

Community Currency in the United States: The Environments in which it Emerges and Survives*

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Abstract

Community currency originated as a means to empower the economically marginalized. This paper studies the U.S. population of community currency systems using locally printed money. Eighty-two systems are identified that have been attempted in the United States since 1991. Internet searches and contact with system coordinators indicate that only 20.7% of all systems are currently active. Regions in which they occur are described; more than one-quarter are in Pacific states. City-level Census 2000 data is employed in analyses of environmental conduciveness to determine which types of environments local currencies emerge and survive within. Social movement theory is engaged to identify general, population-based resources for local movements. Economic marginality and labor market independence hypotheses are also formulated and tested. The major findings indicate that cities with local currencies are characterized by lower household incomes, higher poverty rates, higher unemployment rates, and larger self-employment sectors. Evidence is also presented indicating that community currencies tend to survive in cities with younger populations, higher educational attainment, fewer married people, and less residential stability. Implications concerning the future of the community currency movement and its ability to empower the marginalized are drawn.

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Introduction

Community currency emerged in the United States, as it has elsewhere, as a means to empower the economically marginalized and to build social capital. This substantial social movement, comprised of autonomous, local systems, has proliferated in the past two decades. While local currencies in the United Kingdom have received much attention in the social science research literature, U.S. cases have gone largely unnoticed. This is the first known scientific effort to study the U.S. population of local currency systems using printed money.

Internet searches and contact with system coordinators indicate that 82 systems using paper currency have been attempted in the U.S. This study addresses two primary research questions: In which types of environments do community currencies emerge and in which environments do they survive? City-level U.S. Census 2000 data is employed. Two different sets of factors representing environmental conduciveness will be tested to: 1) determine if the cities where community currency systems appear differ from the U.S. as a whole and 2) identify the environmental determinants of “successful” community currency systems. Only 20.7% (17 of 82) of the attempted U.S. systems are currently active.

Social movement theory is engaged to develop hypotheses concerning general, population-based resources that may facilitate social movement formation and social movement success. Since community currency seeks to empower the marginalized, hypotheses concerning economic marginality and labor market independence are also formulated.

This research makes several important contributions. First, it introduces this substantial, grassroots movement in the U.S. to the social science community. The local currency movement

can be considered part of the larger anti-globalization movement (see Starr 2001). The current academic stir surrounding anti-globalization is noteworthy (see Brecher, Costello, and Smith 2000; Bircham and Charlton 2001; Smith 2001), yet the near exclusive focus on large-scale public demonstrations and movement coalitions slights local alternatives designed to mitigate some of globalization's effects.

The environmental conduciveness analyses make an important scientific contribution by documenting where these systems emerge and where they survive. This evidence will be used to assess the status of this movement. Community currency may have the potential to empower the most economically marginalized and to revitalize low-income regions—major domestic public policy issues. Some government leaders outside of the U.S. have advocated community currency and passed supportive legislation (see Williams 1997). Hence, this study may be of interest to public policy makers and analysts.

Community Currency in the United States

The idea of local currency has a long history in the United States. Early colonial settlers' use of corn and wampum as a medium of exchange and the issuance of scrip during the Great Depression are just two examples of different forms of local currency (Swann and Witt 1995; Shuman 1998). While all community currency systems differ, each is premised on an alternative currency as a medium for the exchange of services and goods. Unlike conventional bartering (where two actors trade directly with one another), local currencies expand commerce by connecting a network of people (and often businesses). The provider of a service or good receives credit in the form of the community currency that can be used for making purchases from other participants in the system.

These local associations permit people to utilize their time and skills by providing services or selling goods outside of the mainstream economy. The unemployed and underemployed can be full participants in these alternative economies. Since national currencies are a scarce commodity, community currencies increase one's purchasing power. Instead of formal, bureaucratic employment relations based on economic capital, local currencies redefine "work" (Seyfang 2001), foster community relations, and build social capital.

Some schemes have printed money that is used for purchases while others operate through "virtual currency" that exists only in computerized accounts (Lee 1996). Local currency systems also differ as to whether they are based on the *value* of the services or goods provided, or if they are based on the *labor time* required to produce such services or goods. Participants in community currency systems publicize the goods or services they wish to offer and/or obtain through a local directory, newsletter, or notice board. Interested parties contact one another, negotiate the transaction, and then arrange it.

It is argued that community currency systems are excellent tools to help revitalize local economies since they encourage wealth to stay within a community rather than flowing out of it (Meeker-Lowry 1996; Bowring 1998). These "closed economies" prevent seepage since the currency must be used within the system (Williams 1996c). Local money schemes can *promote* the trading of goods and services while national money often *restricts* exchange because of its scarcity. These systems encourage greater self-direction and flexibility in working patterns while valuing the skills of the unemployed and economically marginalized (Seyfang 1996). Ideologically, community trading networks promote principles of egalitarianism, ecology, and sustenance through independence from the outside market economy (Lee 1996; Solomon 1996).

Such local enterprise relies less on out-of-area products, decreasing the environmental externalities of long distance transportation and trade (Hawken 1993; Milani 2000).

Internationally, there are three notable community currency systems in operation: Local Exchange Trading Systems (LETS), Time Banks, and Hours systems (Meeker-Lowry 1996). LETS have been the most popular and widespread form of local currency schemes. The first LETS system was created in 1983 by Michael Linton, an unemployed computer programmer in British Columbia. Transactions are reported to a centralized coordinator via telephone or the Internet. Members receive monthly statements and most systems have debit and credit limits (to prevent “freeloading” and “hoarding”). In 2000, it was reported that over 2000 communities in Europe, Canada, Australia, New Zealand, Asia, and Africa had established LETS (Cohen-Mitchell 2000). While never taking off in the U.S., an online LETS directory contains information on over 1,500 LETS groups from 39 countries (Taris 2004). Yet researchers have concluded that LETS activity peaked in the mid-1990s and a substantial proportion of LETS are no longer operating (Seyfang 2002; North 2003).

The Time Dollar Network was started by lawyer Edgar Cahn in Miami, Florida in 1983 (see Cahn and Rowe 1996; Cahn 2000; Jacobson et al. 2000). This program is diverse and flexible. Some operations are part of existing organizations and formalize volunteering among the socially marginalized—the young, the elderly, the poor, and the disabled. The idea is that all people have talents and can contribute their time to become “co-producers,” rather than mere consumers of social welfare initiatives (Cahn 2000). Other Time Dollar operations look very similar to LETS or Hours, as *alternative* economies (that tend to be favored by alternative people). Time Dollar programs are egalitarian as each hour of service earns the same credit as any other, regardless of the character of one’s skills. Computerized savings accounts keep track

of member credits and debits. The Time Dollar Network's online directory currently lists 57 Time Dollar operations in the U.S. (Time Dollar Institute 2004). Cahn inspired the founding of Time Banks UK in 1998 and the U.S. version has recently been renamed Time Banks USA. Time Banks UK currently has 67 active programs and another 51 in development (Time Banks UK 2004).

The success of LETS in the late 1980s inspired community activist Paul Glover to establish a printed local currency system in Ithaca, New York in 1991 (see Glover 2000). Ithaca Hours is a paper currency whose value is linked to the dollar (a one hour Ithaca bill is equivalent to \$10). It is argued that the printed currency saves on overhead expenses. No computerized accounting system (or accountant) is required. Anyone can purchase and/or begin accepting Ithaca notes, no application is required. Since its founding, over \$105,000 in Ithaca Hours have been issued and thousands of people (including 400 businesses) have exchanged the currency. The current directory contains over 1,000 listings of available and sought-after goods and services.

Ithaca Hours' success has resulted in tremendous publicity in the U.S., including prime-time television reports. This form of community currency has spread rapidly in the United States since Ithaca Hours began in 1991. The incorporation of local businesses, the use of printed money, and a focus on goods and services distinguishes the Hour model from LETS and Time Banks. This study researches those community currency systems in the United States based on the Hour model.

Previous Research

A literature review and contact with system founders and knowledgeable scholars indicate that there has been very little scientific, empirical analysis of community currency in the United States. Indeed, only two publications could be located. Both articles, written by a Canadian research team, report on a case study of Ithaca Hours (Jacob et al. 2004a; 2004b). In one article the authors report findings from a survey of 42 active Ithaca Hours participants. They find that the average Hour user is well educated, has a preference for green politics, and experience in social activism. Many participants are self-employed and the average user has only a modest income (60.5% of respondents reported earning \$30,000 or less per year). The average Hours participant spends approximately \$350 (35 Hours) and earns approximately \$300 (30 Hours) per year. Half of the respondents reported an average of 4 or less transactions per month. About 41% see Ithaca Hours as allowing them to make purchases that they would not be able to afford otherwise. Most respondents view Ithaca Hours in social and relation terms, as fostering friendships and community connections. The authors argue that Hour supporters are not the average Ithaca residents. Despite the city's progressiveness, Ithaca Hours remains viable due to the backing of the city's counter-cultural, "granola" residents. The authors note that use of Ithaca Hours has been declining: "At the height of its popularity in the mid-1990s close to 2,000 Ithaca area residents were buying and selling services with HOURS." (Jacob et al. 2004b: 44). They conclude that this system is "held together by a relatively small number of store owners dedicated to the principles of a self-reliant business community and a group of activists like Paul Glover who are committed..." (Jacob et al. 2004b: 54).

In the other article the authors are concerned with—as this study is—the environmental context of Ithaca. "For the purposes of this report, the principal question about Ithaca is: What

makes this upstate New York college and university town the kind of place that would host what has become, arguably, the planet's most successful community currency experiment?" (Jacob et al. 2004a: 31). The authors find that there are basically four different reasons. First, there is economic need in Ithaca. The labor force is bifurcated as there are some wealthy, but the city is comprised of mostly low-income workers. Second, they argue that the intellectual culture of the city welcomes new ideas and this alternative economy in particular. Third, many counter-cultural activists live in Ithaca and serve as the primary participants. Finally, the authors state that the general progressive nature of the city provides a supportive political environment.

Community currency systems outside of the U.S. have been studied rather extensively. LETS have received the most attention given their popularity and longer history, though Time Banks UK is also being studied (see Seyfang 2002; Seyfang and Smith 2002). This previous research includes case studies of individual LETS in the United Kingdom (Williams 1996a; Pacione 1997; Seyfang 1997; North 1998; O'Doherty et al. 1999; Caldwell 2000), Australia (Jackson 1997), Germany (Schroeder 2002), and Mexico (Lopezllera-Mendez and DeMeulenaere 2000). Case studies of multiple LETS operations in the United Kingdom (Lee 1996; Thorne 1996), Australia (Ingleby 1998), and Norway (Gran 1998) have also been conducted.

Two studies have been conducted on the LETS population in two different countries. In 1995, Williams (1996b; 1996c) administered a postal survey to coordinators from every LETS in the United Kingdom as well as to coordinators of Australian LETS in 1995 (Williams 1997). LETS members have also been surveyed in two large-scale studies attempting to describe participants. Liesch and Birch (2000) analyze data they collected from a national sample of

Australian LETS members and Williams et al. (2001) gathered data from a national sample of United Kingdom LETS members.

The research reported on here is unique. It is the first to focus on the population of U.S. community currency systems using printed money. Moreover, it is the only known study of its kind—an environmental analysis focusing on the contexts in which local currencies emerge and survive. In the large research literature on social movements, the nearest parallel to this study is research on Mothers Against Drunk Driving (MADD) chapters (see McCarthy et al. 1988; Weed 1991). The hypotheses to be tested in this study are described next.

Theory and Hypotheses

Two different sets of factors representing environmental conduciveness will be tested in this study to determine if the cities where community currency systems appear differ from the U.S. as a whole and to identify the determinants of successful community currency systems.

First, social movement theory is the literature engaged to develop hypotheses concerning general, population-based resources that may facilitate community currency systems. Community currency is a unique type of social movement. In Starr's (2001) survey of anti-corporate movements, community currency is included and characterized as a "relocalization" movement. Yet such local grassroots organization may not be considered as proper social movements according to some definitions. For example, Tarrow's (1998) widely cited conception of social movements is quite stringent. He discusses four necessary elements which distinguish social movements from other social phenomena: a) disruptive, collective challenges, b) the existence of common claims and interests, c) the establishment of a collective identity, and d) sustained interaction with elites, opponents, and authorities.

Community currency systems are not based upon nor do they normally involve any disruptive protest. However, widespread participation in these alternative currency systems may have some disruptive effects for some (i.e., merchants who lose business for not participating in the system). Regardless, community currency systems also differ from Tarrow's conception of social movements in that they do not involve sustained interaction with opponents. Participants in community currency systems have, to some extent, chosen to "exit" (see Hirschman 1970) the mainstream economic system and are not engaged in contentious interaction with any other party.

Other definitions of social movements are quite loose. McCarthy and Zald, for example, say that:

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

Community currency can easily be considered a social movement under this belief-centered definition. Participants in these systems most certainly have preferences for change. Indeed, they have *acted* on behalf of these preferences. Tilly (1978) provides a moderating conception of movements that is most appropriate in this case. Here, populations holding particular beliefs and acting upon them are considered social movements.

Typologies of social movements are also relevant for the case of community currency. McCarthy and Wolfson (1992) distinguish between "conflict movements" and "consensus movements." The latter are defined as having "widespread support for their goals and little or no

organized opposition” (1992: 273-74). While community currency may not have the type of widespread support the authors discuss, the lack of opposition component resonates well.

Community currency systems are also similar to “communal movements” which seek “to establish small-scale social systems to remedy [the] ills of the larger society” (Kanter 1972: 62). In Kriesi’s (1996) typology, community currency would be considered a “movement association” since the constituents and beneficiaries are identical.

Here, community currency will be considered simply as an *alternative* social movement (see Williams 1973; and Rothschild-Whitt 1979). Alternative social movements, such as the counter-culture movement of the sixties and the growing homeschooling movement of today, create their own social space to defy mainstream institutions (rather than engaging in sustained, disruptive interaction with them). Community currency is an “everyday” social movement in which actions are “history making” as participants influence the conditions and terms of their everyday lives (see Flacks 1988).

General Social Movement Resources

Social movement theorists discuss many general, population-based resources that facilitate social movement formation and success. Community currency systems are expected to emerge and be successful in cities characterized by greater resources. Eight factors are discussed below: age, education, race, marital status, homeownership, residential stability, population size, and population density.

Youth are a resource for social movements insofar as they are more easily recruitable. As Flacks (1971: 6) argues, youth are more likely to be social movement activists since they “have yet to form stable vocational and social attachments, because they receive most directly and fully

the socializing efforts of established institutions, and because they are future-oriented.” Younger people are generally more likely to have greater discretionary time, facing fewer obstacles to participation in social movements (McAdam 1986; Klandermans 1997). Therefore, community currency systems are expected to emerge and be more successful in cities with younger populations.

The educated are also a resource for social movements. Previous research indicates that protestors tend to be more educated than non-protestors (Sherkat and Blocker 1997; Dalton 2002) and that the educated are more civically engaged (Putnam 2000). Education increases political tolerance and political efficacy (Hall et al. 1986; Jenkins and Wallace 1996). Therefore, community currency systems are expected to emerge and be more successful in cities with more educated populations.

Racial composition will also be tested in the models. Historically, people of color in the U.S. have been super-exploited and politically excluded (Bonacich 1989). Social movements have been a key vehicle for people of color to become empowered. Also, previous research has found that African Americans have greater protest potential than whites (see Isaac et al. 1980; Jenkins and Wallace 1996). These arguments suggest that local currencies will emerge and be more successful in cities with more minorities.

Marital status is also important to consider. McAdam’s (1986: 70) notion of biographical availability, “the absence of personal constraints that may increase the costs and risks of movement participation, such as full-time employment, marriage, and family responsibilities,” indicates that married people face greater barriers to participation. Therefore, the unmarried serve as a better resource for social movements. Those cities with larger unmarried populations are expected to be more likely to foster community currency emergence and survival.

Another variable to be tested is homeownership. There is a widespread popular assumption that homeowners are more politically conservative. This suggests that homeowners would be less likely to participate in social movements intending to empower the marginalized. Moreover, homeowners are also likely to be less biographically available for participation than are renters. However, in the authoritative test of the impact of homeownership upon political beliefs, Gilderbloom and Markham (1995: 1602) find “that homeownership rarely has an impact on political attitudes.” Only one of the many tested relations is significant: homeowners are less supportive of government spending on inner-city problems. While the explicit link between homeownership and social movement participation remains unclear, it is hypothesized here that community currency systems will emerge and thrive in cities with fewer homeowners.

Residential stability may also be an important factor for community movements. Pennings (1982) argues that urban change or volatility generally triggers the formation of new organizations (and the implication is that this would include social movement organizations too). However, Gilderbloom and Markham (1995: 1603) present evidence indicating that those who move frequently “are transitional and... vote less and become less engaged in political issues.” Pennings’ (1982) argument has found support in a study of MADD chapters (McCarthy et al. 1988), so it will be sided with here. Local currencies will emerge and be more successful in cities with less residential stability (more transitions).

Finally, population size and density are also important resources for social movements. McCarthy et al. (1988: 74) argue that “[t]he larger the population of a community, the more likely that any kind of organization will form, other things being equal.” Also, geographical concentration tends to facilitate social movement recruitment (McAdam, McCarthy, and Zald

1988). Therefore, community currency systems are expected to be more successful in larger cities and in more densely populated cities.¹

Specific Environmental Conduciveness

In addition to general social movement resources, specific factors relating to the need for community currency systems within particular cities will be tested. Local currencies originated as a means to empower the economically marginalized. Low-income areas with high rates of poverty and unemployment are in greater *need* of community currencies. Thus, community currency systems are expected to emerge and be more successful in cities characterized by greater economic marginality.

Local currencies are alternatives that operate outside of the mainstream economy. Cities with more self-employment and more residents out of the labor force are likely to be more environmentally conducive for community currency systems. That is, in these areas, more of the population is already somewhat independent from the mainstream economy. Therefore, local currencies are expected to emerge and thrive in cities characterized by greater labor market independence.

Data and Methods

Data collection for this project began in early 2003. The first task was to identify all of the local currency systems using printed money in the United States. The “Hour model” was originated in 1991 with the launch of Ithaca Hours in Ithaca, New York. Extensive Internet searches were conducted in an effort to identify all of the systems following the Hour model.

¹ Population size and density will not be included in the first analysis that seeks to determine if the cities where community currency systems appear differ from the U.S. as a whole.

Key terms such as “community currency” and “local currency” were entered into several different Internet search engines.

Seven different directories of U.S. community currency systems using the Hour model were eventually discovered. One of these is a public database (“Project LETS”) in which anyone can input information pertaining to a local currency system (see <http://lentils.imagineis.com/letslist/>). The E.F. Schumacher Society, an educational non-profit organization devoted to decentralism, maintains its own directory (see http://www.smallisbeautiful.org/cur_grps.html). The Progress Report, an independent daily news source published by the non-profit Benjamin Banneker Center for Economic Justice and Progress, also has a list (see <http://www.progress.org/archive/currency.htm>). The web sites of three community currency systems (including Ithaca Hours at <http://www.ithacahours.com/otherhours.html>) also provide directories of other systems. Finally, an anti-globalization activist maintains an international directory of community currency systems (see <http://www.cyberclass.net/turmel/urlsnat.htm>).

While there is considerable overlap, none of the directories is complete, each contained unique listings. Internet searches and contact with system coordinators also resulted in the identification of several systems that do not appear in any of the directories. Listings from the seven directories were merged into one database. The directories typically contain the system name, the system website (if one exists), as well as contact information for the system coordinators.

There were two primary goals in this phase of the data collection. First, to identify every community currency system using printed money that has been attempted in the United States since 1991. Second, to determine whether or not the currency system is currently operational (as

of May 2004). The constructed database identifies 82 local currency systems in 80 U.S. cities. Twenty-two of these systems currently have active websites. Nine of these had been recently updated (indicated by dates at the bottom of the page or by announcements of events occurring in the future) and these currency systems were therefore considered operational. Contact was attempted with coordinators from the remaining 73 systems. First, contact by electronic mail was attempted. In the cases when this was unsuccessful (messages returned as “undeliverable” or no response after several weeks), telephone contact was attempted. If telephone contact was unsuccessful (disconnected numbers or wrong numbers), contact by postal mail was attempted. An introductory letter and a short survey were mailed along with a self-addressed stamped envelope. If contact by mail was unsuccessful (letter returned as “undeliverable”), then it was assumed that the system is not currently operational since there is no evidence indicating that it is.² Of the 82 identified systems, only 17 (20.7%) are currently operating. Appendix A provides the name, city, state, and website (if available)³ of the 17 active and 65 inactive U.S. community currency systems.

The next phase of data collection concerned the gathering of characteristics of the cities in which U.S. community currency systems have been attempted. U.S. Census Bureau 2000 data was employed as the source for the indicators of environmental conduciveness. The limitation of this cross-sectional data is that it does not represent the exact time of the founding of most of the

² Internet searches of the name of the systems that were not contactable were also conducted. In several cases information (usually local news articles) was found indicating that the systems were no longer functioning. It is crucial that community currency systems have valid contact information. If prospective members cannot reach administrators, there is no way for them to become involved. In the end, while it is an assumption that those systems for which no information is available are no longer operating, it seems to be a very safe assumption. The vast majority of the contacted systems are not operating and most of the administrators expressed a sense that the movement as a whole is dying.

³ There are eight systems that are not currently operating that have web sites. Many of these coordinators indicated during contact that they chose to leave their sites online for “archival” or “historical” purposes.

82 systems. Indeed, only 4.7% of the systems were started in 2000. The height of the movement appears to be 1996 to 1997, when 34.9% of the systems began.

Nonetheless, given its high quality and coverage, Census data is regularly used for similar research purposes. Representing the hypotheses presented above, the following fifteen indicators were gathered from the Census American FactFinder website (at <http://factfinder.census.gov>) for each of the 80 cities where community currency systems have been attempted: 1) median age, 2) percent of the population 25 years and older with Bachelor's, graduate, or professional degrees, 3) percent of the population enrolled in college undergraduate or graduate programs, 4) percent of the population identifying as White, 5) percent of the population that is married, 6) percent of housing units that are owner-occupied, 7) percent of residents living in the same dwelling as in 1995, 8) percent of the population that were born in their current state of residence, 9) population size, 10) population density – number of people per square mile, 11) median family income, 12) percent of families below the poverty level in 1999, 13) percent of the population 16 years and older that is unemployed, 14) percent of the employed civilian population 16 years and older that is self-employed, and 15) percent of the population 16 years and older that is not in the labor force.⁴

The first analysis attempts to determine if the cities where community currency systems appear differ from the U.S. as a whole. One-sample t-tests are computed to test whether on average, the 80 cities where local currencies occur differ from the U.S. as a whole in respect to:

⁴ Census data was not available for Garberville, California. Therefore, data was collected for the adjacent city: Redway, California. Lopez Island, Washington data was also unavailable. Data from its county (San Juan) was collected instead. Data for three of the variables (percent college students, percent married, and percent native to state) was unavailable for two cities (Chesterfield, New Hampshire and Hardwick, Vermont). County level indicators were employed in these instances. No bias results from using this replacement data—findings were the same as in the test models in which they were excluded.

age, education, race, marital status, homeownership, residential stability, income, poverty, unemployment, self-employment, and non-labor market participation.

The second analysis attempts to identify the determinants of successful community currency systems. Do they thrive in certain environments? Independent-samples t-tests are computed to compare the mean scores (on the fifteen indicators described above) of the active community currency cities to the cities where there are inactive systems.⁵ Three of the active systems had been operating for less than 12 months at the time of the analysis. Therefore, to avoid any “newness” bias, these three systems are excluded from the survival analysis. This reduces the population size to 79 cases. Two cities (Arcata and Berkeley, California) have each attempted two separate local currencies. The second Arcata case was dropped as one of the three new cases. Both Berkeley systems have failed, so one of these cases was dropped from the analysis so that the environmental characteristics of Berkeley would not be counted twice, biasing the data. Therefore, 78 cities are used in the survival analysis. Descriptive statistics are presented next.

Findings

To begin, the regions in which community currency systems have been attempted are described. Figure 1 plots the locations of the 80 U.S. cities in which the 82 local currency systems using printed money occur. California is the state housing the largest number of systems. Fourteen systems in twelve different cities have been attempted there (mostly in Northern California). Yet only one California system is currently operating (indicated by a green dot inside of the star). All three of the attempted systems in Oregon are active. There is also a

⁵ Several multivariate logistic regression models were also estimated. However, given problems with the small population size and substantial multicollinearity, bivariate results are relied upon here.

clustering of attempted systems in the Northeast. Overall, “middle” America (the Midwest and the South) has the fewest cities attempting community currency systems.

(Figure 1 About Here)

Table 1 provides more detail by classifying the 82 systems into the standard U.S. Census regions. The percentage of systems that are currently operational in each region is also provided. More than 40% of all of the systems have been attempted in the West. Systems started in the West have the same survival rate as the total population: 20% of those in the Mountain region and 20.8% of those in the Pacific region are currently active. The Midwest, the region containing the fewest systems, appears to be the least successful place to host community currency. None of the systems in the West North Central region and only 10% of those in the East North Central Region are still operating.

(Table 1 About Here)

The results concerning whether cities where community currency systems appear differ from the U.S. as a whole are presented next. Table 2 presents descriptive statistics for the indicators of environmental conduciveness as well as the one-sample t-test results. The average median age of residents in cities where community currencies have been attempted is 33.49 years. The range is 22 to 48.4 years. In these cities, 31.94% of the adults aged 25 years and older hold some form of higher education degree. On average, 13.61% of these residents are college students. The race variable indicates that one of these cities (Detroit, Michigan) has only 12.3% white residents while two others have 98.1% white residents.

(Table 2 About Here)

Overall, the cities in which local currencies have been attempted are quite heterogeneous. The greatest variance occurs within population size, population density, percent unemployed,

and percent self-employed. Systems have been attempted in very small cities (Floyd, Virginia with 432 residents) and in very large cities (Brooklyn, New York with 2,465,330 residents). These cities range from having an average of 47.8 residents per square mile to 34,916.6 residents per square mile. Unemployment rates vary from .4% to 18.6% and the self-employed sector ranges from 2.3% to 34% in these cities.

One-sample t-tests were conducted to determine if the cities where local currencies emerge have more general social movement resources and greater economic marginality and labor market independence than the U.S. as a whole. The thirteen environmental conduciveness indicators (population size and density are excluded here) are tested against U.S. population parameters. Table 2 indicates that community currency cities are statistically different from the U.S. on eleven of the thirteen characteristics tested.

The general social movement resource findings are presented first. As predicted earlier, cities with local currencies have residents who are significantly younger than the U.S. population. Also, education is important as hypothesized. Residents in community currency cities have greater educational attainment and more college students. The t-test for the race variable is not significant. Cities where local currencies emerge have no more or less people of color residing within them on average. Marital status has the anticipated effect: community currency cities have a lower percent of married residents. The homeownership rate of cities with community currencies does differ from the U.S. As hypothesized, these cities have fewer homeowners on average. The residential stability finding is also in the anticipated direction. Cities in which community currencies emerge have less stable populations (their residents move more often) and have fewer people that are native to the state in which they live.

Now the economic marginality and labor market independence indicators can be considered. As hypothesized, the average household income is lower in cities where community currency systems emerge. Also, the percentage of residents in poverty and the percent unemployed is higher than the U.S. rates. Therefore, these cities are more economically marginalized. As predicted, the self-employed sector is larger in cities where local currencies emerge than in the U.S. as a whole. Finally, the percentage of residents who are not labor market participants is not statistically different.

The final analysis seeks to determine whether those community currency systems in more conducive environments are more likely to survive. Table 3 presents the independent-samples t-tests comparing the 14 active (currently operating) systems versus the 64 inactive systems on the ten indicators of general social movement resources.

(Table 3 About Here)

Four of the seven general social movement resource indicators effect the likelihood of survival. First, as predicted, community currency cities with younger populations are more likely to be successful. Also, cities with more educated populations and those with more college students are more likely to have active local currencies. As in the previous analysis, race is not statistically significant. Marital status differs between the cities with active and the cities with inactive local currencies. As expected, the active systems tend to be in cities with fewer married people. Homeownership does not significantly vary between the two different city types. The residential stability hypothesis is supported by one of the indicators. While nativity to one's state is not significant here, cities with active systems do have less stable residential populations. Population size and density are not statistically different in cities with active versus inactive local currencies.

(Table 4 About Here)

Now, specific environmental conduciveness—economic marginality and labor market independence—can be considered. As evident in Table 4, none of the previously stated hypotheses are supported here. Cities with active local currencies do not differ from those with inactive systems in respect to income, poverty, unemployment, self-employment, or labor market participation. In the following section the findings are discussed more substantively.

Discussion

The Pacific region (particularly Northern California) and the Northeast are where more than half of all of the U.S. local currency systems using printed money have been attempted (see Figure 1 and Table 1). Overall, these areas are generally considered to be more liberal or progressive and more “green” (pro-environment) than the rest of the U.S. These regions are apparently more “culturally conducive” for such local economic alternatives. The Middle Atlantic (New Jersey, New York, and Pennsylvania) and South Atlantic (Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia) regions have the highest survival rate. One-quarter of all systems have been attempted in these two regions. Perhaps there is some spatial advantage to being near other systems. Activist networks may overlap and these local movements are likely to have more contact with their nearby peers than with other systems. Actors in dense multiorganizational fields are more likely to learn from one another about the pitfalls to avoid in community currency. Such a spatial advantage may also help to explain why the state of Oregon has a 100% survival rate.

The descriptive statistics in Table 2 indicate that the cities in which community currency systems emerge are quite heterogeneous. This is not surprising. A handful of resourceful

activists can launch a local currency anywhere. Nonetheless, the one-sample t-tests illustrate, unambiguously, that the cities where community currencies are attempted are different from the U.S. as a whole. The evidence indicates that these cities are more environmentally conducive for local currency movements.

General social movement resources and specific needs—economic marginality and labor market independence—are equally relevant for the emergence of community currency systems. As social movement theorists argue, population age, educational attainment, marital status, homeownership rates, and residential stability are all important resources for the emergence of local currencies. These characteristics make cities more environmentally conducive for social movements as greater proportions of these populations are more likely to be willing and able to participate.

Specific neediness is just as relevant at the city level. A primary goal of community currency is economic empowerment. Cities where local currencies emerge are more likely to be economically marginal and have larger self-employed sectors. Only the labor market participation hypothesis received no support in this analysis. The fact that community currency systems emerge in poorer cities with greater unemployment indicates that need is playing a role in the founding of these alternative economies.

Overall, environmental conduciveness is apparently more important for community currency system emergence than it is for survival. While both general and specific factors are relevant for emergence, only the general social movement resources play a role in local currency survival. Community currency systems are more likely to remain operational in cities with younger populations, more educated and college-attending residents, fewer married people, and more mobile residents.

Specific needs within the city are not significant for local currency success. Systems in more needy areas are just as likely to perish as those in less needy areas. Community currency systems rely heavily on volunteers to coordinate the systems and participants to regularly exchange the currency. Ironically, the communities in most need may be the least able to afford participation in these movements. After the initial founding, participants in more economically marginal cities may become disenfranchised from the movement. The higher the aspirations and the more urgent the needs are to begin with, the more likely these local alternative economies will be dismissed. Community currency is not a cure-all and participants would find it extremely difficult (if not impossible) to become self-sufficient within one of these “closed economies.” As resource mobilization theory suggests (see McCarthy and Zald 1977), resource-rich social movements are more likely to be successful than those waged by the needy. This is a fundamental dilemma of social movements—the most deprived often lack the resources to maintain engagement.

Conclusion

In the past 13 years, 82 community currency systems using printed money have been attempted in the United States. This is a non-trivial movement that the U.S. social science community has paid little attention to. This study has attempted to determine which types of environments local currencies emerge and survive within. The environmental conduciveness arguments put forth here have received considerable support. General social movement resources are important for both local currency emergence and survival. Specific needs—economic marginality and self-employment—are important in characterizing the cities in which community currencies are attempted.

A larger issue—not yet addressed here—concerns the failure rate. Only 20.7% (17/82) of the attempted U.S. local currencies are currently operational. This is a high mortality rate for a rather new social movement. Even Ithaca Hours, the “early riser” (see Tarrow 1998) and leader, is in decline (Jacob et al. 2004b). While the specific organizational determinants of local currency success is being pursued in ongoing research by the author, interviews with system administrators clearly indicate that U.S. community currency systems face two common problems. First, leadership burnout is frequent and these systems are having a difficult time recruiting volunteers to invest the substantial time required to administrate these alternative economies. Second, participant recruitment is equally problematic. Most administrators state that recruiting and maintaining active participant engagement in these systems is very difficult. There appears to be a “novelty effect” as new people join. However, local currencies must continuously circulate in order to be efficacious. In his analyses of LETS, Williams (1996b; 1996c; 1997) identifies the same problem and finds that systems need to recruit and maintain a “critical mass” of at least 50 active members to survive.

The evidence gathered in this research would suggest targeting the youth and the educated for participation in these systems. While these groups have not historically been very deprived, the young and the educated are more likely to participate in social movements generally given their biographical availability and sense of efficacy (see Flacks 1971; McAdam 1986; Dalton 2002).

At this point, the ability of the U.S. printed community currencies to empower the most economically marginalized and to revitalize low-income regions appears limited. In order to be more effective in meeting its primary goals, more systems must survive and serve as positive examples to other communities. While this is an *alternative* social movement, local currency

advocates should seek external political allies, as oppositional social movements typically do. The issues—poverty, unemployment, and underemployment—are major domestic policy matters that local, state, and national leaders have interests in. Greater exposure, endorsements, and political support are likely to aid this movement.

Considering the community currency movement as a whole, it is evident that LETS and Hours systems have been less successful in surviving than Time Banks. In the U.S., Time Dollars originated eight years before Ithaca Hours and there are four times as many active Time Banks today as Hours systems. The impressive growth of Time Banks UK also suggests that this model is more efficacious. The success of Time Banks is at least partially attributable to the fact that they tend to formally employ staff (paid in the national currency) to broker exchanges and they tend to be based in mainstream agencies (Cahn 2001; Seyfang 2004). Participants in Time Banks differ from those in LETS and Hours systems too. While the latter are favored by the educated and alternative (i.e., counter-cultural greens and anti-capitalists), Time Banks tend to be used more by the elderly and the poor. While all of these efforts can be considered community currencies, it is clear that there are substantial differences in the actual practices.

In concluding, the limitations of the research presented here should be stressed. This is a macro analysis concerning environmental conduciveness for a local, grassroots movement. Most social movement “action” occurs at the meso and micro levels with mobilization and recruitment (Klandermans 1997). Future research on community currency in the U.S. should center on coordinator and participant interviews and/or surveys. This study is also limited by the data source of the environmental variables. While Census data is reliable, its infrequent collection and lack of many desirable indicators hinder its utility in this form of research. Tests of

environmental conduciveness for social movement mobilization should be performed on a variety of movements with a variety of data sources.

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**Figure 1. Map of 80 U.S. Cities in which Community Currency Systems Using Printed Money have been Attempted
(Currently Active Systems Symbolized with Green Dots)**

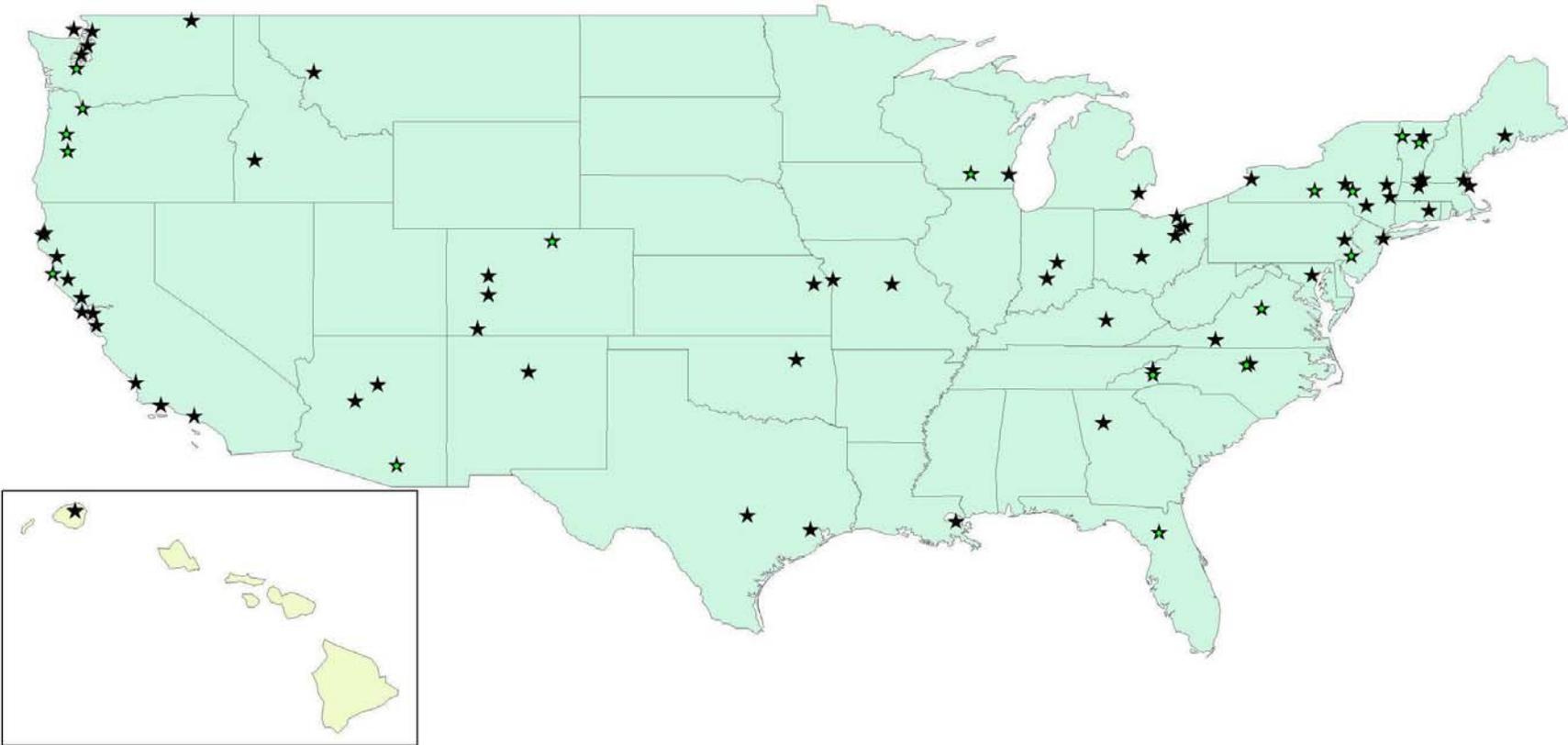


Table 1. Region of Attempted U.S. Community Currency Systems by Status

		<i>N</i>	<i>Total %</i>	<i>% Active</i>
<i>Northeast</i>	New England	10	12.2	20.0
	Middle Atlantic	10	12.2	30.0
<i>Midwest</i>	East North Central	10	12.2	10.0
	West North Central	3	3.7	0
<i>South</i>	South Atlantic	10	12.2	40.0
	East South Central	1	1.2	0
	West South Central	4	4.9	0
<i>West</i>	Mountain	10	12.2	20.0
	Pacific	24	29.3	20.8
	<i>Total</i>	82	100.0	20.7

Table 2. Descriptive Statistics and One-Sample T-Test Results (U.S. versus 80 Cities)

	<i>U.S. Population</i>	<i>Mean of 80 Cities</i>	<i>Std. Dev.</i>	<i>Minimum</i>	<i>Maximum</i>
Median Age	35.30	33.49**	5.88	22.00	48.40
Higher Degree	24.40	31.94***	14.52	7.20	74.40
Percent College Students	6.21	13.61***	12.64	0.93	57.76
Percent White	75.10	77.11	19.34	12.30	98.10
Percent Married	54.40	43.83***	8.46	23.40	65.40
Percent Owners	66.20	51.88***	11.42	26.00	84.00
Percent Stable Residents	54.10	46.24***	10.20	19.40	64.30
Percent Native to State	60.00	55.34**	14.72	17.10	87.40
Total Population	-	209641.31	418336.33	432.00	2465330.00
Population Density	-	3298.37	4266.04	47.80	34916.60
Household Income	50046.00	47006.01*	12831.23	30286.00	117574.00
Percent in Poverty	9.20	11.49***	5.31	3.00	29.30
Percent Unemployed	3.70	4.36**	2.34	0.40	18.60
Percent Self-employed	6.60	8.06*	5.29	2.30	34.00
Percent Not in Labor Market	36.10	35.79	5.72	24.90	51.90

N = 80

*** p<.001, ** p<.01, * p<.05

**Table 3. Independent-Samples T-Test Results:
General Social Movement Resources and System Status**

	<i>Active System</i>	<i>N</i>	<i>Mean</i>	<i>Std. Dev.</i>
Median Age	No	64	34.27	5.70
	Yes	14	30.11*	5.88
Higher Degree	No	64	29.49	13.78
	Yes	14	41.36**	14.46
Percent College Students	No	64	11.27	10.80
	Yes	14	24.13***	15.94
Percent White	No	64	76.47	20.70
	Yes	14	78.58	13.24
Percent Married	No	64	44.83	8.51
	Yes	14	38.86*	7.15
Percent Owners	No	64	52.77	11.94
	Yes	14	47.58	8.74
Percent Stable Residents	No	64	48.01	9.58
	Yes	14	39.45**	10.38
Percent Native to State	No	64	56.94	14.92
	Yes	14	50.15	12.64
Total Population	No	64	208342.14	429877.63
	Yes	14	234017.29	405605.82
Population Density	No	64	3244.77	4637.99
	Yes	14	3650.79	2472.75

***p<.001, **p<.01, *p<.05

**Table 4. Independent-Samples T-Test Results:
Specific Environmental Conduciveness and System Status**

	<i>Active System</i>	<i>N</i>	<i>Mean</i>	<i>Std. Dev.</i>
Household Income	No	64	46452.11	13551.74
	Yes	14	48148.43	9591.68
Percent in Poverty	No	64	11.77	5.62
	Yes	14	10.96	3.62
Percent Unemployed	No	64	4.26	1.80
	Yes	14	4.94	4.13
Percent Self-employed	No	64	8.53	5.78
	Yes	14	6.14	1.52
Percent Not in Labor Market	No	64	35.68	5.81
	Yes	14	37.13	5.22

***p<.001, **p<.01, *p<.05

Appendix A

The 17 Active U.S. Community Currency Systems Using Printed Money

<i>System Name</i>	<i>City</i>	<i>State</i>	<i>Internet URL</i>
Tucson Traders	Tucson	AZ	http://tucsontraders.net/
Humboldt Exchange (formerly Humboldt Exposure)	Arcata	CA	
Northern Colorado Local Currency and Barter Project	Fort Collins	CO	http://www.fortnet.org/nclcbp/
Gainesville Barter Network	Gainesville	FL	http://www.palmstone.com/barter/index.html
Earthaven Leaps	Asheville	NC	
NCPlenty, Inc.	Chapel Hill	NC	http://www.ncplenty.org/
Ithaca Hours	Ithaca	NY	http://www.ithacahours.com/
Oneonta Hours	Oneonta	NY	
Corvallis Hours	Corvallis	OR	http://www.hourexchange.org/
Emerald Ecos	Eugene	OR	http://emeraldecos.org
Cascadia Hour Exchange	Portland	OR	http://www.cascadiahourexchange.com/
Equal Dollars	Philadelphia	PA	http://www.rhd.org/equal.html
Charlottesville Barter Network	Charlottesville	VA	http://www.tradelocal.org/barter/
Burlington Currency Project	Burlington	VT	http://www.burlingtoncurrency.org/
Green Mountain Hours	Montpelier	VT	http://www.greenmountainhours.org/
OlyBarter Network (formerly Sound Exchange)	Olympia	WA	http://olynetwork.com/sX/
Madison Hours	Madison	WI	http://www.madisonhours.org/

The 65 Inactive U.S. Community Currency Systems that Used Printed Money

<i>System Name</i>	<i>City</i>	<i>State</i>	<i>Internet URL</i>
Flagstaff Neighbor Notes	Flagstaff	AZ	http://www.flagteaparty.org/Subjects/FNN/FNN_Home.html
High Desert Dollars	Prescott	AZ	
Humboldt Local Currency Project	Arcata	CA	
Berkeley Barter Network	Berkeley	CA	
Berkeley Bread	Berkeley	CA	
Sand Dollars	Bolinas	CA	
Humboldt Hours	Eureka	CA	
Mendocino SEED	Fort Bragg	CA	
Sequoia Hours	Garberville	CA	
Area Bucks	Palo Alto	CA	
Santa Barbara Hours	Santa Barbara	CA	
San Luis Obispo Hours	San Luis Obispo	CA	
Santa Monica Hours	Santa Monica	CA	
Sonoma County Community Cash	Santa Rosa	CA	
Ukiah Hours	Ukiah	CA	http://www.greenmac.com/hours/
Carbondale Spuds	Carbondale	CO	
Community Cash	Durango	CO	
North Fork Helping Hands	Paonia	CO	
Thread City Bread	Willimantic	CT	
Atlanta Hours	Atlanta	GA	
Kauai Barter and Trade Network	Kilauea	HI	http://www.realkauai.net/Barter/Coconut.php
Boise Hours	Boise	ID	
BloomingHours	Bloomington	IN	http://www.bloomington.in.us/~blmghour/
Barter Bucks	Indianapolis	IN	
REAL Dollars	Lawrence	KS	http://lto.lawrence.ks.us/
Berea Bucks	Berea	KY	
Mo' Money	New Orleans	LA	http://members.aol.com/ALinNOLA/MoMoney.html
Amesbury Hours	Amesbury	MA	
Cape Anne Dollars	Gloucester	MA	
Valley Dollars	Greenfield	MA	
Baltimore Hours	Baltimore	MD	http://www.geocities.com/baltimorehours/

P.E.N. Neighborhood Exchange	Takoma Park	MD
Waldo Hours	Unity	ME
Great Lakes Hours	Detroit	MI
Columbia Hours	Columbia	MO
Kansas City Barter Bucks	Kansas City	MO
Missoula Hours	Missoula	MT
Bull City Bucks	Durham	NC
Mountain Money	Mars Hill	NC
Brattleboro Hours	Chesterfield	NH
Santa Fe Hours	Santa Fe	NM
Capitol Area Self-Sustaining Hours	Albany	NY
Brooklyn Greenbacks	Brooklyn	NY
Buffalo Hours	Buffalo	NY
Stoneridge Hours	Kerhonkson	NY
Columbia County Hours	Philmont	NY
Chenango Hours	New Berlin	NY
Summit Hours	Akron	OH
Wooster Hours	Apple Creek	OH
Cuyahoga Hours	Cleveland	OH
Simply Hours	Columbus	OH
Portage Hours	Kent	OH
Tulsa Hours	Tulsa	OK
Lehigh Valley Barter Hours	Bethlehem	PA
Dillo Hours	Austin	TX
Houston Hours	Houston	TX
Floyd Hours	Floyd	VA
Blue Money	Brattleboro	VT
Buffalo Mountain Hours	Hardwick	VT
Bainbridge Island Bucks	Bainbridge Island	WA
Kitsap Hours	Bremerton	WA
Kettle River Hours	Kettle Falls	WA
Lopez Island Hours	Lopez Island	WA
Skagit Dollars	Mount Vernon	WA
Milwaukee Hours	Milwaukee	WI

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