the CES and similar systems, before looking at the potential evolution of such systems into the future in Chapter 7.

6 CHAPTER SIX: RECIPROCITY AND COMMUNITY IN THE CES

6.1 Introduction

The concept of 'reciprocity' was introduced in Chapter Two (see 2.4), where Mauss's conception of the essentially *reciprocal* gift was used to argue that such reciprocity can be considered an essential foundation for a 'gift economy', based on social relationships rather than price. The need for mutual trust and reciprocity in community currencies was emphasised in 4.9.5, where it was shown that a healthy exchange requires members to give to and take from the system to ensure a regular flow of offerings from which others can benefit. In this chapter the degree of mutual trust and reciprocity within the CES (and specifically the CTTE) will be examined, with particular emphasis on issues related to building relationships and community, considered essential elements to fostering such reciprocity.

The chapter begins with a look at trading activity within the CTTE, including an examination of what might be called the 'health' of the CES, in terms of trading balances, as well as user perceptions of earning and spending on the exchange. This is followed by a look at user perception of the extent to which balance and reciprocity exists in the system, noting the need for such balance, and questioning whether it currently exists. The fact that the CTTE has continued to survive and grow is considered evidence for some users that the level of balance and reciprocity within the system is sufficient. Some survey respondents did however express concern that the system is open for abuse, noting the need for regulation and limits which, although already in place, may not be adequate to prevent such abuse. This ultimately raises the question of trust in others, which in turn can be related to the importance of the ever elusive concept of 'community'.

Specific mechanisms that have been introduced to encourage reciprocity online are noted, with a special focus on the use of online networking tools to build a greater sense of community between members. In addition to online networking tools, the importance of offline community building is emphasised as 'real-life' interaction remains an essential element of building the level of trust required for a community currency such as the CES (and CTTE) to flourish.

6.2 Trading activity

By mid June 2010 a total of 37 015 trades had taken place on the CTTE, amounting to a total of 8.9 million Talents exchanged. Of the total of 3990 members of the CTTE, a total of 2605 (65%) had actively traded on the system since its origin in 2003. Figure 4 below provides an illustration of trading activity on the CTTE over this period. The number of trades, including average number of trades per month, can be seen to have peaked in 2007, correlating to membership growth as was shown in section 5.8 above. However, in contrast to membership growth, which was shown above to have slowed down noticeably over the first 5 and a half months of 2010, the average number of trades per month, although significantly lower than during the 2007 peak, can be considered comparable to trading activity during 2008 and 2009.

Despite the reduction in actual trades after 2007, the average Talents per trade, denoting the value of goods and services people are generally willing to trade on the exchange, increased considerably from 2007 to 2008, increased again in 2009, and has only decreased marginally from the 2009 value of T365 per trade to T352 per trade for the first half of 2010. This could partially indicate a tendency for more valuable goods to be exchanged through the system, but could also be a factor of 'price' increases somewhat simulating the 'inflationary' aspects of conventional currency.

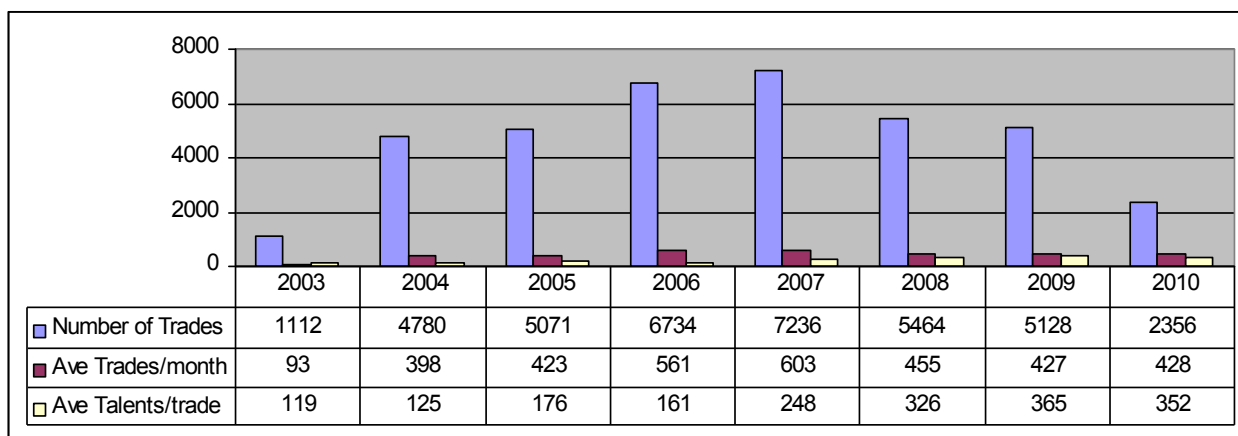


Figure 4: CTTE Trading activity

Source: Based on statistics obtained from CES website, 14 June 2010

This section begins with a review of what can be called the 'health' of the system, followed by a look at respondents to the survey conducted for this research's perceptions on earning and spending Talents.

6.2.1 System health

The 'health' of the system is calculated by measuring the velocity with which Talents circulate, and is considered optimal the closer members' balances remain to the optimal 'zero' point. Talents 'in circulation' in mid-June 2010 amounted to just under T1.9 million, which is equal to the total sum of positive as well as negative balances of all members. The ratio of the total sum of balances to the total value of sales or income generated (T8.9 million) is referred to as 'Talent Velocity' or 'Talent Multiplier', which amounted to 4.65.

The percentage of balance to income is considered as outstanding claims or obligations, which amounted to 21% of total trades for the CTTE by mid June 2010. 'System health' is calculated as the ratio of balance to income expressed as a percentage (78%). These figures indicate a marginal improvement in 'system health' in recent months, from a 'System Health' ratio of 77% in August 2009. Thus, although membership growth appears to have slowed down slightly in 2010, it would appear as though circulation of Talents marginally increased over this period. The higher the talent velocity, and the closer the system health ratio approaches 100%, the healthier the system, as this means that Talents are circulating rapidly, consequently facilitating large volumes of trading activity. This would effectively be achieved if the total sum of member balances (positive/ negative) is reduced, while actual 'income' (Talents spent/ earned) increases (showing trade activity).

Another important factor to consider in assessing the health of the system is the extent to which members may be seen to abuse the system by going into excessive debits through 'purchases', without giving anything back to the system. Of the 2605 CES members who had traded on the system since 2003, 1736 (67%) had sold, while 2193 (84%) had bought goods/ services through the exchange. It is worth noting that 412 sellers (24%) had not bought anything on the exchange, while 869 buyers (40%) had not sold anything.

In June 2010 46% of traders (members who had actively traded on the system) had a positive balance, and just over half (51%), a negative balance, while 75 (3%) had what may be considered the 'ideal zero' balance. What is worth noting is that 194 traders had exceeded the T5000 debit limit by an accumulated total of T687 785, while 69 had more than the official T5000 debit limit, by a total of T361 108. The difference between excess credit and debits thus stands at -T326 687 which may be considered as a quantification of

the extent to which the system is being abused by some members who take a lot without giving anything back.

What is worth noting is that the 'negative balance' of people who have exceeded their debit limits over that of those exceeding credit limits *increased* almost fivefold since August 2009, when the total sum of positive and negative balances *exceeding the T5000 limit* amounted to -T66 728.70, with the number of traders exceeding the T5000 debit limit almost tripling (from 67 in August 2009) over the nine month period. Thus, despite the apparent greater 'health' of the system as measured by the Talent Velocity or Multiplier shown above, the degree to which some can be seen to abuse the system, taking significantly more than they are putting back, remains a grave concern that could have serious implications for future sustainability.

6.2.2 Perceptions on earning and spending

While 75% of respondents to the online survey conducted for this research had traded on the CTTE, only 19% claimed to have done so frequently, 43% occasionally, and the remaining 13% only rarely. Some expressed reservations about spending Talents before earning any, thus avoid incurring debit, while others find it easier to earn than to spend, thus accumulating credits they are unable to spend.

Despite system administrators' regular encouragement to users not to be afraid to incur initial (interest free) debits before starting to earn, as such spending is essential to keep the system going, many remain reserved about doing so. For them fear of debt has been strongly ingrained by the conventional monetary system:

"I have decided to wait until somebody buys something from me before I buy something myself. If everybody is using the system in the same way [that] I am, I'll probably never sell anything. But there is definitely the possibility of being in a position where you buy something and never earn any credits if nobody is buying from you. I would hope that it will balance out in the end, but who knows."

"Psychologically, I don't like to know I have minus Talents... it doesn't come naturally to be fine with minus."

"I do have the mindset of not wanting to spend more than I earn - find it difficult to "spend" what I "don't have."

"I sold items so as not to end up in a debit situation as that to me is the same as having debt."

A number of survey respondents maintain an attitude similar to that held about conventional money, notably that a credit balance is superior to a debit balance. This approach appears to overlook the fact that, in a system where the sum of all credits and debits always adds up to zero, maintaining a credit balance for some enforces others to 'maintain the balance' in debits. While some indicated difficulty earning Talents, a far more common perception amongst survey respondents was that they find it more difficult to spend their alternative currency units. Having 'sold' their products and services, thus earning Talents, these respondents struggle to find anything they wish to spend them on, consequently becoming less motivated to continue supplying their offerings:

"CES units are easier to make and more difficult to spend than conventional currency. There is a lovely spirit of community in CES trading, but I find it to be impractical. The offers tend to be unuseful."

Those who find earning Talents easier than spending them inevitably accrue large positive balances. While some are keen to spend these Talents, understanding that this is needed to maintain the system, others do not necessarily feel an inherent need to spend:

"Since the system offers mainly items which are renewable, such as services - but not much in terms of 'survival' goods (food, transport and essential goods), I personally found it easier to 'earn' than to spend. I don't feel obliged to spend as

much as I earn, however I did not spend before I had earned. Am sitting on a lot of Talents ... maybe I could become a Talent millionaire ... From the systems point of view more members will have a positive balance than not - as long as transactions are happening the system should not be affected negatively.

"I find that there are not enough products or services that I want to buy, so I sit with a credit balance. I wish it wasn't like this. I would like to spend what I earn."

The consequence of some members earning without being able to spend is that these members, who are providing goods or services to the system, eventually become reluctant to do so any longer, as reflected in the following statements:

"We stumbled upon the community network by accident. i.e. sold our piano on Gumtree and the lady that bought it introduced us to the concept and paid half money half "Talents". Today I am still sitting with a couple of thousands of Talents but I can find no product that I am interested in. I have not made any offerings because I would like to spend my Talents before getting actively involved."

"I very often meet people who are unwilling to trade in Talents after a period of time because they have so much Talents and no way of spending it. I also have that problem. I constantly check the system for something to buy in order to spend my Talents. We need greater variety of goods and services to choose from."

Reluctance to incur debits before earning credits, as well as the tendency to sell more than buying, both avoid 'taking' from the system more than 'giving'. Such positions, however, also deprive others from 'earning' Talents, thus impacting on the system's overall health, as shown in 4.9.5.

Although the statements above appear to indicate a general tendency of survey respondents to avoid debits, and refrain from spending before they earn, trading statistics cited above indicate that this is not the general perception amongst all members. Contrary to the perception that "from the systems point of view more members will have a positive balance than not" the percentage of traders who have bought without selling (85%) is in fact notably higher than those who (like respondents quoted above) prefer to sell before buying (65%). Although less acknowledged by respondents to the online survey, some did indicate feeling comfortable about using the credits offered by the system to start trading:

"I love alternative currencies in theory; I signed up for the talent exchange to enter an event when I had no money. I am highly interested in alternative currencies, but I'm not sure I have any offerings that are worthwhile. To date, I have not earned any Talents, and I have a debt of T40!"

The need for new members to feel more free about spending before they earn (to thus keep the system 'flowing') is noted in the statement below, though with the recognition that at some point balance should be regained to ensure the system remains useful and fair to all members:

"I think initially when people are new, it's better to be unbalanced and use the credits to put your faith in the system. However, now that I've been in for about a year and have only used credit and haven't earned anything, I've slowed my spending down until I can earn more."

The NGO Milk Matters who has registered on the system, commending its benefits as non-profit community organisation, cited time as constraining factor to participate more actively, but intends to spend Talents received as donation to buy services required:

"We have not yet had the time/opportunity to explore this system as much as we would like to so have not seen whether it will work well for us. So far we have not had anyone wanting to 'buy' our offerings, but have also not yet bought anything. We have had donations though which we intend using to buy services."

Time considerations were highlighted by a number of respondents who indicated that they find it difficult or prohibitively time-consuming to earn Talents, and are thus reluctant to spend what they have not yet earned, again reducing their active participation in the system:

"It's a bit of a hassle as every time I think I could buy something, I think of the effort it'll take me to repay that debt. Time spent away from my family. Normally one can just pay money for things you want and then spend all the time you want with one's family."

One respondent specifically noted that active participation in the system depends on the individual's financial position and availability of time:

"I think this depends on your financial position. When you have lots of time but no money, it is ideal. But when you have money but no time (more my position now) it definitely feels that I am giving more than I am able to get."

The above statement to some extent reflects this researcher's experience as participant observer in the CTTE, with sufficient money, but lacking in time. Wary of starting to trade without a 'positive' Talent balance, I 'earned' my first Talents by literally 'buying' into the system with Rands, in response to an offering 'Rands for Talents' that was advertised by a member who had amassed many Talents for gardening work, but faced financial difficulties as his day-to-day survival required hard currency. This assisted me from a research perspective as I was able to become actively involved in the system by starting to spend the Talents I had thus earned (or bought). It did however also make me acutely aware of the fact that others may not be in a similar position to exchange 'Rands' for Talents purely to become more involved.

I subsequently 'earned' more Talents by participating in markets, mainly selling herbal tinctures for Talents, having bought these wholesale (for Rands). This again fulfilled my personal motivations of a) becoming more involved in the system, and b) spreading the tinctures, many of which I had previously and still do give away to people whom I believe would benefit but may not be able to afford them (corresponding to issues raised in 5.6.4).

While a fulltime consulting career (which makes more 'time-intensive' approaches to earning Talents impractical), puts me in a position to invest Rands in Talents, this is certainly not the position of the majority of other members of the exchange. It furthermore did not put me in a position to truly evaluate the system's potential benefits in terms of 'saving' Rands by earning and spending Talents instead. I do however recognise that for others who, as the respondent quoted above indicates, have "*lots of time but no money*", the experience could be significantly different.

The next section examines the degree to which survey respondents to the online survey consider the CTTE to be 'balanced', and exchange within it reciprocal.

6.3 Balance and reciprocity

When questioned about the extent to which balance and reciprocity exist in the CES, survey respondents were divided on whether or not balance is necessary for the system to function, as well as the degree to which the system can be considered as balanced. While some are of the opinion that the system can indeed be considered balanced, if only evaluated by the fact that it continues functioning and growing, numerous respondents expressed concern that the system is open for abuse, emphasising the need for regulation. Ultimately however it is recognised that the concept of reciprocity relies on trust rather than regulation.

6.3.1 Need for balance

A number of survey respondents believed that maintaining a balance between earning and spending was essential for the system's survival, as failing to do so would result in unequal distribution of benefits to users:

"I don't think the system will survive unless there is a balance. I think it is important for all to balance selling and buying - this for me is the key to the success of the 'currency'."

"I think it should be fairly balanced for it to work correctly; if one only sells or buys it throws out the balance and some people will benefit more than others (usually buy more than they sell) so they add no value to the system really."

"I think that balance is essential, otherwise a situation occurs where certain services are in great demand but those who provide them cannot be reimbursed by services offered by others."

By contrast, others do not regard the issue of balance as critical, feeling, as one respondent states, that it does not matter *"since no one is losing."* Another similarly argues:

"Keep in mind that the Talents stay in the system. Even if someone never sells anything and reaches his/her limit it still enriches the system as a whole."

Distinction is made between the monetary system where balance is indeed perceived as a requirement, and a system like the CES which is *"just not about innumerable checks and balances and hoarding every cent, it's about the exchange of ideas, skills or talents,"* noting that determining exact value for such skills can be difficult.

Some go as far as to assert that such a system *cannot* be balanced as (similar to conventional money), currency can only be created by creating a debit (though this is interest-free). There is however a recognition that fairness should be maintained by giving back to the system as well as taking:

"I do not think it's possible to have a perfect balance, nor do I think it's necessary. However, the system is less useful the less balanced it is--it's not fair for people to always pour value into the system without getting the same out, nor is it fair for free[riders] to never contribute."

6.3.2 Is there balance?

The issue of zero balance that is always maintained through the system as a whole is highlighted by some members, who emphasise that:

"The system will ALWAYS be balanced, that's the way it is designed."

The concept of 'mutual credit clearing' is discussed in section 4.7.2, where it is shown to describe an association of traders who have agreed to create and utilise their own exchange medium. Members of a mutual credit clearing system such as the CES use the system to record trades, with credits from sales balanced against debits from purchases. One respondent emphasised the mutual credit nature of the exchange, showing that this by definition means that there will always be 'balance' in the system with debits of some offset by the credits of others:

"MUTUAL CREDIT TOTAL SALES = TOTAL PURCHASES – the balance is always zero. Credit and debit limits prevent gross misuse. Even [with] those who leave we find that the balance of credits and debits is close to zero."

While the 'mathematical' element of a zero overall balance for the system as a whole will always be maintained, there is also recognition that when such 'balance' is maintained merely by offsetting large debits of some by large credits of others to arrive at the 'zero-point' does not accurately reflect the health of the system, as illustrated in 6.2.1:

"Some people spend with no intention of putting back. Others generate huge credits without spending. While this does balance the system overall, it isn't really in the spirit of things."

The element of *community* is considered critical in assessing whether or not the system is balanced, as it is to this community, rather than any particular individual, that services are

provided or owed, in the spirit of 'generalised exchange' as discussed in 2.4.4. For this reason measures to promote greater 'balance' of the system should be focused on ways to increase interaction between members, which would in turn provide more opportunity for trade, as noted in the following statement:

"Over a long enough period it will all balance. Some will sit with higher debits where others have higher credits. The individual owes the community or the community should supply the individual opportunities to spend. No one person is indebted to another, no one person is better than another."

Some acknowledge that not everyone contributes equally to the system, but believe that, overall, balance is maintained:

"I think over time it does balance out. Those who are not committed to it, fall by the wayside. Others will make up their debits and credits through constant trade."

"Some people are takers and others are hoarders so there is a complete mix of debits outweighing credits and credits outweighing debits, but overall the system can only remain in balance."

The importance of the right 'mindset' and understanding the 'abundance of the system' were also highlighted as important features contributing to reciprocity within the Talent Exchange:

"I do get a sense that there are those who try to use the CES without understanding the abundance of the system, and try to get away with not making offerings. But mostly those who use it are able to work with an equal exchange of energy."

"I think that overall it probably pretty much balances out, but am aware that not everyone who joins buys in to giving back as much as they do to receiving. I think some people take advantage, but if the majority are of the right mindset, it works."

Taking personal responsibility to look up others' trading statistics before trading with them, thus avoiding 'sales' to those who can be seen not to contribute back to the system, is cited as a means to maintain balance by some users. It should however be noted that less than 20% of survey respondents indicated that they access the site to check others' accounts (see 6.4.2):

"Being able to look up someone's trading position before trading with them really helps."

"In my experience, it all balances out - I have heard of people going heavily into debt and not paying into the system, but I have not traded with them."

The fact that the CTTE continues to grow, attracting more members, and processing more trades on a monthly basis (see 5.8) is noted by one member as proof that the balance maintained is sufficient:

"The Cape Town CES has a good balance in terms of what is offered on it, it also has a whole range of members which is again a good balance, and the fact that it continues to grow says to me that it must be operating from a point of balance otherwise by now it would have started to fall apart."

6.3.3 Open for abuse

In contrast to respondents' description of their own attitude towards maintaining a balance, many believed that others are inclined to take more than they give back. The potential for abuse of the system was raised as a concern by a number of participants, who cite the ease of corruption as a limitation:

"It doesn't work well in my opinion, especially the ease of corruption in the system. I've already been 'charged' for services I didn't receive."

“It works well, however a more tech-savvy associate of mine reckons he could take down the system using fictitious registrations to gather up huge CES wealth.”

Some arguments above seem to suggest that this ‘does not matter’ as the debt, which is created towards the community as a whole rather than a particular individual, will eventually be balanced through others’ trading. This viewpoint may be somewhat short-sighted in neglecting to consider the eventual impact of such continual debts to the community, which essentially must be borne by those who do continue to provide services, thus earning credits, but cannot find enough to spend them on as others fail to add offerings into the greater pool of community goods and services, as illustrated in the statement below:

“My personal experience leads me to believe the system is not balanced. I found that a lot of people who contacted my husband and I used the system regularly to obtain services, but didn’t offer anything we wanted or needed in return.”

Recognising the potential (and actual occurrence) of system abuse, some respondents emphasised the need for mechanisms by which the tendency to take more than giving can be curbed. Ways by which this can be done include removing those seen to abuse the system from the CES, or making their status of indebtedness known to others, as well as stricter enforcement of limits:

“We all know of a few folk that have abused the system, especially through markets, just buying everything, but in debt. They should be removed from the CES, maybe an auto flagging when someone is spending a lot.”

It is worth noting that the suggestion to ‘flag’ those who have exceeded their limits has already been implemented in the system as shown below, but requires traders to take active responsibility in reviewing the balances of those they trade with which, as shown above, few actually do.

6.3.4 Regulation and limits

Initially there were no debit or credit limits for members, and there appeared to be no need to impose such limits as members were in fact reluctant to accept that it is normal to be in debit; as the system requires that there must always be equal amounts of debit and credit. As the system expanded and some users were found to abuse it, management decided to introduce a limit of T5000 for credits and debits, although this serves as more of a guideline than a rigidly imposed limit.

While users are encouraged to go into debit as it is essential for some to be in debit to keep the system flowing, members are discouraged from trading with others who have exceeded the T5000 debit limit. Recalcitrant traders are frequently reminded that they need to ‘pay’ for what they have received by giving something back to the collective. The (nominal) credit limit was instituted as ‘hoarding’, or sitting with a huge positive balance, is in many ways considered as bad as a large negative balance, as this means that such traders are not giving others the opportunity to earn some. It is hoped that the credit limit feature (though not enforced) will remind those heavily ‘in the black’ to get out there and spend.

Numerous respondents referred to the limit on debits (and to a lesser extent credits) that may be accumulated in the CES as a positive step towards preventing abuse of the system. One member notes such limits to be essential if the very nature of a system that aims to keep track of exchanges is to be maintained:

“The system needs enforceable debit and credit limits, particularly with new members establishing credibility, otherwise [there is] no point in keeping score, [we] may as well just help each other.”

Members who joined before the limits policy was introduced commend it as a positive step, noting that potential for abuse has been notably reduced:

"It's better now they've put a limit on the debits one can have. I was irritated when I sold a viola to someone for T3000 who then disappeared and never traded again. She basically stole it."

"As far as I know every member who belongs to the Community Exchange Network has a credit limit. It wasn't the case when I first became a member. I think a lot of people did take advantage of the system."

While respondents' discussion on limits mainly focused on limits imposed on the amount of *debit* people are allowed to incur, some also commend the existence of a limit to *credits* which has been imposed to discourage hoarding of Talents, thus promoting more active usage of the system:

"I think the ceiling limits also help to balance it all out."

"Cape Town Talent Exchange [has] a 5000 credit/ overdraft limit which balances things out quite nicely. It promotes usages and inhibits overspending."

Another respondent feels constrained by the credit limit, as she struggles to spend the Talents she has earned, and cannot use the system as a 'longer term savings scheme' due to the limit on credits. This in turn discourages her from offering more services into the system as she feels unable to spend additional credits that would be earned:

"I think it is good to encourage the credit/debit limits to keep the system stable and fair, but I find it difficult to spend as a lot of the services on offer take time to utilise (i.e. are not quick consumption products). It discourages me from selling because I don't have enough time to spend my credits. I thought I might use it as a longer term savings scheme, but the debit limit does discourage this."

While agreeing on the concept of limits, some survey respondents had suggestions on how it might be structured differently, with some calling for stricter regulation and a lower debit limit, believing that the current system still leaves too much scope for abuse:

"People's accounts should be linked to their ID numbers (to prevent duplicate accounts). Something should be signed stipulating what would happen if they abuse the system (going far into debt and not paying it back)."

"I don't think people should be given as much as T5000 at the beginning."

Other users feel that greater flexibility in imposing the limits would be preferable, taking into account individuals' trading records on the basis of which the exact size of the limit could be decided. Emphasis should thus be on encouraging more *active* membership, rather than merely enforcing a standard limit across the board:

"I think it's good that there's a limit to the amount of debt one can build, lest people come in and just buy, then leave the system, which would obviously not be sustainable. It should be made possible, for people with a good record, to increase that amount if, say, they want to buy or sell a car."

"It should rather be a matter of being an active member. A member should always have both debits and credits, that is supply to and obtain from the exchange."

CTTE management acknowledges that debit and credit limits should ideally be based on volume and speed of turnover (interview with Tim Jenkin, 2009). This echoes Greco's proposition that the maximum line of credit on any account should be determined based on the amount of a member's sales of goods and services over a recent time period, for example by stipulating that a "*negative balance should not exceed an amount equivalent to about three months' average sales*" (Greco, 2009: 134). To date however instituting such variable limits has been considered an impractical administrative hurdle for management.

The importance of ongoing monitoring was emphasised by some respondents who believe this to be an effective means of keeping track of potential abusers:

“It seems that monitoring is maintaining an effective overview of the accounts.”

“I think that merely by 'keeping an eye' on things, such as through this kind of survey, one should be able to maintain a balance - it will be an ongoing 'thing' so it should be monitored on an ongoing basis.”

In addition to monitoring the system, some believe more active involvement of administrators is required, both to educate people about the need to reciprocate in order to maintain the balance essential for the system's survival, as well as more active 'policing' of those who exceed their limits:

“The CES administration should monitor balances - and explain the system to those who might not realise what the philosophy is.”

“There must be checks and balances to rectify imbalances which creep in to any system. I think that the T5000 limit is good and then manual policing will have to be done to round up the stragglers.”

While such suggestions for more active control and management certainly hold merit, practical obstacles relate to the time and effort this would involve with a system the size of the CTTE and growing, with only a small group of core 'administrators'.

6.3.5 Who do we trust?

In contrast to arguments emphasising greater regulation of the system, it could also be argued that an important feature underlying the concept of reciprocity within this and any system, is that of trust. Such levels of 'trust' may indeed be in short supply in today's modern world where the social distance between people could be considered as significant. The South African context holds its own barriers to trust, characterised by a vastly polarised society and high levels of crime.

One respondent noted the high crime rate in South Africa as a factor limiting the extent to which people are prepared to trust each other, thus reducing the system's real potential to build community based on mutual trust and reciprocity between members:

“Because of the high crime rate in our country many people are reluctant to buy services such as gardening etc., which involve exposing their personal space to someone unknown. Many people I know love the idea of it but find that they are not spending their Talents. This includes me. A basic lack of trust due to crime is inherent and in my view prevents an exchange of services if the 'seller' is not known or recommended by someone that is known to the buyer.”

Despite the perception that a system such as the CES can be particularly beneficial for those suffering economic hardship, and thus be used in a developmental context (see 5.5.4, 5.6.1 and 5.6.5), some concerns were raised that, when specific efforts were made to extend the system to what may be considered 'disadvantaged' communities (also see 6.6.3), this led to abuse by those who saw it as a means of obtaining goods and services for free:

“It appears that people who are unemployed or very low cash earners were allowed to abuse the system at first which was part of the learning curve. They became thousands of Talents in debit without putting anything back into the system as they thought they were just getting lots of stuff for free and not have to 'pay' back so took advantage of the system. Since then debit and credit limits have been instituted to prevent this.”

The statement above reflects difficulties in targeting a system like the CES to a broad spectrum of people from different socio-economic backgrounds. The term 'community' becomes particularly problematic in this context, when in actual fact the widely dispersed members of the 'community' in question do not, as per the definition of the term used in this research, have specific common values or other attributes. While geographically dispersed 'communities' could potentially be connected through online tools, life in Cape

Town (and much of South Africa) is more commonly characterised by people who, despite living only a few kilometres apart, have vastly different life experiences, perspectives, and values.

The reality of socio-economic inequalities existing in South Africa (and across the world) means that many do not have access to the tools required to fully participate in a web-based system such as the CES, as discussed in more detail in 6.6.3. Although recognising this critical limitation, this thesis continues to argue that such a system does hold potential to enhance trust and build community amongst its members, particularly if system design incorporates features that have been shown to encourage reciprocity in an online environment. This is discussed in more detail in the next section, followed by a specific look at the potential of online social networking platforms to encourage community building amongst members who do have access to the Internet. Recognising the limitations of a purely web-based system, the final section of this chapter looks specifically at mechanisms that have been introduced by the CTTE to build community offline, including reference to attempts to bridge the 'digital divide'.

6.4 Features to foster trust and reciprocity online

The ability of the Internet to expand the scope of community currencies, which traditionally cater for small, geographically close-knit communities, is well illustrated by the Cape Town Talent Exchange which, with its membership approaching 4000, may be considered a very large network, spread across a vast geographical area.

A number of features used by the CES address some of the core motivational factors required for online reciprocity discussed in section 2.4.5, including methods to promote identity persistence; ensure transparency by providing visible records of past interactions; providing recognition; and building community. This section looks at features pertaining to online identity, transparency and recognition, while the following sections look respectively at issues pertaining to building community online (6.5) and offline (6.6).

6.4.1 Identity

The impact of the Internet on identity formation and expression is discussed in section 2.3.1, while section 2.4.5 emphasises the importance of identity as motivating factor to encourage reciprocity in online networks. Expression of identity is considered a key element in the formation of online social networks on sites such as Facebook, My Space, .Ning communities and many others. An example of a site which, while not an alternative 'currency' per se, is specifically geared towards the reciprocal exchange of 'gifts', in this case accommodation and companionship, is CouchSurfing. The nature of the 'gifts' exchanged on this site places particular emphasis on the question of identity, a key determinant of compatibility for anyone choosing to let a stranger into their house for free, or choosing to stay on another's 'couch' in a foreign country. For this reason the profile information requested of new members probes much deeper than what is commonly required of more 'casual' social networking sites, and honesty is expected in responses. Requests from members with fully completed profiles carry a significantly greater likelihood to be accepted by potential hosts, or selected by surfers.

The CES does not claim or attempt to be a social networking site, and hence keeps its profiling features limited to what is considered essential, notably name and contact details (including location), and offerings¹⁹. While users are encouraged to describe their offerings in detail, which can to some degree provide a sense of identity, there are no specific features on the site to encourage expression of identity. This was recently enhanced to some extent through the addition of a new feature enabling users to upload a profile picture, though few have made use of this facility. Users are encouraged to join the

19 New members are required to submit three offerings upon signing up, whereafter they can update these offerings, register wants, browse others' listings and start trading.

Community Exchange Network groups on Facebook and .Ning, thus harnessing the power of established social networking platforms to provide identity features (see 6.5).

One respondent noted that the ability to create a (though be it limited) profile (see 6.4.1), as well as the recently introduced feature allowing pictures to be added to the profile, enables users to get to know a bit more about each other:

“Have pictures and a bit of profile of suppliers available so you know more about the person you’re dealing with.”

In addition to allowing users to express some (though limited) online identity through features on the site, the ability to ‘recognise’ others through such features can also promote more transparent trading, as discussed in more detail below.

6.4.2 Transparency

Detailed accounts of member balances are visible to all logged-in members, and updated in real-time as trades are recorded. Statistics provided on the site include trading statistics and current balances of all members, as well as a list of traders who have exceeded their debit and credit limits. Although this information is available on the site, only a small percentage of users access it. In the online survey conducted with members of the CTTE as part of this research, less than half the respondents indicated that they use the website to check their own trading records monthly or more, and less than 20% are likely to check others’ records. Thus, while this information is provided on the site, it is not actively used and hence of limited effectiveness in promoting greater trust and reciprocity.

Although members may not spend much (if any) time looking up others’ trade information, the fact that this information is available does provide some with a greater sense of security in using the system as they are (in principle if not practise) able to monitor others’ use of the system, thus allowing for greater transparency:

“It is very positive that every member’s trading status can be looked at via the Internet. It creates transparency.”

“Access is egalitarian; we are all equal on the net! Other people’s spending/buying transactions are totally transparent so you can see if you’re dealing with someone who is actually using the system well and not abusing it.”

“It makes it easy to keep accounts up to date and to check up on your ‘customers’, making sure you are selling to those who are also putting back into the system.”

6.4.3 Recognition and reputation

Referencing systems are commonly used by social networking sites to encourage reciprocity amongst members. Examples of such uses include the reference feature on the business networking site LinkedIn whereby connections can provide each other with references for work conducted or general professional experiences. Such references heighten the value of a personal profile on this site, which is largely used as a networking tool for business promotion. The recommendation feature also forms a critical component of the CouchSurfing website, where members can provide references for others they have hosted, surfed or travelled with, met through the site or know from elsewhere. These references (which can be both positive and negative) are prominently displayed on members’ profiles, and can be a deciding factor in assessing whether or not to accept a request for meeting or hosting. In both LinkedIn and CouchSurfing members are alerted of recommendations placed by others, and a tacit expectation exists that such recommendations will be reciprocated. In this way these features can be regarded as an important factor in building reputation in these networks, thus encouraging active, reciprocal participation.

A recommendation feature on the CES site allows members to comment on the quality of others’ offerings. The feature has a strong positive bias, and only one user has used it to post negative comments. Since the introduction of this feature in July 2005 a total of 179

comments were submitted (mid-June 2010). Seen as a proportion of the total trades that took place over this time (15 739), this feature does not appear to have had a significant impact on trading.

The lack of an appropriate system whereby offerings on the system can be rated, thus ensuring some form of quality control, was noted as a particular concern by some respondents, who commented as follows:

"I feel that there is too little trading references and that prevents people from using services."

"The spirit of buying is different, everyone is nouveau-riche and credit flows with no police force or black listing."

The phenomenon of "bad traders" was first highlighted in a CTTE Newsletter in July 2005. Between February 2006 and 2008 a list of 'worst abusers' (people who have 'bought' considerably more than they have 'sold') was published in CTTE newsletters, and members were discouraged from selling to such persons. Currently the balances of members who have exceeded the T5000 debit limit are highlighted in red on the site. While such users are officially blocked from acquiring more from the system, the fact that the total number of users exceeding their T5000 debit limit increased significantly between August 2009 and June 2010 (see 6.3.4) shows that such 'blocking' may not be as rigidly enforced as system administrators claim.

While such measures providing a forum for comments and recommendations, and flagging of abusers, can be seen as steps in the right direction, greater attention could be paid to more effective measures to encourage reciprocity based on people's motivation to enhance their reputation through participation in the exchange.

6.5 CES 2:0 – Harnessing the power of online social networks

In recent years there have been a number of attempts by the CES to utilise the Internet's potential for online networking. While some attempts were made to create a discussion forum on the CES site in 2008, these were temporarily abandoned in favour of closer links with existing social networking platforms. Renewed efforts at including group and discussion features on the CES site recommenced in 2009, alongside the use of Facebook and .Ning networking sites. At the time of writing plans to introduce more extensive social networking features on the CES site are underway.

When questioned about their perceptions of the CES's attempts to use online networking tools, notably through the creation of a Facebook group (Community Exchange Network), as well as a .Ning group, only 34% of survey respondents indicated that they had followed or participated in discussions on any of these forums, and most of those only rarely (17%) or occasionally (15%), with only 3% regularly participating in such discussions. Many survey respondents indicated that they were not aware of these online networking platforms used by the CES, while others questioned the value of belonging to yet more such forums. Time constraints was cited by some as a hindrance to joining yet more online networking sites, while others commented on the use of various networking platforms (including the CES website, as well as Facebook and .Ning forums). Some critiqued the concept of online networking as opposed to building stronger offline connections.

6.5.1 Facebook and .Ning groups

A Community Exchange Network group (subsequently renamed the Community Exchange Systems group) was created on Facebook in 2007, and attracted membership from networks around the world. Early discussions in this group related to ways whereby the CES payment system could be more closely integrated with Facebook applications. Although this suggestion drew interest and support, it was not further pursued, and the relationship to the CES is limited to a link to its log-in page. Following active interest for about a year, discussions petered out towards the end of 2008. By this time increased effort was going into the introduction of group features and a discussion forum on the CES

site itself, as well as the creation of the www.communityexchange.ning.com network, which administrators felt would replace the Facebook group. Membership remained static at under 500 for much of 2009, until an active effort was made as part of this research to revive the group, partly in an attempt to generate activity to report on in this thesis (see 1.3.2). At the time of writing (August 2010) the group has just over 2000 members, having more than quadrupled in size in six months since September 2009.

The Facebook Community Exchange Systems group has attracted members from different networks across the world, although it was mainly used by the Cape Town Talent Exchange. A separate Community Exchange Systems Facebook fan page was created in 2010, giving users the option to follow discussions posted by 'liking' the page, as opposed to becoming 'members' of the still active 'group'. At the time of writing (June 2010) the fan page has 204 'fans' who have indicated that they 'like' the CES. The two different forums within the Facebook platform appear to give users different options of how to become involved, and system administrators felt expanding would be a way to explore the use of all tools available. Both the group and fan pages are used to elicit discussions (primarily on the 'Wall', with the 'discussion' tab feature rarely used), and post links to material other users may find interesting.

Three other exchanges, namely the Community Exchange Network of Portland, the Shoalhaven Community Exchange Network, and the Perth Community Exchange group, have started Facebook groups for their specific networks, currently totalling 253, 33, and 22 members respectively. These groups all use the platform actively to announce events and elicit discussions on the community exchange philosophy and principles. Wall posts in the Portland Networks were largely focused on providing information pertaining to alternative economics and exchange systems, including 'real life' meetings hosted by experts in the field (including the likes of Thomas Greco.) Shoalhaven members shared similar information, as well as references to specific trades, with discussions taking a more personal tone.

By June 2010 the Community-exchange.Ning group consisted of 462 members, having grown by more than 100 since September 2009. Members were from around the world. Although this group is growing slower than the Facebook group, growth is perceptible, and discussions are more in-depth. In addition to its role as a discussion forum, the .Ning site provides links to log into a designated CES site, as well as to registering new exchanges, and new users on existing exchanges. Members can also join or set up groups for their respective exchanges within the .Ning network, which it is hoped will encourage more local community building. To date however limited membership prevents active use of this feature.

6.5.2 Discussions on Facebook and .Ning

By September 2009 discussions in the Facebook group included 53 wall posts (12 in 2009 following the initial effort to revitalise the group) and 20 discussion topics, with between 1 (6 topics) and 17 (1 topic) contributions by between 1 (6 topics) and 7 (1 topic) members contributing. Topics that elicited most discussion amongst members were the issue of SANE sponsorship for NGOs, the advantage of community exchange systems, and issuing a levy to fund the development of the system.

A further 60 wallposts were added in the six months until March 2010. Members were starting to use the forum to post information about events related directly to the CES or that CES members might find interesting. By 2010 all Cape Town Talent Markets were posted on the Facebook site, although the option to invite all host group members was not automatically selected, which could diminish the effectiveness of using this format as a marketing tool. Some requested advice on issues related to starting alternative currency networks, or assistance in other areas of their lives, while others expressed their perceptions and experience of the system.

By September 2009 discussion in the .Ning network had included 73 discussion topics, with up to 16 contributions by 10 members to a discussion on the CES system and

investments. Other popular discussions in this group have included the role of the CES as a method to escape the clutches of the conventional money system, payment of volunteer services in Talents, a 'suggestion box' for potential improvements, and the use of the CES in online communities.

The idea of closer integration between the CES and social networking sites that was discussed in early postings to the Facebook group was reiterated on the .Ning site, where one user envisions a future in which people would be able to switch immediately from the social networking site to a CES online system for trading. It is proposed that *"people would use the Ning site to advertise their immediate offers and needs, and do networking, but the CES site would have the permanent "directory of services" and do the accounting"* (McNamara, 2009).

While such developments may arise in the future, to date activity in both the Facebook and Ning groups has been limited to ideological discussions around alternative economics, and technical matters pertaining to the setting up of new exchanges. Discussions on both these networking sites have involved members of exchanges around the world, as well as others interested in the concept of community currencies, looking for guidance into starting similar systems, or integrating their own local exchanges with the CES payment system. In this manner these sites have provided a valuable platform for exchange of ideas and global networking. From a more localised perspective however, the limited number of members of any one *local* exchange on the network has not allowed for significant local community building efforts using these forums.

Related specifically to the use of Facebook and .Ning for networking purposes, one member of the CES Facebook group expressed a desire for greater networking functionality within the CES site itself:

"I have found this group and am looking for a conversation on using the CES website as a direct form of communication at a local level. Forgive my stumbling but I am new to this format and need advice on how I can use it to discuss not only the Community exchange as a trading tool but also as a way to share ideas on developing a plan for transition in my local area. Please can you help?" (Brown, 2010)

Curious about this user's perception of the Facebook and .Ning platforms as tools whereby such discussions can be facilitated, I responded to this wall post suggesting that the Facebook and .Ning group provide networking capabilities that could be used for the purposes of promoting transition as desired. Brown's subsequent responses acknowledged the potential uses of these external networking platforms, but highlighted the potential benefits of more emphasis on a 'one-stop shop' within the CES site itself, which already has a number of discussion and networking features built in, although these are not much used. The potential of such greater emphasis on social networking tools within the CES system itself is currently being explored by administrators in consultation with 'web-savvy' designer members of the CTTE.

6.5.3 Awareness of CES online networks

Amongst the most common reasons for not partaking in the CES' Facebook or .Ning online networking platforms appears to be lack of awareness that these exist. One survey respondent²⁰ went as far as to suggest, in response to the first question in the online survey pertaining to the use of a web-based platform, that the CES should make use of social networking platforms like Facebook and .Ning. Only upon reading the subsequent question pertaining specifically to online networking, did she realise that these social networking platforms are already used by the CES, as shown in her two responses to different questions:

²⁰ A former member of the CTTE who moved to Johannesburg where she has joined the Johannesburg Talent Exchange.

"I think the Internet is at a singularity; the first version of the web got everyone email and website savvy – but suddenly with social networking -we're living in an entire virtual world of socialising, buying, marketing online. I think the CES could simply start using Facebook groups or build a community on Ning or XCommerce; these are amazing community platforms which allow people to get to know each other and communicate in an effortless way. I would visit a page like this everyday since I'm already on Facebook - like so many of us."

"Is there a .Ning site? Wow, cool! First I've heard of it - as you'll see in my previous reply. I was never informed that a .Ning site was happening. I asked the CES to inform me how to contact the Exchange in Daramsala, India - when I was there- and simply never got a reply. I find the general communication from CES to be almost nonexistent; they take ages to get back to you and don't educate you about processes when they do. I also got regular replies about my account, lists, events in Cape Town, which I just don't seem to get here. Even though I moved to Jo'burg and got a new account a year ago, I still get Cape Town offerings."

The issue of information dissemination was also raised by other respondents who feel that not enough is done to inform members of such developments, as well as their potential uses:

"What's a .Ning site – [there is] not enough explanation to members of what it is and what it offers and why to join."

"I would need to find out what they are about before I would join."

Lack of awareness of online networking forums was cited by a number of other respondents who noted that they did not know about the CES's use of these tools, though indicating that, now that they do know about them, they may consider joining:

"[I d]id not even realise it exists..."

"I was not aware of it and don't know much about it, but would be interested to hear more about it..."

6.5.4 What is it worth?

Some respondents were overtly positive about CES's ventures into online networking, believing this to be a valuable way of expanding networks and thus strengthening the system as a whole:

"Networking is the way and I believe that this increases our Networking abilities."

"I think it is valuable to be visible - avail a window - for others to be inspired and find interest in my value-add and product. I enjoy connecting with people. Only if I am 'visible' can I be found. ;)"

"I am certain that the more we Network the more we gain in more business, communication / friends across these networks."

A number of respondents were enthusiastic about the prospect of all forms of online social networking as a tool to get more people involved, citing the benefits of such online networking as an opportunity for business growth, suggesting other social networks the CES could also use:

"I will join Ning and may I also suggest CARE2 site for CES ..."

"Networking has been of huge benefit to me in growing my business. In the current economic climate, a lot of people have the time to barter their services, but not the cash to pay for them."

"It will get everyone involved. Win/Win"

Others, although cautiously optimistic, wished to know more about how the use of such platforms could add value to their life before committing to join:

"[I am h]appy to expand on any networking - however I would need to read about it to see how I would benefit."

"It's not an immediate priority, but if I heard about other people I know getting value from the system I might join it."

The lack of initial activity in the Facebook group was cited as reason for not joining. Ning, emphasising the importance of active engagement of group members to maintain momentum:

"I would consider if I saw a good reason to. I am active in enough social networking sites. The CES's group on Facebook was relatively quiet, so I didn't join .Ning just to follow it when it moved."

The emphasis on 'worth' was specifically raised in the context of competing activities that all encroach on people's time, as illustrated by the following statement.

"[I w]ould consider but don't find enough time to do all the things I want on the web. As it is, my experience of Facebook has been that it's a 'time black hole'. Not sure if I want another one unless there are specific benefits to me."

The importance of gaining tangible value from anything that requires an additional commitment in terms of time was emphasised by the representative from the NGO Milk Matters who responded to the online survey:

"I don't even know what it is! If it is a social network site then we would not join at this stage though may consider it in the future. At present our organisation is very short staffed and we need to prioritise the time we spend on things and social networking, though useful, is not as high a priority or as useful to us as some other things at present."

The time factor is discussed further below, as this could be considered the most significant concern people have about becoming involved in 'yet another network'.

6.5.5 Time online

The most common constraint to making more active use of online networking tools for CES, cited by numerous respondents, is lack of time, with many citing several other commitments (including raising children, studies, and work) as the reasons they would not wish to become more involved, and others merely noting that there are "*not enough hours in the day*." A common perception is that the amount of time demanded by an ever increasing array of social and other online networks, as well as other Internet-based 'distractions' already takes up far too much time, and many prefer to avoid joining yet more sites that would force them to spend yet more time in front of a computer:

"I might if I have time. Lots of these network processes are quite cumbersome and impede real work. I prefer email - no passwords, etc."

"At this point in time too much of my time is already taken up by my current Internet based interests so I do not want to add to them."

"I tend to find Internet-networking very time consuming."

The time consuming element of online social networking is often critiqued for reducing effectiveness, as demonstrated by some respondents' wariness of spending more time at their computers. In contrast to this perception, Qualman (2009) argues that time can in fact be saved and efficiency improved by the power of social networking to remove 'redundancies' (see 3.4.2). While Qualman describes a culture in which the technology required for seamless integration of online networking platforms into daily activities (for example through mobile access while waiting in a shopping line) is readily available, the situation in South Africa is quite different, even for those who do have Internet access.

Many respondents expressed reluctance to engaging in 'yet another network', as shown in 6.5.6 below.

6.5.6 Facebook vs .Ning (et al...)

A number of users referred to what could be called 'networking fatigue', citing numerous similar networks they already belong to, and a consequent disinterest in joining yet another (and another...):

"I already maintain accounts on Orkut, Facebook, Twitter, and LinkedIn. Without a notion of the value that it will add to my life, I am not interested in signing up for another online community."

"[I'm n]ot into looking at or checking into yet one more site online. I already have 3 email addresses to check, a website to keep updated, bank and credit card statements to monitor and Facebook to network. That's enough for me."

One respondent noted that, with the myriad of social and other networks to keep track of, only those that send 'reminders', or provide a specific reason to visit the site regularly, continue to maintain attention for long. A similar observation was noted in the process of this research, as discussed in Chapter 1.3.2. This sentiment is important to consider as a means of continuing to attract and keep members' interest in such new developments, in the face of an ever increasing 'onslaught' of similar sites competing for time and attention:

"I'm part of too many networking sites and can't keep track. Apart from Facebook and one or two others, I only get to those that email me reminders or a reason to visit. I can't recall whether I've visited/joined the CES .Ning site, nor would I remember how to find it. If there's a link on the CES page, I might go there."

Some users queried the use of different online platforms all related to the CES, seeming to indicate that this makes actual involvement in any one more complicated and less meaningful:

"It just seems silly to have so many separate websites/groups - already the main website, plus Facebook...CES needs to infiltrate already used online spaces rather than expect people to visit theirs uniquely."

"I think the current exchange works very effectively and I cannot see the advantage of two systems running parallel."

"One is enough for me already. Rather build one strong local one first than trying to build many and confuse people further."

Some commented on the decision to move the initial Facebook group to .Ning, which one respondent refers to as 'some obscure site':

"We had a group on Facebook but unfortunately it's moved to some obscure site (administrators' decision). I posted a thread to argue a cause myself in the past."

While 70% of survey respondents indicated that they have Facebook accounts, only 18% indicated that they used any .Ning sites. The levels of familiarity of CES members with different social networking platforms is an important factor to consider in designing the most appropriate tools whereby to attract interest and discussion. Qualman recommends the use of established platforms for optimal impact when engaging social media (see 3.4.2). The importance of doing so is illustrated by the greater likelihood of survey respondents to become involved with the Facebook group, as this is a platform with which they are more familiar.

6.5.7 Social networking – online/ offline

A number of respondents were sceptical about the concept of 'online networking', emphasising a greater need or preference for connecting with others offline, if at all, echoing concerns noted on the Internet's impact on 'local' community building in section 5.7.9 above:

"I am not sure I would use it for networking, I will network with some people during market time."

"I see no personal use for it. I network as need arises. I am involved in the local community which is not connected online."

"Don't see the point of having so much online network without knowing the people."

Some expressed reservation about online social networking, revealing their own 'reclusive' nature, or sense of discomfort about the social situations anticipated in online networking fora:

"I simply don't relate to the concept of cyberspace 'communities' when we, as human beings, have so much difficulty being in community at all. So let's just put it down to being a borderline recluse!!!"

"I don't think I have much in common with most of the people. When I was part of the email chat room it turned ugly with people accusing others of all sorts of ugly things, and I wasn't interested in pursuing it as it all seemed so petty and humourless."

Respondents' perceptions of 'offline' community building through the CES network are discussed in more detail in the following section.

6.6 Building community offline

Smith and Kollock (1999) emphasise the relationship between online and offline communities, noting the importance of investigating the linkages between communities existing in cyberspace, and their manifestations in the 'real world' (see 2.3.2).

Although the CES is technically centred around geographical areas, these often span great distances across different towns and suburbs, and disparate social groups that rarely if ever come into contact. While the web-based platform makes administration of a larger network more feasible, it moves the exchange into a 'virtual' realm which, for many, still lacks the necessary dimensions of 'community building'.

While regular social gatherings may be feasible for networks with members within reasonable geographical proximity, this becomes more complicated when the 'community' is spread over a vast area, as becomes increasingly possible with a web-based platform. This section examines measures that have been taken by the CTTE to build community offline and promote inclusiveness across the digital divide.

6.6.1 Markets, shops and slips

Recognizing the need for face-to-face interaction as a key element in building community, attempts were made in earlier years to have at least one 'Market Day' each month (Jenkins, 2004). While earlier markets were organised by SANE members, the hope was that once the system grew and sub-areas became more active, members would take over this initiative to organise markets in their areas. This has not happened to the extent intended, and as the pressure on volunteer administrators became too much following the split between SANE and the CES, markets diminished. Although a total of 10 markets were held in various venues across Cape Town in 2009, these only last for approximately 3 to 4 hours, and tend to attract the same small, core group of traders.

As an additional means to promote 'real-life' interaction, an attempt was made to introduce Talent-only shops where members could bring their goods to trade, and buyers could come to spend their Talents. The pilot for this initiative opened in October 2005 using SANE premises in what was thought to be a central and accessible location (CTTE Newsletter, October 2005). The hope was that members would eventually take the initiative to open more such shops in their sub-areas. The split with SANE in 2008 resulted in loss of these premises, and no attempts were made to open another.

To encourage the use of Talents amongst those with no or limited access to the Internet, a parallel paper-based system was designed for use at markets, as well as individual exchanges between members. A range of documents that can be printed out is provided for this purpose, including trading sheets for use by sellers at fairs and in shops, and

trading slips that can be cut out to make 'cheque books'. Trades thus recorded would then be captured into the system by area coordinators or others with Internet access, who would act as mediators, thus extending the Internet's benefits to those without access. The role of such 'mediators' extending access to Internet technologies is highlighted by Geser (2001: 15) who believes that *"the Internet may well have an extensive impact on the whole mankind, because even highly marginal population segments profit at least indirectly from it: by having relationships to sympathetic users."*²¹

6.6.2 User perceptions: value of real-life interaction: offline events and markets

While the majority (61%) of respondents to the online survey conducted for this research had attended some of the CES 'offline' events, only 10% indicated that they did so frequently, a third claimed to do so 'occasionally', and 18% 'rarely'. To overcome concerns raised in 5.7.9 and 6.5.7 above about the risk of the web-based system resulting in reduced 'real' communication and 'local' community building, numerous respondents emphasised the importance of markets and other offline events where members can meet and interact face-to-face:

"I think that online and offline are always supposed to work together. If we were trading with people in Antarctica, it would be different, but whoever takes on the local exchange system should be made to understand the importance of marketing and inviting online to markets and events offline. Suddenly the psychotherapist charging Joburg rates in Talents can also bake some cupcakes or get out her jumble. I would never meet her otherwise."

One respondent shared her very different experience of the system in Cape Town, where markets have become reasonably established, and Johannesburg, where they are not:

"I think it could become a way to meet your neighbours/community in a city, where its hard to make contact - but at the moment, there are no Exchange markets here in Joburg and I have'nt used the system nearly as much as I did in Cape Town, because you would meet people and stay in touch and find out what people are into - and then be part of something."

The importance of markets was also stressed as a means to promote greater accessibility to the system 'with grassroots' for whom Internet access is largely out of reach:

"AMAZING! Its strength lies in the Internet - but it's also PARAMOUNT we keep sharing the system with grassroots and markets are best for this."

CTTE Board member in charge of markets and media, Roy de Vos, undertook an email based sample survey of CTTE members' perceptions of markets. Of the 38 members targeted in the survey, 13 replied, indicating that 34% showed active interest in this subject. Results of the survey show that all those who responded believe that markets are necessary, expressing the general feeling that they encourage a community spirit, are a good place to meet and network with other CES members, and encourage trade. Ten of the respondents had attended a CES market in the past six months.

²¹ Examples of mediators extending the power of the Internet to those without access cited by Geser (2001) include opposition groups in Burma communicating their messages orally to people in Thailand border villages which then feed it into the net, as well as the Zapatista National Liberation Army (EZLN) in Chiapas (Southern Mexico). While the Zapatista communities themselves are indigenous, poor and often cut-off not only from computer communications but also from the necessary electricity and telephone systems, they have had a mediated relationship to the Internet through volunteering intermediaries from various Western countries. This has involved handwritten reports passed on to reporters for typing or scanning into digital format for online publication (Cleaver1998). In his assessment of the use of the Internet by the South African Treatment Action Campaign (TAC) Wasserman (2005) notes that while the TAC uses traditional media to promote its cause, it also uses a website and email to communicate with supporters and establish links with solidarity networks.

Questioned about their experience of these markets, responses were generally despondent, indicating that there are always the same people selling; goods provided are often of poor quality, and the experience lacks depth and substance, with the consequence that fewer and fewer people are attending. Another concern raised was over confusion that exists with Rand/ Talent pricing, as many sellers choose to sell their product for part Talents (a condition to participate) and part (often not inconsiderable) Rands (also see 7.2.6). By contrast, those who had attended a commercial market in the past six months mostly found the experience rewarding, perceiving these as professionally organised, with good quality and variety of merchandise, including good food.

Thus, while all CES members expressing an opinion on the subject believe 'real-life' markets to be crucial for the Community Exchange System to maintain its 'community' element, members' actual experience of markets has often been less favourable. This is an important consideration to take into account in assessing the way forward for the CES and similar systems.

6.6.3 Building community across the digital divide

Although the CES is essentially a web-based platform, among the primary objectives of its creators was to reform the monetary system in a way that would benefit those lacking access to Internet technologies (Jenkins, 2004). In South Africa this currently comprises approximately 90% of the population (Internet World Stats, 2010). A review of CTTE members' account details shows that while 14% do not have email accounts listed, a further 36% have addresses of either their local sub-area network administration, or other members' addresses, indicating that these members do not have their own email accounts, or access to the Internet. Although many more have cell phones, few know how to access the mobile system, which was also shown in 5.7.8 to be less useful than the web-based platform. This effectively excludes half of the members registered on the CTTE from regular access to the web-based system.

The principle of social justice forms a crucial foundation of the CES philosophy. In this regard the digital divide must be considered as a critical limitation of a 'gift economy' using tools only accessible to some. Yet it has been shown in the evolution of New Social Movements (NSMs) like the Zapatista²² in Mexico and the South African Treatment Action Campaign (TAC)²³ over the past decades that even the disconnected can benefit from ICTs through mediators providing indirect access to Internet utilities. In a similar manner the CTTE has expanded the CES to include those without access to the Internet through the use of a parallel paper-based system on which transactions are recorded, and then entered into the web-based system by administrators and other mediators.

In an attempt to bridge the digital divide, SANE embarked on a project to take the CES to disadvantaged communities, targeting three areas (Delft, Masipumalele near Hout Bay, and Harare in the Khayelitsha township) that were intended to serve as pilots for a much broader roll-out (*CTTE Newsletter*, October 2005). Residents of these communities attended New Economics courses explaining the principles of New Economics and the Talent Exchange. Local market days were organised, and offices were established where administrators entered offerings and trades into the system, and members could browse offerings.

SANE's initiative initially sparked significant interest in communities, resulting in a substantial increase in membership, as shown in 5.8. Activity declined significantly following the split between the CES and SANE. Through its non-profit status SANE had

22 Geser (2001) http://socio.ch/movpar/t_hgeser3.pdf

23 Wasserman (2003) <http://www.codesria.org/Links/conferences/dakar/wasserman.pdf>

accessed funding²⁴ for the social development component of the exchange. Without further funding²⁵ and support following SANE's withdrawal, offices closed down and markets were abandoned. The hope that community members would take over the initiative for organizing their own markets and opening a shop was never realised. Without own access to the Internet, the majority of new members could no longer participate in the exchange.

It is worth noting that a few traders in these areas who do have Internet access continue to act as mediators for others in their communities, and hope to stimulate more interest in the system. Talent enthusiasts Toni Khulule and William Kambeva from Khayelitsha township recently started a food garden initiative which they intend to run on Talents, although administration and Internet access remain challenges. Likening the Talent Exchange to the spirit of 'Ubuntu' – which they and their neighbours grew up with before migrating to the city in search for work – they believe such a relationship-centred system can form an important buffer against economic hardship. To date it appears as though the revival of the system in the Khayalitsha community has been slow. Over the past year 13 members from this community have accessed their account, 12 of whom were registered as new members during the year. While this does appear to indicate that Khulule's efforts did raise some interest in the system amongst his community, it remains to be seen whether this interest will be sustained or grow.

6.7 Conclusion

This chapter examined issues pertaining to reciprocity and trust within the CES and CTTE, beginning with a look at trading activity within the CTTE. It was shown that, despite its very large official membership, only about half of CTTE members have actively traded on the system, and of these, more have 'bought' items through the system, thus 'taking' from the system, than have 'sold', or 'given', goods and services back. This raises questions about the extent to which exchange can be said to be truly reciprocal, which in turn has implications for what can be called the overall 'health' of the system. Despite these concerns, some degree of 'balance' does appear to be maintained, if only evidenced by the fact that the system does continue to not only operate, but grow. Although balance can be considered essential, the 'mutual credit' system was shown to maintain some degree of this required 'balance' by virtue of some members continuing to 'give' more, despite the tendency of others to 'take' without giving. The fact that the gap between 'takers' and 'givers' appears to be widening is however a matter of concern that will need to be addressed if the system is to maintain the levels of trust required for its ongoing sustainability.

The introduction of limits and attempts to regulate the system was shown to reduce, if not eliminate, the ability for some to abuse the system, while the general desire of many to contribute keeps active exchange possible. The increase in the number of people exceeding their debit limits does however appear to indicate that enforcement of such limits is lacking, which could result in an escalation in system abuse.

It is argued that active measures can and should be taken to promote greater trust and reciprocity, both in the online environment, as well as offline. The existence and efficacy of such measures was examined, noting areas in which these could be improved.

Features on the CES website provide some encouragement for reciprocal exchange, as they include information on identity, promote transparency, and provide a mechanism for recognition. Online social networking tools are also used to build community amongst

24 Funding for these interventions was obtained from the Ford Foundation, the Embassy of Finland, and the German Development Bank.

25 In an attempt to revitalize the development component of the system without the backing of SANE, the CES recently formed a Section 21 Company that would entitle them to funding for similar ventures into the future, and has also registered with the online donation system GivenGain (www.givengain.com).

members. Although at the time of writing membership of and activity in the .Ning community and Facebook groups created for this purpose are limited, increased activity over 2009 and 2010 appears to indicate potential of such media to enhance the system.

Emphasis on offline community building initiatives for the Cape Town exchange waned following SANE's withdrawal from the CES. Despite these difficulties, the network appears to have reached a sufficient size allowing trading activity to continue, and new members still join every month. Access however remains largely limited to those with Internet access, thus excluding approximately 90% of South Africa's population. Despite attempts to bridge the digital divide through social development initiatives, without ongoing external support these have been largely unsustainable. Some do however still express hope that the system can be revived, citing the emphasis on relationships and gift exchange as a traditional survival strategy many forgot when they moved to the city.

The next chapter examines CTTE users' perceptions of the future of this and similar systems.

7 CHAPTER SEVEN: CES - LOOKING AHEAD

7.1 Introduction

In addressing the key research question posed in this thesis pertaining to the potential of an online community currency such as the CES to promote a more human centred approach to trade, it is necessary to speculate about the potential future for this and similar systems. Chapter 5 provided an introduction of the CES as an example of an online community currency, while Chapter 6 looked at the degree to which this system can be regarded as fostering reciprocal exchange. This chapter examines CTTE users' perceptions regarding the future of the CES and systems like it.

The chapter begins with a look at some challenges identified, relating primarily to the need for *local* community building, as well as unequal access to the Internet preventing its effective use by the majority of the South Africa population. Other challenges relate to maintaining momentum and motivation amongst traders, some of whom cite 'inconvenience' as factor deterring them from more active participation. Maintaining such momentum and motivation is noted as amongst the key internal challenges by Greco (2009), as shown in 4.9.3. Maintaining momentum is further hindered by perceptions of lack of variety and poor quality of goods and services offered on the exchange, and consequent continued dependence on the conventional economy to meet daily survival needs. Such continued dependence on the national currency is noted as another internal challenge by Greco (2009), as discussed in 4.9.4. The extent to which a system like the CES can truly be said to maintain its integrity in fostering a spirit of reciprocal exchange is also questioned, as many participants perceive the 'alternative'/'complementary' currency, in essence, to be little different from 'conventional' currency, noting a sense of 'money-mindedness' to have infiltrated the system.

After examining the challenges noted above, the chapter provides a glimpse of what users perceive the future of alternative currencies and the CES to be. While some are enthusiastic about the 'great potential' of such currencies to grow into a viable alternative to the mainstream economy, or even replace it as a whole, others are more reserved believing that, although it may be an alternative during hard times, the scope of community currencies will always be limited. If not sufficiently integrated into all facets of societies, there is general recognition that such systems will remain fringe initiatives catering only for small groupings of 'alternative types'. Such integration can most effectively be accomplished through active marketing of the system, and education about its benefits, efforts which may be beyond the scope of volunteer management to effectively accomplish. Yet, while human resources may be limited, the potential of technology to be used more effectively in proactively marketing the system is highlighted, echoing arguments raised in Chapters 2 and 3 about the techno-social basis of society reaching a point at which the Internet's power to connect could be harnessed to achieve what might otherwise have seemed impossible.

The chapter concludes with a summary 'SWOT' analysis looking at strengths, weaknesses, opportunities and threats for the CES, specifically pertaining to the web-based platform, issues regarding community building, and the potential for such a system to facilitate an alternative 'e-economy' or money system.

7.2 Challenges

A number of limitations which have been touched on in sections above as they relate to various aspects of user experience are summarised in this section. These include: the need to focus on *local* community building; difficulties spanning the *digital divide*; lack of variety and quality of goods and services; difficulties in attaining the right balance; continued dependence on Rands; and a sense of 'money-mindedness' akin to the conventional economy creeping into the system.

7.2.1 Building *local* community

The concern that the web-based system used by the CES favours online interaction between geographically dispersed traders, versus the essential element of encouraging *local* community building through trade, is highlighted in section 5.7.9 above. To address this concern, the value of real-life interaction through markets and offline events is stressed in section 6.6.2. It is however also noted that in practice where these events were held, they were poorly attended, and even those users expressing the need for these events did not find the experience rewarding.

While web-based social networking tools are increasingly used to try building community online (6.5), the majority of survey respondents are either not aware of their existence (6.5.3), or express reservations about using them. Many question the value they would add (6.5.4), particularly in the face of already severe constraints for time, and little desire to spend more of it online (6.5.5). Some concerns were also raised about online networking reducing the focus on the (offline), 'local', community- building aspect the currency was designed for (6.5.7).

Another factor that hampers local community-building is the fact that members (and consequently offerings) are widely dispersed across Cape Town, thus requiring travel across reasonably large distances to obtain goods and services for Talents, as illustrated in the statements below:

"I can no longer drive so I have placed myself where I have walking access to shops. CES does not yet have shops and you need transport to obtain offers."

"I have wanted to buy some treatments with the credits that I have but have not found anyone within a reasonable distance from me."

Thus, while the system strives to encourage more localised trading, which should in effect reduce the need to travel long distances to participate, the scope of the CTTE across the greater city of Cape Town in effect translates into a more broadly dispersed network that diminishes the potential advantages of 'localised' trading. As shown in section 5.8, the attempt to introduce regional coordinators to stimulate activity at a more localised, sub-area level has to date been limited in its effectiveness beyond the Southern Suburbs.

7.2.2 Spanning the digital divide

The issue of inclusiveness of the CES system across the digital divide was noted in section 6.6.3, while section 5.7.8 looked at survey respondents' concerns about the system only being open for those who have access to the Internet. With numerous users referring to the system's benefits particularly during difficult economic times, or for those experiencing financial constraints, it is indeed ironic that the web-based platform restricts effective use of the system to those who have at least the means to be connected. While attempts have been made in the past, and continue on a lesser scale, to extend access to poorer communities, there is a general perception amongst those surveyed that more should be done in this regard, as illustrated in the following statement:

"I think that the CES is a good alternative but that it could be better publicised and made more accessible to poor communities who are not connected. Otherwise it runs the risk of becoming yet another middle class privilege."

7.2.3 Inconvenience

A number of respondents indicated that the CES/CTTE is "a little inconvenient at times", partly due to distances that must be travelled to obtain offerings as shown above. Others find the website difficult to access and cumbersome to navigate, adding to the inconvenience of using the system, as opposed to cash:

"It's a bit easier in some ways (don't have to have cash in your wallet) and a bit difficult in other ways...the offerings list on the website is cumbersome and difficult to navigate."

"When I moved from the city to the country, I used the system less because I tried to access the network in the country, but was not able to. I tried several times, but it did not work. Then I really stopped using it. But I will try again sometime."

"It seemed like a good idea at the time but has lost its attraction and now is a bit of a hassle. I tried to deregister but could not remember my access code and haven't got time to follow through."

The more 'human' element to trade cited as an advantage pertaining to the community building aspect of the exchange, also has its downside when it comes to the efficiency of the system, as times and places suitable to both 'sellers' and 'buyers' must be identified to facilitate a trade:

"It was difficult to pin people down to exchange in times and places suitable to myself and I gave up in the end and no longer try to use it."

7.2.4 Lack of variety and poor quality goods and services

Lack of variety as well as poor quality of goods and services offered on the CES was cited by numerous respondents as a constraint to spending Talents. This in turn reduces their desire to becoming more involved in the system.

There is a common perception that suppliers are not as concerned with delivering as good quality for Talents as they would be if selling in Rands:

"The skills on offer in CES currency did not meet our needs. We offered what we do for a living (conventional currency) and felt that others were offering less tangible talents such as foot massage or aura readings. Also we felt that there was less feeling of obligation when using CES - e.g. a business consultant who didn't make good on promises to report back/call with advice. In terms of CES, her account can look balanced, but she has no obligation to deal with unhappy customers."

"There are also some frustrations around the quality of service delivery with some suppliers taking a "whenever it suits them" approach because they're not being paid in cash. Some suppliers also tend to hike the Talent fee relative to the cash value. Time in the delivery of services is also very much a problem."

"Sometimes the quality of the service is not as high as when paying in Rands."

Despite long lists of offerings, participants struggle to find anything they really need. Even when appropriate products or services are found, difficulties in spending are compounded when those offering services do not respond to requests:

"It can be difficult to spend as people often do not answer requests or are typically Capetonian and unable to stick to appointments with regard to the body work."

The most common perception of those struggling to spend Talents is that the variety and quality of goods on offer leaves much to be desired, as noted in the comments below:

"I think that alternate currencies can work and that the Community Exchange Network is a good idea but I am not happy with the standard of services offered. I think this could be a fantastic 'alternative' way of 'buying and selling' if the standards of products covered are raised and if more people get informed and involved."

"It's difficult to spend Talents as there are not enough [offerings] to spend it on and the quality of goods seems to be of low value."

"I believe they are a great idea, but there is a problem in the maintenance of quality services and goods being offered."

In addition to concerns about the quality of what is on offer, people struggle to find what they want on the system, indicating that, while some types of goods and services are oversupplied, others are not available at all:

"Cannot normally find what I am looking for, which is foods, garden pots, swimming pool usage. Other users battle to find electronic equipment e.g. washing machines, fridges etc."

"Difficulty spending CES units: lists are long, but few goods/services on offer meet my needs."

A particular concern pertaining to the variety of offerings is an over-representation of 'soft' offerings such as alternative healing therapies, and not enough of what people consider 'practical' offerings:

"With regard to types of skills offered, I don't think this is balanced enough. Although healing and alternative therapies are great, there are SO many of them and it's something I don't make much use of. I would like to see some other trades as well... maybe a mechanic, electrician, vet. I have a whole bunch of Talents and I don't really know where to spend them."

"Too many body and alternative healers and not enough practical people. The system needs more marketing aimed at the run of the mill people if the system wants enlargement."

"I think that they will eventually take over, but only when the offerings on the network become more essential. At this point there is a profusion of 'soft' offerings - guitar lessons, healing sessions, tarot readings, baby sitting etc., etc., etc. If it comes to a point where you can pay your rent or buy a second hand car with Talents then I believe it will become an actual 'going concern'."

The limited variety of offerings is noted to be a direct result of what some consider a limited variety of people involved in the Talent Exchange. For this to change, broader marketing would be required to extend the system's appeal beyond 'alternative' circles, thus attracting a broader range of people who in turn would provide more varied offerings.

"Not enough advertising/getting out the word about the site. Only the 'hippies' know and they usually are not big spenders and all do the same thing..."

"Not much experience of/in it. I believe that it needs to be a much 'wider' network to have benefit - it seems to be mostly 'esoteric' people using it."

"I think the 'alternate' imago has to be changed so everyone will be attracted to it. Now it's mostly people who offer healing sessions and courses."

7.2.5 Continued dependence on Rands

The limited variety of goods and services noted above results in a continued dependence on Rands, which weakens the potential of the CES to truly revolutionise the way people conceptualise money. Continued dependence on the national currency was noted in Chapter 4.9.4 as one of the common challenges for community currencies, and was highlighted by numerous respondents as a key limitation of the CES/ CTTE:

"I cannot afford to convert money into Talents since I cannot obtain essential necessities through the CES - it is a one-way street, once you have Talents you are limited to spending them on what is offered. Does anyone buy Talents? Or offer food?"

"I think it works very well but it has its limits, e.g. petrol, most groceries, telecoms and Internet still has to be paid with ordinary currency."

While the range of offerings is limited, and cash income is still required to meet daily needs, the time required to participate in the system can be considerable. This becomes a problem when the rewards in terms of income 'earned' cannot be directly translated to benefits such as reduced living costs. This reduces the motivation to remain involved in the system:

"Trading in the CES is harder than conventional money as I don't get instant financial gratification. I trade my time, so I cannot take on large time consuming projects through the CES as I won't be able to pay my bills at the end of the month. Unfortunately there are not any goods yet that I can really utilise on the CES to help cut these costs. Hopefully one day this can change! The more people who join the better!"

"Please remember that although I offered my conventional currency skills 'after hours', I still have to run a business during conventional hours and for conventional currency - I can't pay my employees (struggling to make ends meet, living in temporary housing, sole breadwinners with school fees to pay) in Talents for Reiki sessions."

One respondent cited difficulty spending Talents as reason for charging part Rands for offerings on the Talent exchange, as this at least ensures that some of the compensation for goods and services offered can be spent in the 'conventional economy'. While this position appears logical from the individual's point of view, it essentially detracts from the spirit of trading in Talents, moving back into the 'money economy', noted as limitation by other respondents, as discussed in 7.2.6 below:

"People seem to need the services I offer but I struggle to find what I need. The result is that I accumulate Talents and can't spend them on what I need. This forces myself and others to charge 50% Talents and 50% Rands."

The continued need for Rands was particularly emphasised with regard to actual 'Rand' requirements for suppliers to continue providing goods and services, as many of these required initial capital inputs, which were not adequately compensated for in Talents (particularly when these cannot be spent to reduce living costs in other areas. This necessitates the 'double pricing' of offerings in part-Rands, part-Talents as means to cover costs, which in turn appears to detract from the spirit of the system as a true alternative to the conventional economy:

"The problem is that many of the people offering services are, themselves, pretty poorly off and, unfortunately, you can't eat Talents and your food choices are also limited. So this necessitates that people ask for Rands as well. This then reduces the system to a sort of swop shop, rather than a Talent exchange. Certain talents, for example motor vehicle repair, gets you the mechanic only but that mechanic would need to purchase spares and (using this example) let's face it, the mechanic can earn many more Talents than s/he can spend."

"Having been unemployed for some months, I was looking hard for ways to use Talents rather than Rands, at least in part. I'm currently doing a job where I'm paid half in Talents, half in Rands. The Rands are more crucial as they are the only way to pay the month-end bills. Pity. Someone please speak to the city and let us pay rates etc in Talents! (They may have less non-payment of utility bills that way.)"

7.2.6 'Money-mindedness' infiltrates the system

A number of users raised concern that the system appears to have become increasingly 'money' oriented, with little to distinguish it from the conventional economy:

"Since I have joined though I think that it has become more money orientated which is unfortunate."

"They are no different from Rands, the way they are used at present. So their future is as reliable as the other forms of currency available."

"I just found that it took a long time for me to spend because there was nothing I really needed. I just feel that it's driven by money more now than it used to be."

The question of appropriate valuation or pricing of goods and services offered was raised as a concern by a number of respondents as problematic. While the Talent is nominally related to the Rand for pricing purposes, Talent 'prices' charged are often perceived as unrealistic when compared to what people might be willing to spend for similar offerings in Rands:

"Odd assertions of value. Too cheap or too costly but never never on the mark."

"I find the 'Talent' does not seem to have an intrinsic value. The same product or service can have widely differing rates when it is given in 'Talents'. Also the value of a Talent varies from one sector of the economy to another. For example a muffin costs a relatively large amount when compared with a massage. (And I don't think that is because a muffin is a rare or highly desirable product that would cause the price to be so high.)"

"Labour' type offerings, i.e. house painting, etc. want to charge more in Talents than they would be paid in cash, e.g. T100 or T200 per hour where they would be only paid cash R150 for the day normally."

"There is a perception of lower real value (you mostly can't pay the rent or school fees in T). This sometimes corresponds to higher prices."

Some participants expressed enthusiasm for systems such as the CES, though noting potential constraints that would need to be overcome, such as valuation and increased variety of offerings:

"I think that they could start to be looked at more seriously. Perhaps certain communities would start to wholly convert to a skill-based economy (similar to a huge self-sustainable kibbutz). I would move there. The only problems I see in alternative currencies are the determining of a particular skill's value and secondly and perhaps more importantly if such a society were to exist how then would that community ensure that there are never too many people doing one thing and that all the necessary skill sets are available. E.g. no-one when given a choice is going to choose to clean up someone's rubbish, so who gets to be what could, I think, develop into a contentious issue."

The increasing tendency to combine Rands with Talents in the pricing of offerings, though understandable for reasons noted above, is also seen to detract from the value of Talents, and the system as a whole:

"I also reckon there will only be balance in the system if the people in the system are offering goods and services that have intrinsic value for Talents only. The minute someone trades for part Talents part Rands they devalue the Talents."

"Well in the beginning it was the currency, now it's lost its essence as most of the items are in Rands and some Talents."

"It is hard to find what you need on the CES exchange for Talents only."

"Some people still ask for more conventional currency, than virtual currency. They do not yet get the idea behind CES."

"I believe it should be balanced - perhaps a hangover from what we are used to. I do not like the concept of half money, half Talents."

"You have to sort through the offerings and sincere members. Some transactions are not straightforward as in members do not offer the advertised rates or change the rates to Rands when you send an order."

"I find the emphasis is still on using these systems to generate conventional currency."

The perceived 'money-mindedness' lamented by some respondents does indeed appear to be reflected in some of the comments made by others, which distinctly indicate an attitude more common to 'conventional money'. While one respondent prefers to hold onto "hard-earned Talents" rather than spend them on what is perceived as 'rubbish', purely to keep the system flowing, another goes as far as proposing an 'interest' on debts, which is one of the fundamental issues the system was created to avoid:

"It should be balanced... I will not spend my hard-earned Talents on rubbish, and don't like that I am emotionally blackmailed to maintain balance."

"One measure might be that you get a monthly statement, with what you owe or not, and you get 'charged' interest when you owe... I think that would encourage people to keep a balance..."

"Care should be taken, as a lot of people would see it as a 'free' way to obtain something they would not be able to afford in a conventional way. I think it is more important that people should have a credit balance."

The practice of some 'Talent enthusiasts' to 'buy up' goods offered at Talent markets which they then resell (for Rands) in their local communities was cited by one respondent as contrary to the spirit of the exchange as it reflects the desire for profit characterising the conventional economy, rather than the spirit of sharing and community-building intended by the CES.

"The markets have in my opinion lost their attraction due to one or two 'dealers' being on hand to 'help' people unload and then 'buying' up everything for resale in their communities. This is not fostering the spirit of a CES."

Such use of the CES as business venture may be discouraged by some users who feel that the profit motive defeats the intended spirit of the exchange. It can however also be argued that by seizing the potential business opportunity presented by the complementary currency, and the different markets for products sold for different currencies, those who do use it in this manner are merely utilising the system in the best way they can. Furthermore, by trading actively both in the CTTE (for Talents only) as well as the 'conventional economy' (where items bought for Talents are resold in Rands) such entrepreneurs are able to extend the potential benefits of the exchange into their communities where the items offered for resale are made available at cheaper (Rand) prices than people would otherwise have to pay.

7.3 Way forward

Respondents were divided in their expectations of the future for the CES and similar systems. While some believed the system has great potential to expand, going as far as to suggest it becoming a true 'alternative' that could replace the conventional economy, others believe it more likely to continue as complementary to what will always be the mainstream, noting its particular benefits during 'hard times', or suggesting that it will always remain in the fringe. The need for integration of such a system into society was frequently emphasised, also noting that this should ideally be done through greater efforts at educating the public as well as greater marketing of the system. The role of technology in spreading such a system was noted, as well as issues pertaining to control and management.

7.3.1 Great potential

Despite the limitations noted above, numerous respondents believe that systems such as the CES are essential to society, and have great potential to expand, citing advantages in terms of greater self-sustainability outside the mainstream economic system, and building communities through localised trading:

“It is absolutely necessary to find alternative ways to trade, whether directly or on systems such as CES. People need to learn to grow their own food and build communities where we share our skills, harvests and life experience.”

“Well they could play an essential role right now in giving people practice at operating outside of the money system. Who knows what the future brings? Also helps us value our services and get to know one another and appreciate what we all have - great wealth...”

“I think a system such as the CES can only grow and improve, as it allows us to still act as consumers, and forces us to act as ‘creators’, all the while working around an official currency.”

The potential for such a system to build community and enhance local exchange was particularly highlighted by one respondent who sees this as a means to overcome exploitation inherent in the current global economic system:

“I think it will create community and smaller sale and barter systems which encourage local economies rather than the global economic system which encourages exportation and exploitation.”

A number of participants who believe the system has great potential emphasised that this could only be attained if people in general can move away from the current tendency to greed:

“It should prosper if we can collectively get away from our greed.”

“If more people use it offering quality services and not become greedy it will turn out to be a great system.”

In section 4.6.2 a distinction was made between conceptions of a community currency (such as the CES) as an ‘alternative’ or ‘complementary’ currency. While proponents of the ‘alternative’ approach believe that such currencies have the potential to replace the current dominant monetary paradigm, those favouring the term ‘complementary’ believe that these currencies can and will continue to coexist with conventional money systems. CES respondents’ perceptions regarding the potential of this and similar currencies to replace/ coexist with conventional money are discussed in the following sections.

7.3.2 ‘Alternative’ currency

Some avid CES supporters see the system as a potential alternative to the current economy, which they recognised as intrinsically flawed:

“The current economy will vanish because it is unsustainable – how can a small percentage of the world population hold more than 90% of the wealth? So alternative currencies like CES will be the new way of doing business.”

“I see a big future for alternative currencies ruling. I feel that skills become equally important to obtain a healthy balance within the community. This idea may also circle out to bigger circles like towns and societies. Also, it gives access for people who do not have much traditional money to access things/ courses/ goods with purely their skills and working ability. I would be very happy if this alternative money system could even out imbalances of wealth in the world, and I think that systems like CES have the potential to do so.”

“It is a sign of the times and going to become more widely used as the ruling banks lose their grip on the control of financial systems and people.”

“I think it is a valid substitute for the monetary system and would like to see it replace money altogether.”

The interest-free nature of CES units was particularly commended by respondents who recognise this factor as key to such a system’s ability to foster more equitable exchange:

"I foresee them playing a large role as we are currently witnessing a slow meltdown in old business habits and trade. I believe interest will soon become a thing of the past and if it doesn't then the laws behind will be strict and people will not be able to milk it."

One respondent who concurs with the opinion that the current interest-based monetary system should be replaced, does express some concern about the still largely esoteric appeal of the CES, suggesting a more 'serious' approach possibly including a system whereby Talents are backed with real assets, which would give them greater credibility:

"I think that they are an essential part of the successor to our current interest-on-debt monetary system, which has to evolve (or be replaced) if we are to avoid societal implosion and planetary catastrophe. However CES needs to move beyond the hippy-dippy, massage exchange perception that it carries, and become a serious economic player. A good idea is if members are required to back CES currencies with assets, like the Swiss Wirtschaftsring, which acts as a source of credit for businesses and has been going for 75 years! This encourages businesses to take it seriously, and to buy and sell things of significant value."

7.3.3 'Complementary' currency

In contrast to those who believe that a system such as the CES could eventually replace the current monetary system, others are more reserved in their expectations on the future of such 'alternative' currencies, noting that these will always be a 'complementary' phenomenon operating in parallel to the mainstream economy:

"I do not see something like CES taking over from hard currency but it should work well alongside it to a greater degree."

"It's got potential, but I don't see it replacing traditional currency exchange. Of course, when people have very little cash to spare, the opportunity to give and gain value through alternative currencies could be quite enticing."

"There is a place for them but I'm not sure they will ever make a big enough impact on our current way of thinking for them to be a true alternative."

The primary reason for doubting the CES's potential to replace the existing economy is the fact that the majority of essential goods and services are not provided through the system, resulting in a continued dependence on conventional currency as noted in 7.2.5 above:

"I do not think the exchange will rival the conventional economy. It is interesting but does not have enough range of products and services to make it a viable alternative."

"There is a future for it but the basic things that people need like fuel, food and telecommunication needs to be established in order for it to become a serious player in people's lives."

"I hope that the CES will grow although it's difficult to trade solely or to a large extent in alternative currencies."

"I think it will continue to grow steadily, but not in leaps and bounds as it is still limited in scope, i.e. it does not service a very practical market."

7.3.4 Alternative for hard times

A common theme that emerged throughout the survey is the perception that systems such as the CES could offer an important economic alternative, particularly during an economic downturn such as that experienced globally during 2008-2009, as also shown in 5.6.5:

"I think that we are still very money-driven, but perhaps if the economy crashes we might have no option."

"I guess with the current recession people will make more use of this type of trade as you don't need money to trade with other people, you just need a skill that you can offer."

"Should the current economic system collapse - i.e. banks and the value of money, this system will be invaluable."

"In light of the current global financial systems collapse it can only grow organically."

"As our fiat currencies go belly-up, I would not be surprised if CES keeps its value better than currencies."

"With the current global climate where money is increasingly becoming an issue and people losing their jobs, alternative currencies are good solutions for the potential of survival."

In addition to allowing members to trade amongst each other using Talents rather than Rands, the potential to expand into the more mainstream economy through incorporation into businesses who could accept Talents as payment, and use these to pay salaries, was also noted:

"With the downturn in the economy around the world - businesses could keep people employed and keep operating if they incorporated alternative currencies into their businesses."

The importance of an increased emphasis on the 'community' element encouraged by this type of exchange was stressed, particularly as traditional (impersonal) financial systems are seen to be failing:

"[I see them] growing as people see shortcomings/failures of international banking systems and as they see and feel the need and benefits of connecting and trading with people in their communities who think and feel much like them - their 'tribe'."

In contrast to perceptions that the CES could serve as an alternative economy, particularly during economic downturns, some respondents also noted that the difficulty in obtaining essential goods and services through the Talent Exchange hampers its ability to truly cater as an alternative for those in need, during difficult times:

"I have a feeling it will only serve people who have economic power, not because poor people do not have Internet access but because the essentials they need are not obtainable through the services they have to offer. I tried to hire a person offering gardening for Talents - I paid transport, lunch and did not have the heart to send them home with Talents for their work. The exchange is a good networking tool, a wonderful way to get a cheap Indian head massage but you cannot survive on Talents and at the end of the day that will be the test. The harder the times the less I can afford to spend time on earning Talents."

A number of respondents cited the 2008-9 economic downturn as a potential opportunity for the CES to 'show their worth' and thus expand, though noting that to seize this opportunity the system would need to start offering more essential services:

"I think they'll take off. Now is the chance for these systems to show their worth with the current failure of the banks to meet the needs of ordinary people."

"I think as people are more hard-pressed to secure mainstream financial stability, they may be more likely to seek out alternative systems such as the CES. I think the majority of people using the system do so to supplement their 'normal' financial life, obviously the more people who enter into the system, the more the alternative system becomes the norm. I think if the system encourages the trade of more essential daily goods and services such as food, medical, transport, accommodation etc. the more users it will gain."

"In the current economic climate it's comforting to know that there are alternative solutions to get what you want. It does away with inequalities like racism and economic background. The future of CES is in being able to hold a package of services that is marketable and constant, to be able to exert pressure on the formal market by being a preferred supplier of those services."

7.3.5 Will always be fringe

In contrast to the belief by some that the system holds great opportunity for expansion, particularly in the face of downturns in the conventional economy, others remain more sceptical, believing that it will always remain on the fringes of society. The most common reason cited for this perception is the fact that the system does not meet essential needs:

"Currently the CES seems to mostly consist of services that would be 'additional' to everyday needs anyway. I don't think the current recession will increase the reliance on the CES in any major way."

"Exchanges do not pay the bills, and I do not believe that it would grow to a very big state. Its capabilities are limited."

"It could become more popular but I'm not really bothered about it as it is really only a sideline, there is no getting away from the need to buy food and pay rent, electricity, Internet connection. One day it will all be over and can start all over again, there will always be better ways to do things and there will always be people who will strive towards that."

Others are doubtful whether the change in attitude required for greater participation in such a system is likely to occur, believing that society's orientation to greed is too great to be easily overcome.

"I believe with the fluctuations in the currency market, people will look for alternatives but it will always remain small whilst we remain a greed-orientated society."

"They will continue to be important and grow, but unless a revolution happens, will remain on the outskirts and fringes of society."

"Many people can't wrap their heads around this idea of 'doing' money differently and are hardwired to believe that the conventional system is the only way. Perhaps it would take a global financial or environmental catastrophe to change people's viewpoints."

Another limitation cited by sceptics is the limited appeal of the system for the wider population, and the perception that it predominantly caters for 'greenies', 'zealots', 'freeloaders', 'SMEs' and 'artisans/ tradesman':

"It will remain a fringe activity run by greenies and zealots with a smattering of ordinary people and a good dose of freeloaders."

"It would work for SMEs and artisans/ tradesmen. But not for people who are employed full time and who do not possess a marketable or desired skills set."

7.3.6 Integration into society

There is general consensus amongst the majority of survey respondents that integration of the system into society is essential for it to play an important role as alternative to mainstream economics. The need for greater participation is particularly emphasised as critical to the system's future sustainability:

"I think it needs a 'wider' reach before it will become a viable alternative."

"It will be a success when the threshold is reached (not sure when this will be), but when a significant portion of a community becomes involved."

"It could work, but would have to be much more popular."

Closely related to the need for attracting more people, is the availability of essential goods and services. While the ability to satisfy more essential needs would attract more people, greater membership would also increase the scope and variety of offering to be obtained through the system, as also noted in 5.8:

“The only way it can be a true viable alternative to the conventional currency system is if many more people join. There are too many goods and services not offered on CES that are necessary for comfortable living.”

“The CES concept is sound and its implementation is excellent. The more acceptable conventional goods and services become available within any CES community, the more the CES will flourish.”

“I think it's a very good, noble idea, which will grow or shrink depending on participation. If traders make an effort to provide value beyond that of traditional currencies, it will attract people--if they don't, it won't.”

The potential for a system like the CES to be used as an effective tool for local economic development was emphasised. For this to happen however greater involvement is required from people who are able to popularise the system:

“I hope to see them become a useful tool for local economic development, but it's difficult to get the concept accepted or even understood by those who have the power to introduce them on a meaningful level.”

Furthermore mechanisms to extend its reach to those without Internet access are essential, for example through greater emphasis on offline-trading forums such as CES shops as means to more effectively localise the system:

“There is a lot of scope for growth. A major challenge could be to assist people who are not IT literate and also lack access to IT.”

“There can be a strong link between CES and the Local Economic Development (LED) strategy of government, and the shift to eco-villages and social movements. A link more strongly to social and economic justice, and efforts to mobilise the better resourced is important, particularly if one wants to seriously challenge the conventional economy in South Africa.”

To overcome current limitations with ‘local’ community-building, a number of users proposed greater emphasis on CES shops or general trading areas where the system can be rolled out on a greater, more immediate, practical level.

I think CES shops/ stores would be a powerful way of localising the CES. There can also be targeted CES neighbourhoods where various shops trade in Talents. This could provide an important model of what an alternative economic system might look like and how it can transform a local economy.”

7.3.7 Education and marketing

Greater integration of the CES into mainstream society will require, according to survey respondents, greater emphasis on spreading information about the system to educate people about its benefits over conventional money:

“I think more education is needed to inform people about the existence of alternative currencies over and above the networking of people who are already members of such exchanges.”

“It will be slow as people need to be educated in the benefits of it.”

More concerted marketing efforts are essential to popularise the system in a manner that will increase membership to the extent required to reach the ‘threshold’ referred to by one respondent (see 7.3.2). This in turn could result in a wider variety of offerings, more people to buy them, and consequently a more useful system that would attract yet more

members, particularly if government and local businesses can be motivated to become involved:

"If proper systems are put in place it will be a far superior system. Therefore once the 'kinks' are worked out, with some good marketing I could see this becoming a far larger, more global phenomenon. The first alternative currency to perfect the system and market correctly will become the world's first global currency."

"I do believe that it could grow into a strong and supportive way for people to survive. There needs to be more active marketing / active members - We should get government and local industries involved on some level."

Alas to date respondents note that effective marketing of the CES has been largely non-existent, resulting in general lack of awareness of the system amongst non-users, and even users themselves not knowing about most recent developments:

"I'm not sure about the current eco-technical climate, but I think in the future alternative currencies will grow in popularity. The biggest requirement for this is marketing. I have never seen any advertising for the CES. I think this will help."

"CES needs to be advertised! Most people I've spoken to do not know enough about it, or have never heard of it, how do we get those people involved? Word of mouth is not enough if we want to kick some conventional currency ass! If CES grows enough it could definitely be a saviour to many people unable to cope with the economic melt."

A possible constraint to more effective marketing of the system noted by one respondent is the cost and time required, which may prohibit the core group of CES management to more effectively engage in such activities.

"Hopefully they will flourish, but they require a lot of marketing, which is expensive and time-consuming. If the core group cannot spend the time or does not have the correct marketing skills it is a very difficult project to successfully initiate."

Acknowledging potential cost and time constraints common to 'traditional' marketing efforts, a key element of the CES is its web-based platform, which many (e.g. Qualman, 2009) see 3.4.2) would argue present unique opportunities for more active marketing of the system. Potential future prospects of using the technologies available for management as well as marketing of the system are discussed in more detail below.

7.3.8 Technology

The role of the Internet as a vehicle whereby a currency such as the CES can make significant inroads into an economic future was particularly highlighted by one respondent:

"Hopefully CES opens doors to a different economic tomorrow as brightly as the Internet has done for entertainment, networking and education."

The advantage of a (web-based) system such as the CES over conventional LETS systems was noted by one participant who had previous experience of LETS systems and believed that new technologies allow many of the constraints experienced by such systems to be overcome:

"The 'weak link' in the LETS system, from my experience, was the office staff, or lack of them at times. I worked in a LETS office and was aware of the limitations of paper trading (cheque books, accounts and newsletters etc.) This technology allows each participant to manage their own account, to have greater contact with others in the system. I believe that alternative currencies will play a greater role in wealth-creation in the future. Participants can empower themselves to find creative and satisfying work, which, in my view, is the key to happiness."

The importance of the Internet as potential tool to spread the system is also emphasised by one respondent, who believes this despite a concurrent scepticism about the very concept of the Internet:

"I believe the CES and other LETS are essential parts of moving to a more sustainable way of life. That being said, while the Internet is a good tool to spread them, I think the Internet belongs to an unsustainable way of life."

Respondents cited the potential for the technology to be used to more effectively market the system, noting ways to more actively add value by using mobile technologies to inform potential suppliers of buyers' needs, thus helping to facilitate trade. In Chapter 4.9.5 examples of system administrators taking special initiative to encourage trading in mutual currency networks were noted as a potential method to create greater balance in the system. While this approach becomes impractical as the size of the network grows, appropriate use of emerging technologies to automate searches and disseminate relevant, targeted information could present new and exciting opportunities to market the CES:

"Technology could be used more efficiently to grow the system and to make it accepted and used in more places, not just as a sort of alternative flea market."

"Advertising is cheaper and more can be advertised."

A number of users commented on the use of technology as an effective means to facilitate easier trading through alternative currencies such as the CES:

"I hope that this way of trading will really 'catch on' and will become the main way of doing things. I think the current 'technological' climate makes it entirely possible; and the economic climate makes it absolutely vital!"

The use of ICTs to facilitate easier trading was also noted by other respondents, who referred specifically to increased use of more mobile technologies as an avenue for further exploration:

"Technology is advancing to a point where we will soon be able to do transactions on mobile phones (e.g. smartphone app[lication]s like iPhone and Android). This will make the alternative easier and more attractive than the mainstream, and is likely to lead to a quiet revolution in the way we relate to each other economically."

"Technology will enable the CES to attract more subscribers through mobile connectivity. For example: a service is urgently required and the person needing the help is not a CES member. He places the ad on the net and immediately CES is made aware of this need. Administrators find a suitable candidate in the immediate vicinity, and inform the offerer via sms of this info. To take advantage of the service the client is first signed up to CES."

One respondent wishes for greater access to global CES networks which, although present within the CES system, are less accessible than one might wish for such a web-based, essentially 'global' system:

"I think we should be able to see global networks and change our location ourselves to access different groups. I think there needs to be online courses or downloads on how to best use the site and think in a new way about Talents. I think there needs to be a moderator who takes an active interest in networking the members and encouraging events and markets. Maybe you have all this already on Ning! It DEFINITELY needs better communication from the CES. I think that people will flock to it if it's set up right."

It is worth noting that users in fact are able to "see global networks and change our location ourselves to access different groups". To do so however requires what many consider a cumbersome process navigating through numerous pages through links that are sometimes less than obvious to follow. It is thus entirely possible and likely that the majority of users, like this one, do not know that such access is possible, or how to engage

in it. The same user, potentially suspecting this to be the case, also expresses a need for “*online courses or downloads on how to best use the site and think in a new way about Talents*”. While the CES website does in fact provide some guideline documents on how to use the system, as well as extensive information on the philosophy behind and potential benefits of alternative currencies, this too is clearly not as easily accessible as site administrators might imagine. Interestingly (as the respondent again accurately surmised) such an ‘online course’ is also available on the .Ning site, though again not as easily locatable as one might wish. Furthermore, with a total membership of less than 400 people worldwide, it is unlikely that many members of the CTTE (or other networks) will ever find out about it. In the light of such requests (all of which have in fact in some manner been addressed), the respondent’s final comment noting the need for better communication from the CES administration appears warranted.

7.3.9 Management and maintenance

The need for effective management of the CES was stressed by a number of respondents, who approve of the values underlying the system, but express some concern about the way it is administered:

“I think they will grow albeit slowly - but only if there is a fairly strong management or committee that is involved.”

“The CES needs sound leadership with clear goals underpinned by the morals that the CES has been founded on.”

Some believe that issues related to the variety of offerings in the system as well as quality control (cited as constraints in 7.2.2 above) should be addressed through more effective management, without which the risks involved are considered too great:

“I think there should be a ‘governing body’ which ensures that a particular skill is not over-represented, e.g. ten people offering massage vs. one person offering space planning.”

“Until the issue of quality control is addressed, especially in the areas of services (eg unqualified plumbers, etc), even in some small way, people like me will not continue to use the system. I find the system too risky, will be spending my remaining Talents when I find something worthwhile, and then be leaving my account at a zero balance indefinitely.”

One respondent believes management should take greater responsibility for initiatives that would encourage people to trade, thus assisting them to repay their debts or spend their credits, for example by organising more opportunities for display of goods and services.

“What is needed is a sound infrastructure within the community to offer people the opportunity to repay their debt or spend their credits. The removal of obstacles i.e. venues for the display of goods, communal areas to use for services, needs to be fulfilled by a “governing body” to facilitate balance within the market.”

The more proactive approach by management to assist people with opportunities to trade as suggested above is also noted by Douthwaite (1996) as means to enhance mutual trust and reciprocity within a community currency network (see 4.9.5).

The importance of acknowledging and responding to feedback from users, considered by Qualman as essential to harness the power of ‘Socialnomics’ (see 3.4.2), was highlighted by respondents. While system administrators have issued requests for inputs from users in terms of website design as well as broader issues relating to management and administration of the system, there remains some perception that actual opportunity to become more actively engaged is limited, if not actively discouraged:

“I think the Cape Town CES whilst technically superb, needs a more focussed management approach. Feedback is not taken cognisance of, and therefore the

organism cannot prosper. Every living cell needs and must accept feedback or it dies.”

The lack of appropriate channels through which to provide feedback on the system is also highlighted in the statement below, which provides an interesting contrast to perceptions of the system as a more ‘human oriented approach (see 5.5.3). While the actual trading activities between members may indeed encourage such greater ‘human centeredness’, it appears as though interaction between members and management has taken on a more ‘mechanical’, ‘faceless’ character:

“The problem is that there is nobody to address in case of disagreement with the system - it's a real ‘big brother’ or ‘brave new world’ where the only one with power has turned out to be the IT guy / system administrator! If you attempt to make a change in the system, it's bizarre what you come up against - a spooky emptiness; just ‘the system’!!”

Issues regarding system maintenance also pose a sustainability risk for the CES system, which in Section 5.7.7 was shown to currently be run on software that has been developed entirely by a few members of the Cape Town network, and is currently in dire need of upgrading.

While it is recognised that more could be done by management to enhance the system in various ways, the issue of volunteerism by management, who also have other commitments as they too need to survive in the ‘Rand-based’ economy, remains problematic.

7.4 SWOT

This section provides a summary of strengths, weaknesses, opportunities and threats that can be identified for the CES and similar systems, particularly related to the use of a web-based platform, community-building and reciprocity, and the potential of such a system to form the basis of an alternative economy.

7.4.1 Web-based platform

Table 4 provides a summary of strengths, weaknesses, opportunities and threats identified pertaining to the CES’s use of a web-based platform, including specific reference to its use for the CTTE network in Cape Town.

Table 4: SWOT summary: CES Web-based platform

Strengths	Weaknesses
<ul style="list-style-type: none"> • Easy access (for those with Internet access). • Reduce administrative difficulties, allowing the system to scale up to levels previously impossible for 'paper-based' community currency networks. • Allows for online networking between members. • Provides instant access to the system, and live updates of offerings and wants as well as trading records. • Allows users to enter their own transactions, thus empowering. • Allows for transparent access to view others' account balances and trading records, as well as the Administrator account. • Aligns with principles of a 'high-tech gift e-economy', allowing the spirit of 'gift economics' to transcend cyberspace into the 'real world'. 	<ul style="list-style-type: none"> • Only accessible for some. • User interface not always easy to use. • Reduce opportunities for face-to-face contact. • Lack emphasis on <i>local</i> community building. • Requires significant inputs from management to maintain the servers, resulting in reduced focus on community building requirements. • Limitations of the existing server which supports all 218 (and growing) networks around the world. Results in slow network speeds and poses risks if the server should become unable to handle increased traffic load. • Lack of awareness of many of the site's functionalities, which appear to not be effectively marketed.
Opportunities	Threats
<ul style="list-style-type: none"> • Potential to expand online networking to enhance community building. • Potential for marketing and greater integration of the system into mainstream society. • Potential to enhance local online networking through creation of network-specific online platforms. • Potential for closer integration of online networking and discussion features on CES website. 	<ul style="list-style-type: none"> • Focus on web-based platform can reduce much-needed emphasis on offline community building efforts. • Limited to those who can access the net, thus less useful to those who need it most. • Limited Internet access in South Africa (only ~10% of the population) can result in a ceiling being reached beyond which potential for effective membership is severely limited. • Inability for the current server to continue to sustain the growing system.

The web-based system used by the CES overcomes many of the difficulties associated with traditional community currencies by allowing easy and instant access, and reducing administrative burdens, while simultaneously expanding the geographic scope of the currencies. It does however also raise concerns regarding inequitable access to the system in a country like South Africa where only about 10% of the population have Internet access. Furthermore excessive emphasis on the online platform used by the exchange could result in a concurrent decline in emphasis on *local*, offline community building efforts essential for the 'community' element of the currency to survive.

While some users note the site's interface to be cumbersome, this is an area that can potentially be improved, thus facilitating easier access and use of the site which, based on insights gained through this research, could assist in motivating more members to more actively participate in the system. Further room for improvement exists in terms of making more use of ongoing new technological developments in the online as well as mobile communications domains, which could be harnessed to more effectively market and promote the system in an effort to better integrate it with mainstream society.

7.4.2 Community building and reciprocity

Table 5 provides a summary of strengths, weaknesses, opportunities and threats identified pertaining to issues of community building and reciprocity within the CES network, specifically focused on the CTTE.

Table 5: SWOT summary: Community building and Reciprocity within the CES

Strengths	Weaknesses
<ul style="list-style-type: none"> • Promotes personal interaction between community members during offline events and in online networking forums. • Supports the 'relationship economy'. • Enhances opportunities for local (and global) networking. • Brings like-minded people together, creating opportunities for exchange of goods and services as well as discussions and networking on issues pertaining to sustainable economics and other matters of interest. • Encourages localised exchange, thus allowing for increased 'multiplier' impacts of local currency which is circulated amongst members of the community, thus enhancing potential benefits to community members. 	<ul style="list-style-type: none"> • Widely dispersed membership can be an obstacle to personal interaction. • Poor distribution of area coordinators around Cape Town. • Lack of support for offline events. • Focus on web-based system possibly detracts from need for offline emphasis. • Demographic disparities between different socio-economic groups using the system with apparently different motivations appears to limit the potential for more effective community building and social integration between groups, resulting instead in some degree of distrust between members of others' motivations and commitment to the system.
Opportunities	Threats
<ul style="list-style-type: none"> • Potential for greater focus on offline interaction through markets and possibly Talent Shops. • Potential for more intensive online networking efforts through existing platforms, as well as closer integration of social networking features on the CES site. • Potential for closer linkages between online and offline networking opportunities. • Potential for greater inter-global networking and trading opportunities, as many currently appear unaware of the interlinked nature of different networks around the world. 	<ul style="list-style-type: none"> • Continued dependence on Rands, and financial difficulties experienced by many, results in an ongoing perception of scarcity with many unwilling to accept a more 'communal' way of doing things. • Evidence of notable instances of system abuse can result in a lack of trust and reciprocity, with those initially willing to provide goods and services to the system becoming less so when a) they are unable to find anything to spend their Talents on, and b) they start to perceive others giving less.

The 'community' element of the CES appears in some ways to exist more in ideological terms than practical manifestation. While numerous members consulted as part of this research appeared enthusiastic about the community concept, closer investigation shows this 'community' to be somewhat fragmented within the CTTE. Rapid growth of this exchange across a sprawling city, with members from vastly different backgrounds joining for very different reasons, with very different motivations, contributes to the somewhat scattered nature of the 'community' in question. The lack of close community cohesion diminishes the degree of mutual trust between members, which in turn impacts on the degree of reciprocity inherent in exchange.

Potential exists for more proactive online as well as offline community building initiatives, but in both cases this could require a level of dedication from a small core group of volunteer managers, that could be hard to sustain. This said, it is possible that, through effective harnessing of the power of available, and rapidly evolving, technologies, sense of 'community' could be enhanced, thus strengthening the system. For this to occur

appropriate synergies between online and offline networking forums is essential, as increased focus on one (e.g. online networks) at the expense of the other (e.g. offline events such as markets and shops), is likely to further alienate those already somewhat distrustful of the web-based platform requiring increased time in front of computers.

7.4.3 Alternative e-economy

Table 6 provides a summary of strengths, weaknesses, opportunities and threats identified pertaining to the potential of the CES to develop into a viable 'alternative' economy, based on research findings related to the CTTE.

Table 6: SWOT summary: Alternative E-economy potential of the CES

Strengths	Weaknesses
<ul style="list-style-type: none"> • Provides an alternative means to procure goods and services without requiring conventional currency. • Interest-free, and independent of banking system. • Re-empowers people to create their own money through offering and obtaining goods and services to and from the system. • Rapid growth of the CTTE amongst different sectors of society. • Rapid growth amongst local currency networks around the globe using the system. 	<ul style="list-style-type: none"> • Evidence of system abuse whereby many take more from the system than they give back, while others are reluctant to spend at all, raises questions about the long-term sustainability of the system in its current form. • Continued dependence on conventional currency for survival as offerings on exchange are limited. • Lack of penetration into mainstream society. • Perception of mainly catering for 'alternative types' and essentially operating on the fringe of society.
Opportunities	Threats
<ul style="list-style-type: none"> • Potential to expand reach into mainstream society if existing businesses as well as government sectors can be convinced to join and supply their services for local currency. • Potential for local development initiatives to make use of goods and services offered, and receive donations in local currency. • Potential to provide an alternative means to trade/ economic buffer during downturns of the conventional economy, provided more essential goods and services can be provided to overcome continued dependence on the conventional economy. 	<ul style="list-style-type: none"> • Potential for system abuse can be further exploited leading to eventual collapse of the currency if those currently providing services, but unable to spend their Talents, lose trust in the system and withdraw. • Potential opposition by government and banking sectors if the system were to grow powerful enough to be seen as a threat to existing systems/ possible way to evade taxes. • Continued dependence on conventional currency can diminish the worth of alternative options, restricting their potential benefits to those who 'can afford to' indulge in the 'luxuries' on offer.

In assessing the potential for a community currency such as the CES to become a true viable potential alternative to the mainstream economy, the state of the prevailing monetary system (influencing the need for such alternatives), as well as developments in the alternative currency movements, and the CES in particular, need to be considered. In Chapter 4 it was shown that the current dominant monetary system, based on interest-bearing debt, induces artificial scarcity and inequitable distribution of resources. For this reason the concept of alternatives could be regarded as essential. When it comes to the practical implementation of such alternative systems, the situation becomes more complicated, as illustrated in discussions on the CES (particularly CTTE) in Chapters 5

and 6, with numerous challenges (see 7.2) to be addressed for such systems to become sustainable. In considering the broader macro-economic context in which this thesis has been undertaken, it is however also important to recognise that, following the conventional economy's near collapse during 2008-9, there is increasing recognition amongst an ever increasing segment of the population that alternatives are becoming essential.

While the CTTE has shown remarkable growth for a currency of its kind (largely facilitated through its web-based platform, along with concerted drives to spread the system in its early days), such growth does not always take into account the crucial element of *community* building essential for such a currency to survive (as shown in 7.4.2 above). This results in a) lack of mutual trust and reciprocity between members, exacerbated by evidence of instances where some abuse the system to obtain services without putting anything back, and b) to the extent that some sense of 'community' is felt, it appears to include only what some refer to as 'alternative types', failing to effectively penetrate into mainstream society. The lack of penetration into mainstream society diminishes the value of the currency as it remains impossible to survive solely on alternative currency while daily survival necessities require ongoing use of conventional currency.

The future success of the CES (and similar systems) will depend on the degree to which such currencies can be more effectively integrated with mainstream society in a manner that allows more daily needs to be met using such currency, thus reducing dependence on conventional currency. In increasing its 'mass-appeal' however it is just as important *not* to lose the 'community' element such currencies in theory are designed to stimulate. In cases where such 'community' emphasis can already be seen as lacking, it is also important to find ways in which this can be stimulated, while simultaneously extending the currency (and community) beyond conventional (geographical, socio-economic and other) boundaries.

7.5 Conclusion

This chapter provided a glimpse into possible futures for the CES and similar systems, primarily focusing on CTTE users' perceptions of the system. The chapter began with a review of challenges that have been identified by users, followed by a look at user perceptions of the future of such systems, before concluding with a SWOT summary of the system looking particularly at aspects pertaining to the web-based platform used, community building efforts and issues of reciprocity, and the viability of such a system to promote what might be thought of as an 'alternative economy'.

Despite a number of challenges identified, the *potential* of alternative currencies such as the CES to play an important role in future forms of exchange was noted, whether as an alternative to the mainstream economy, or a complementary system in which people can partake for various ideological as well as practical reasons. The most crucial issues to be addressed if such currencies are to be recognised as a viable economic alternative relate to integration into mainstream society and the increase in the variety and quality of offerings, thus reducing dependence on conventional currency. This must be done without losing focus on the community element which requires ongoing nurturing to foster levels of trust and reciprocity required for such currencies to succeed.

While technology provides the means whereby community currencies can be more easily administered, as well as marketed, it is crucial that a balance be maintained between developing online platforms, and encouraging local exchange through 'real-life' interaction. In an age of social media, the use of technology can be extended to include greater focus on online community building, which can be used to disseminate information about such systems, as well as improving the user experience by integrating different platforms (e.g. the CES site itself, various social networking forums, as well as mobile technologies).

Challenges encountered by the CES and CTTE are similar to those referred to in the literature on community currencies by the likes of Greco (2009, see section 4.9), relating to maintaining momentum and motivation amongst members, lack of trust and

reciprocity, and continued dependence on the national economy. In addition, the web-based platform presents its own challenges in terms of maintaining a balance between the world wide reach of the Web, and the local focus community currencies are traditionally renowned for. In a country such as South Africa, where only 10% of the population have access to the Internet, a further challenge relates to the equitability of a system that requires such access, while simultaneously striving to act as a tool for social upliftment.

Overcoming the challenges noted to unleash the potential of online community currencies such as the CES to revolutionise the current monetary system requires dedication and commitment of those managing the system. This becomes problematic when such management is essentially undertaken by volunteers with other commitments. The use of technology to reduce administrative burdens can reduce pressure on system administrators, but simultaneously requires new types of inputs in maintaining online platforms without neglecting offline community building initiatives. To date the use of technology to further reduce pressure on management through more participatory efforts whereby system users can effectively provide inputs to improve the system does not appear to have been fully harnessed by the CES, illustrated by some frustrated comments by survey respondents about lack of feedback to suggestions made in various forums. It is possible that greater collaboration between management and members, facilitated through the use of technology could lead to solutions to current challenges to allow the system to unleash what some believe to be its true potential as an alternative to the dominant money paradigm.

The following chapter concludes with a look at the research questions posed in section 1.2, noting how these have been addressed through a combination of theoretical analysis and an assessment of the CES as example of an online community currency.

8 CHAPTER EIGHT: DISCUSSION AND CONCLUSIONS

8.1 Introduction

The word ‘*ubuntu*’, used by Khayelitsha township residents to describe a life philosophy based on relationships and sharing, entered the IT world as name of a major open source operating system. Open source software has been the quintessential example of the ‘high-tech gift economy’, a concept that has been discussed in Internet research since the 1990s. This thesis proposed that the concept of an Internet enabled ‘gift economy’ can be extended beyond the realms of cyberspace, by looking at the emergence of web-based community currencies. ‘Gifts’ are defined as essentially reciprocal, and a ‘gift-economy’ as one based on relationships. By defining money as ‘memory’ or information only (thus excluding all inherent value added in its creation as interest-bearing bank debts), it was argued that a mutual credit currency serves as the community’s collective memory of ‘gifts’ given and received. In addressing the research question posed in section 1.2, the following section responds to questions posed pertaining to the key research objectives outlined in section 1.2.1.

8.2 Research objectives

This section addresses the key objectives posed for this research, looking at matters pertaining to 1) transformation of identity, community, relationships, reciprocity and gifting; 2) the potential of a return to a more relationship-oriented economy; 3) the impact of money and currency design on social values; 4) opportunities and challenges in using global tools for local exchange; and 5) the potential of harnessing social networking tools to encourage greater reciprocity in online community currencies.

8.2.1 Transformation of identity, community, relationships, reciprocity and gifting

In what ways can the Internet be seen to transform human conceptions of self and others in terms of identity and consciousness, community, relationships, reciprocity and (gift-)exchange?

This thesis began in Chapter 2 by showing how ICTs have had significant impacts on key features of human existence, ranging from the personal, in terms of formation of on-(and off)line identity, to the relational, in terms of relating to others and the formation of on-(and off)line community.

Ken Wilber’s (1996) theory of the transformation of the human psyche and awareness from animalistic to pre-rational to rational states, and beyond that to a transcendence of the individual self was used to illustrate how (much of) humanity finds itself on the brink of attaining a broadened sense of awareness and identity encompassing not just the individual, but also others. This transformation has coincided with developments in ICTs that allow for the expression of such broadened, collective ‘identity’ or consciousness, and what Cutler (1995) refers to as a heightened sense of ‘presence’ of ‘extended and permeated selves’ as proposed by Gergen (1991). Sykes (2005) similarly describes ‘virtually real’ exchanges taking place in what she refers to as ‘non-Cartesian space’, where the sense of separation between body, mind, and the world outside the ‘self’ dissolves. Kremser (1999: 287) also highlights the greater sense of interconnectedness brought about by the Internet, describing cyberspace as “*a vision of a new society in which everything and everyone is connected*” (see 2.3.1). This thesis argues that the Internet and associated technologies have provided the techno-social basis whereby such transformation of the individual ‘self’ to a greater sense of awareness of others forming part of a greater whole could be manifested.

Chapter 2 further argues that, despite fears of some that the Internet would lead to greater isolation of individuals devoid of ‘real-life’ contact with others, it also provides space for the formation of community in virtual ‘Third Places’, thus filling the void created by the loss of informal gathering places in modern society. While critique on notions of ‘community’ was noted, for the purposes of this research the term is defined as a group of people with some sense of shared values, which can be expressed and related to across geographical distances, allowing connections to build and strengthen in cyberspace.

While the origins of the Internet were noted to lie in research for military technology, and its uses acknowledged to include increased surveillance and exertion of external control, the constructivist approach adopted throughout the thesis, whereby agency is favoured above acceptance, is used to show that technologies created for one (militaristic) purpose, can and have been appropriated to allow for previously unknown freedoms. In particular the rise of what Barbrook (1998) refers to as an 'anarcho-communist high tech gift economy', is noted as example of the ways in which people are using ICTs to overcome the dominance of capitalist market forces.

It was argued that the Internet has allowed for what is referred to as the 'e-volution' of a 'reciprocal gift e-economy' in which relationships take precedence over price. Building on the growing literature of 'gift economics' in an online environment, in which the focus is predominantly on the exchange of virtual goods and services, the thesis uses the contextual basis of a 'high tech gift economy' to show how such a web-enabled 'gift economy' can transcend into the world of 'real-life' exchange through web-based community currencies such as the CES.

Reciprocity was noted as a key prerequisite of the online 'gift economy' as well as community currencies, in both cases involving a form of 'generalised exchange' whereby the giver can expect reciprocation from the community as a whole, rather than directly from the receiver. Such reciprocity poses the risk of 'free-riding' whereby some yield to the temptation to take without giving. Motivations for contributing in online networks include anticipation of reciprocity, expression of identity, enhancing reputation, experiencing a sense of efficacy, as well as a sense of community and group attachment, and the desire to fulfil a specific need identified within a community. Ways to encourage reciprocity in online networks require cognisance of these motivations, and designing features that will enhance participants' ability to attain them by, for example, including tools allowing for identity expression as well as broadcasting mechanisms that make contributions visible.

The factors noted above are taken into consideration in examining features used by the CES that may be said to address some of these motivations, thus potentially enhancing reciprocity through the system's online networks (see 6.4 and 6.5). While there are indeed signs of some of the elements required for online reciprocity within the CES site and related platforms (notably the Facebook and .Ning social networking groups), to date these appear relatively underdeveloped. Greater emphasis on features allowing for expression of identity (for example through profile information) as well as 'broadcasting' mechanisms (for example a more refined recommendations/ comments feature) within the CES site itself could enhance the user experience, as well as encourage greater reciprocity between members.

In addition to online tools which could contribute to a sense of reciprocity within the network, offline initiatives used within the CTTE to build the community element essential for a 'community' currency, are examined in 6.6. More effective integration of such offline events with the existing online platforms could serve to better publicise offline events as well as drawing new members to the network. At present events are noted on the Facebook group page, but without regular messages sent to members to specifically notify them of new developments, it is likely that the majority of members will miss such notifications.

Measures put in place by management, or a collaborative effort between management and members, can go a long way to foster a greater sense of sharing and reciprocity within the CES network. The extent to which reciprocal relationships will truly evolve within this and similar online community currency initiative also requires a transformation in members' own approach to exchange. Such transformation can be likened to that described by Wilber, Cutler, Gergen, Sykes, and Kremser (see above), whereby individuals' sense and 'span' of self is extended to encompass a greater whole. Such heightened 'presence' (Gergen, 1991), allowing individuals to perceive others as integral parts of themselves, could have significant implications for the practise of reciprocal 'gift' exchange, as extending benefits to others can be seen to benefit the benefactor as well. Although to date it appears as though some CES/ CTTE members view the system as little different to ordinary currency, raising concerns that 'money-mindedness' infiltrates the system, this researcher believes that increased emphasis

on interconnectedness of individual selves could lead to a transformation in consciousness required for a more sharing, relationship oriented, approach.

8.2.2 Reversing Polanyi's 'Great Transformation' to return to a 'Relationship Economy' in a 'Network Society'

To what extent do notions such as the 'Network Society' (Castells, 1996), the 'Relationship Economy' (Deragon, 2007) and 'Socialnomics' (Qualman, 2009) present an opportunity for a transition that could be likened to a reversal of the depersonalising aspects of what Polanyi (1957) described as 'The Great Transformation' of the 20th Century, through a return to a more socially centred society in which relationships are valued over material wealth?

The theme of 'social economics' recurs throughout the thesis, first emphasised in Chapter 2 where the concept of a 'gift economy' is defined as one based on relationships rather than price. Emphasising 'relationships' in economics is an essential facet of the concept of 'reciprocity' as discussed in Chapter 2, whereby exchanges are based on a mutual sense of 'indebtedness' to others originating in the exchange of 'gifts' that are ultimately repaid.

In Chapter 3 the thesis explores the evolution of economics and economic anthropology, again highlighting the 'relational' element of economics. The irony of 'economics' as a social science, when in essence the evolution of classical economics involved an increasing focus on the purely 'economic' (*'Homo economicus'*) as opposed to 'social' (*'Homo socialis'*) nature of mankind is noted, with reference to key economic scholars including Smith, Ricardo, Malthus, and Mill, commonly thought of as the 'fathers of modern economics'. Different theories on key motivational forces driving production, exchange and consumption are noted, counterposing classical economics arguments based on scarcity and choice with the inherent need to satisfy material requirements. Polanyi (1957) referred to the shift in economic theory away from a focus on relationships between people as the foundation of exchange, to considerations based purely on market price and personal gain, as 'The Great Transformation' of the 20th Century.

Chapter 3 goes on to argue that ICTs have the potential to facilitate a reversal of the 'Great Transformation' by re-emphasising relationships as humanity's primary motivating force. The Internet's ability to enhance connectedness was highlighted in section 3.4 with reference to Castells' (1996) conception of the 'Network Society'. This ability of the Internet to foster greater connectedness between people was also noted by members of the CTTE responding to the online survey conducted as part of this research (see Chapter 5, section 5.7.4).

The 'social' element of exchange was also noted in Chapter 4 where it was demonstrated that such a greater focus on relationships rather than price, and an emphasis on 'community' rather than 'competition' can be directly related to the design of the means of exchange (money) used within a society, as discussed in more detail in the section below. The CES on which the field research for this thesis was focused is shown as an example of a web-based alternative currency that aims to promote such greater 'connectedness' between people, as discussed in Chapters 5 and 6.

Ideological motivations for joining the CES cited by survey respondents consulted in this research include a desire to 'return' to what is perceived as a former, more human-centred approach to trading (see 5.5.2). Such reflection upon a time when exchange was more sociable, that has been replaced by the impersonal current monetary system, coincides with Polanyi's theory of a 'Great Transformation' in the Western economy, as discussed in section 3.3. The perception that a system such as the CES could lead to such a 'return to the old ways' alludes to a potential reversal of the 'Great Transformation' through the use of community currencies such as the CES.

The next section shows how the design of money has a significant impact on the degree to which exchange between people may be either self/(profit) motivated and centred on

competition for what is perceived to be scarce resources, or alternatively more focused on relationships and cooperation between members of a community.

8.2.3 Changing money, changing values

How does the phenomenon of 'money' mould a society's perception of value, and can this be changed by designing alternative currencies to mediate exchange?

Chapter 4 showed that the design of a currency can have significant impacts on the society in which it is used. The 'essence' of money was defined as an 'information system' used to keep track of people's exchanges with each other, thus essentially serving as a collective 'memory' of such exchanges, in keeping with the origin of the word derived from the name of the goddess of memory, Juno Moneta. The origins of 'money' itself were discussed, noting how some theories emphasise these to lie in barter systems, or the gift economy that preceded these according to Mauss (1923), while another school of thought highlights the crucial role of government intervention in the creation of the modern conception of money as we know it through officially sanctioned fines, levies and taxation.

The mechanisms of modern money were examined, noting how, in contrast to historic currencies that were backed by precious metals, fiat currencies used in the 21st century are created as debt by banks, which then create more money through the interest earned on these debts. Interest, and interest upon interest (referred to as compound interest), was shown to necessitate perpetual growth as the amount required for repayment will always (exponentially) exceed that which is created. This induces perpetual scarcity as there is never enough to go round, which in turn enforces competition for scarce resources (or more accurately the money required to buy them). In this manner the design of modern money can be seen to correspond closely to theories postulated by classical economics pertaining to scarcity, choice, and man's essentially competitive (and greedy) nature.

The key argument posed in Chapter 4 is that the competitive streak resulting from competition for scarce resources is less of an inherent feature of '*Homo economicus*' (as discussed in Chapter 3), and more of an artificial impact induced by currency design. It is further argued that by changing the design of our money system, or means of exchange, it is possible to return to a more 'sociable' society focused on relationships rather than price, as first postulated in Chapter 3. The concept of 'community currencies' is discussed as an example of such an alternative currency design aimed at facilitating more direct exchange between people. This allows a return to the 'collective memory' function of money that serves purely as an information system to keep track of exchanges, without additional interest charges that induce scarcity and competition by its inherently insufficient design.

Seen as an 'information system', it is shown that the Internet provides an ideal medium empowering people to design their own 'monies', seen as 'units' commonly recognised by members of a particular 'community' to serve as a means of exchange.

Drawing on the origins of the word 'community', which literally refers to a group of people 'giving' amongst each other, such 'community currencies' are shown to foster more 'giving' relationships between people, as they are devoid of the artificial scarcity of conventional currency that requires competition as a means of survival. Benefits of community currencies include: fostering a spirit of (interest free) abundance (4.8.1); enhancing local benefits by keeping the currency circulating within a particular community (4.8.2); creating employment (4.8.3) and adding value to non-monetary services (4.8.4) as people can afford to 'pay' for goods and services using abundant alternative currency, that they would not be able to do with scarce conventional currency; and enhancing social capital by encouraging a more relationship-oriented approach to trading (4.8.5).

Survey respondents consulted in this research cited numerous ideologically motivated reasons for joining the CES, examined as an example of a web-based community currency aimed to foster a greater sense of community between members, as shown in 5.4, noting a general perception of such a system as more 'ethically sound' than what is generally

perceived by members to be a corrupt monetary system monopolised by banks (5.5.1). Members referred to all the benefits of community currencies cited above, particularly appreciating the ability to engage in trade and procure goods and services even when they do not have 'money', and being able to 'pay' for these by exchanging their own skills, products or services, whatever these may be. The abundance aspect was frequently mentioned (see 5.5.7), allowing people to use Talents for 'luxury' items they would not usually be able to afford with 'scarce' Rands (5.6.2).

Potential external obstacles to alternative currencies include opposition by powerful interest groups including central banks and governments, whose monopoly over the current money system could be threatened if people become empowered to create their own mediums of exchange rendering them independent of control by these powers (see 4.9.1). Particular issues to consider include legal implications as well as the issue of taxation. In response to concerns that such currencies may be used in illegitimate ways to circumvent obligations to society (as indeed suggested as one of the benefits of the CES by some survey respondents as shown in 5.6.6) various scholars (e.g. Douthwaite, 1996 and Lietaer, 1997a and 1997b) propose means whereby alternative currencies can be integrated into the mainstream economy by for example charging taxes on alternative currencies in the same units as they are earned (see 4.9.2).

Internal obstacles to community currencies include maintaining momentum and motivation (4.9.3), dependence on conventional currencies (4.9.4), and lack of mutual trust and reciprocity between members (4.9.5). These obstacles were all witnessed in the research conducted on the CES which, like other community currency initiatives, requires significant volunteer inputs by its designers and administrators, resulting in fatigue of those responsible for maintaining the system. These volunteers are unable to attend to the CES on a full-time basis, as daily survival necessitates participation in the mainstream economy to earn 'hard' currency required for essential goods and services. For this reason some perceive control and management, essential for the optimal functioning of the system, to be lacking (see 7.3.9). Members are similarly unable to spend significant time or exert great effort in participating in the system by offering and procuring goods through the system, as they too are forced to earn their 'daily bread' in Rands (see 7.2.5).

The limited range of goods and services offered through the system is commonly noted as a limitation by members (see 7.2.2), many of whom lose interest in the system as they are unable to procure what they really need, and thus become unwilling to supply their services as this demands energy that they do feel is adequately compensated for by others' offerings. This creates difficulties in attaining the necessary balance required for such a system to effectively allow for reciprocal trading amongst members, as noted in 6.2.2.

A consequence of such limitations is that many tend to revert to what is perceived as a more 'money-minded' approach to dealing in Talents, often using the system as marketing tool for goods and services for which they then charge a significant portion in conventional currency, or alternatively engage in purely profit-driven exchanges between the CES and outside trading, as shown in 7.2.6.

While much of the focus in designing the (CES) system has been on technical factors to provide an online platform that can be linked to similar networks across the country and globe, more attention may be required to overcome problems pertaining to reciprocity between members of the local (CTTE) exchange.

In response to the research question posed, while it is argued that currency design can indeed impact significantly on the society in which it is used, practical constraints to manifesting the desired impacts through such design of alternative money systems are also noted. Furthermore, the existing values of a society, which may indeed be largely a factor of the predominant money system, can also pose added obstacles to obtaining the desired effects through alternative systems, as these have been deeply ingrained over generations,

and thus tend to infiltrate new systems despite the best intentions of designers to stimulate change.

8.2.4 Opportunities and challenges of using global tools for local exchange

What are the opportunities and challenges presented by *global* tools such as ICTs to implement a socially just alternative monetary system that fosters *local* community building, despite i) its reliance on computer-mediated communication, ii) spanning vast geographical distances, and iii) the digital divide between those with access and those without?

Amongst the key benefits of a *web-based* community currency system such as the CES is its ability to expand *global* reach, as noted by a number of respondents to the survey conducted for this research (see 5.7.6). The global emphasis on what is traditionally considered a more *locally* focused domain of community currencies (see 4.8.2) deserves some special consideration. The research explored online-offline linkages, noting how the system aims to encourage community-building at global and local levels as well as across the digital divide, and the extent to which it succeeds in doing so.

A number of survey respondents questioned the ability for a system using such a web-based global platform to build community at the local level (5.7.9 and 7.2.1). Some specifically commented on the fact that the technology required to access the system is only available to some (5.7.8), raising questions about its ability to cross the 'digital divide' in a manner that would promote true 'empowerment' for those who need it most (7.2.2).

Difficulties in building trust and reciprocity in community currency networks is cited as amongst the key limitations of such currencies even in an offline environment, as noted in 4.9.5. While such difficulties can be overcome in (geographically) close-knit communities where social pressures to participate and reciprocate can be exerted through regular face-to-face contact, the more dispersed nature of web-based communities where much of the interaction involved occurs via cyberspace, presents additional challenges in fostering the relationships required for such reciprocal trust. For this reason it is important to consider both on- and offline environments when designing ways in which participants in a network such as the CES can interact and build relationships.

The rapid growth of CES networks across the world appears to indicate that the system holds value for many community currency networks globally. Its popularity in regions with significant Internet penetration, notably the USA (where the number of exchanges increased by 80% between August 2009 and June 2010) and Australia (showing an over 60% increase in the number of exchanges between February 2009 and June 2010), is particularly worth noting. This can be seen in contrast to the South African situation, where, with only approximately 10% of the population having access to the Internet, issues pertaining to equitable access can indeed be considered problematic. Such lack of sufficient access due to limited Internet penetration could be a possible reason for the fact that the number of exchanges in South Africa has in fact decreased slightly between August 2009 and September 2010, as well as evidence pointing to a reduced growth rate within the CTTE, to date the largest network on the exchange (see 5.8). Within the South African context limited Internet access results in an automatic 'ceiling' for effective membership, particularly in a system ideologically driven by a desire to overcome economic hardship.

Despite its limited success in straddling the digital divide, the CES provides an ideal example of a way whereby theories on the gift economy enabled by the Internet can move from cyberspace into the real world of food gardens, lift clubs and massage treatments – or poetry, turnips and lawn cutting as LambornWilson would have it (see 2.4.6). In addition to providing a searchable online directory of offerings and wants, and a 'memory' of exchanges, the Internet also provides tools for building community online. While use of these tools has been limited to date, increasing interest in alternative economics could result in rapid growth of this and similar systems fostering real-life local exchange through web-based global payment systems linked with online social networks.

It could be argued that the CTTE, as the first, pilot network operating on the CES web-based system, has to some extent tried to be too many things for too many people. Initiated from what may be considered an idealistic standpoint, with the hope of transforming the economy into something more just for everyone, the system still faces a number of practical hurdles in terms of access, as well as usability. A crucial aspect requiring attention for such a system to provide real benefits to members is better integration into mainstream society, as discussed in 7.3.6. This would require more effective marketing (see 7.3.7), which could be achieved through better use of the technological tools available for such purposes (see 7.3.8). Furthermore section 7.3.8 also showed that greater emphasis on mobile connectivity could assist in extending access to the system to those lacking computer-based Internet access, as well as increase the system's overall effectiveness.

In addition to more effective use of technological tools, it is argued that greater focus is also required on offline interaction between members to emphasise the local element of trading. In this respect also, online tools could be used to more effectively market offline events, by for example more actively advertising offline initiatives through online social networks. Furthermore greater emphasis on 'sub-areas' could enhance the exchange in a city such as Cape Town where, despite already large and increasing membership across the city, actual interaction between members, located within close enough geographic proximity to each other to truly consider trade as local, is limited. Here again it is possible to argue that the technological means to facilitate such closer integration of local communities in specific sub areas exist, and can be more effectively harnessed to more effectively 'localise' the exchange using what has traditionally been considered more 'global' means of communication.

Closer integration between the technological and social aspects of the CES (and similar systems) is discussed in more detail below, looking at ways in which online social networking tools can be harnessed more effectively to strengthen community currencies.

8.2.5 Harnessing online social networking tools for community currencies

How can ongoing development of online social networking tools most effectively be used to promote reciprocity, community building, and alternative community exchange systems such as the CES?

As noted above, building community in an online environment requires the use of additional tools to encourage relationships between community members. Fortunately for the CES and other systems like it, such tools are becoming increasingly available in the age of the 'Social Web' ('Web 2:0'). Whether these tools are as yet effectively used to foster the necessary trust between members to fully participate and reciprocate can be questioned.

Section 6.5 showed that, while the CES is increasingly making use of social networking platforms such as Facebook and .Ning, awareness of these tools is still low amongst participants (6.5.3), even those targeted in the online survey conducted as part of this research, who may be considered the ones with greatest access to Internet technologies. Furthermore, numerous survey respondents expressed a reluctance to become more involved in yet more online networking platforms, perceiving these to be too time-consuming (6.5.5), and also expressing reservations about the proliferation of these networks which for some become too confusing to keep track of (6.5.6). To address this problem some users have suggested that greater networking functionality be integrated with the CES site itself, to act as more of a 'one stop shop' where members can trade as well as network (6.5.2). While the existing site does provide limited networking functionality, as well as a forum for discussions, this is rarely used and has all but been abandoned in favour of external networking platforms.

One of the potential benefits of online networking, is that it could be regarded as a means of spreading the word about the CES, and thus potentially draw more members. Examining network statistics over recent years does not however as yet reveal any direct correlation between increased social networking and membership growth within the CTTE. On the contrary, while participation in online networking forums has slowly but steadily increased,

particularly on the Facebook platform (which could partly be a result of specific efforts at promoting the network as part of this thesis), membership growth for the CTTE has in fact slowed down over this period. It is however important to note that membership on a global level has increased significantly, with more and more exchanges around the world opting to use the CES platform for their own local currencies. Further research would be required to determine the impact of online networking on the growth of these exchanges on a global scale, but at a glance it does appear as though the system is gaining popularity in areas with significant Internet penetration. This is particularly evident in the USA (an 80% increase in the number of exchanges between August 2009 and June 2010) and Australia. It is also in these countries that individual networks have taken the initiative to create their own Facebook groups (two in Australia and one in America) for closer networking between members at a local level.

In section 2.3.2 Postill's (2008) argument that assessment of the use of Internet technologies requires focus on a particular situation within a particular community was cited to emphasise the importance of contextualising the specific factors that contribute to the use of these technologies within a specific community. In this light it is necessary to identify the potential impact of ICTs, and in the context of this research question, online social networking tools, specifically within the Cape Town based CTTE.

While limited Internet access in South Africa can be considered a significant constraint to optimal use of online networking platforms to popularise the CTTE, as well as facilitate easier exchange, it can be argued that despite this limitation, use of these platforms can provide important means of enhancing the system's functionality. Users' comments pertaining to lack of awareness of the CES's use of these tools indicate room for improvement in terms of information dissemination pertaining to online networking functionality. Furthermore comments related to ways in which such tools can be used to provide better value to members, by for example allowing greater personal marketing opportunities, can be used to identify ways in which a better service can be provided, which in turn can be used for better marketing of the system. The current recognition that more networking tools can and should be built into the CES site itself, to minimise the need for users to join yet more platforms adding to already expressed 'networking fatigue'; can be considered a positive step, that could be built on in future. To optimally utilise the power of social networking functionality to strengthen the CES in general, as well as the CTTE and other local networks, a targeted strategy to identify users' needs, and the means to address them, is required.

8.3 Conclusions

Investigate whether web-based community currencies can provide an alternative to the current economic system, allowing for a relationship-centred approach to exchange that can be likened to a type of gift economy, centred on the principle of reciprocity, and fostering a spirit of abundance over scarcity.

This final chapter addressed the research objectives posed in 1.2.1, looking at the potential of the Internet to foster personal and social transformation, and whether this could result in a reversal of Polanyi's 'Great Transformation' by leading to a more relationship-oriented society. The role of money in determining a society's values was examined, with particular reference to the design of alternative/ complementary money systems to promote greater social justice. The chapter also looked at some of the opportunities and challenges associated with using traditionally 'global' tools such as the Internet to promote what is essentially 'local' trade, through web-based community currency systems. Finally the potential role of social networking tools to promote complementary community currencies, and also allow for greater (online) community building between members, was examined.

The first part of the thesis provided a theoretical overview of issues pertaining to online and economic anthropology, and the integration between these fields. Chapter 2 focused on the impact of ICTs on identity, community, relationships, reciprocity and gifting, arguing that the evolution of Internet technologies places humanity in the early 21st century in an ideal

position to explore new realms of perception of self and others, as well as new conceptions of the concept of exchange. This argument was elaborated further in Chapter 3, where Polanyi's concept of 'The Great Transformation' of the 20th century was juxtaposed with conceptions of 'The Network Society' by Castells, and 'Relationship Economics' (Deragon) or 'Socialnomics' (Qualman). In this chapter it was argued that the Internet provides the tools whereby the move away from a focus on people and relationships, towards one on impersonal markets, as described by Polanyi, could be reversed as interactive tools provide the means whereby the importance of relating is revived. In Chapter 5 the role of money as means whereby exchanges between people is facilitated was examined, noting how the design of a specific currency can have significant impacts on the value systems of the society that uses it. In this regard the concept of community currencies was noted as a potential alternative form of exchange through which people can take more active control in designing the means of exchange used between them. The Internet was shown to provide the tools required for such alternative money systems, particularly when viewing 'money' as an 'information system', something which 'Information and Communication Technologies' are specifically designed for.

In the second part of the thesis the CES was examined as an example of a web-based mutual credit currency. First piloted in Cape Town in 2003, the system quickly expanded across South Africa and then the world, where it is now used by many local community exchanges to record transactions. Simultaneous to the CES's global expansion, its pilot Talent Exchange in Cape Town (CTTE) grew rapidly, largely through the efforts of SANE who organised markets, provided premises for a shop, and promoted the Talent Exchange as a social development initiative in local townships.

In assessing the specific research objectives outlined in this thesis, I come to the conclusion that, while web-based community currencies indeed hold great potential to provide an alternative to the current economic system, and the CES serves as an excellent example of how such currencies might work, there are still numerous practical matters that need to be addressed before a system like the CES can truly claim to provide a viable alternative to the mainstream economic system. Specific issues that will need to be addressed to improve this system's benefits to members relate to issues of sustainability, including:

- an emphasis on more diverse membership extending into more sectors of 'mainstream society', as well as improving inclusiveness of the system across socio-economic groups by devising methods to bridge the digital divide;
- identifying ways to more effectively compensate management for efforts at managing and maintaining the system, or ways by which these responsibilities can be more effectively spread across the system to take the burden off the few people currently responsible for the lion's share of administration;
- more effective use of technological developments to improve user-friendliness of the CES site, as well as better integration of the CES platform with online networking tools to disseminate information about, and draw new members to the system; and
- improved regulation to ensure that 'system abusers' are prevented from excess 'taking' from the system, without giving anything back, as this will ultimately result in loss of confidence in the system for those who do continue to give.

Despite some significant challenges faced by the CES and CTTE, this research showed that ICTs can be used to implement a 'payment system' independent of the dominant, debt-interest paradigm. The potential of such web-based community currencies to become a viable alternative to conventional money can be significantly enhanced through more focused efforts to harness the powers of new emerging technologies for social means, including greater emphasis on social networking tools, as well as mobile technologies. In addition to more effective use of technological means, 'real-life' community building requires ongoing attention to maintain the local element of trading through opportunities for geographically proximate members to meet face-to-face and exchange goods and services on a regular basis.

While the concept of alternative online payment systems per se is likely to become increasingly popular in the future, a critical element of this research relates to the potential of such systems to foster a more giving, reciprocal, social form of exchange. Much as the motivations of the founders and many members of the CES indeed do firmly support such a socialisation of the economy, in practise there is evidence of many who view the system as little different from conventional trading. Although the fact that no interest is charged on debits marks a notable distinction from the way conventional money is created, a true evolution to a more giving form of exchange requires a change of mindset as well as means. For this to occur ongoing educational initiatives regarding the origin and essence of money, as well as the underlying philosophy behind the alternative currency movement, is essential. While such information is already available on the CES site and related social networking forums, more effective ways of disseminating this information, including drawing members' attention to what is available, could contribute to greater awareness of the spirit of gifting on which it was founded.

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