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## BUILDING TRUST: EXPLORING THE ROLE OF COMMUNITY EXCHANGE AND REPUTATION.

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### ABSTRACT

This paper identifies trust as a current crucial challenge for sustainability. Our increased reliance on exchange, specifically where the exchange involves ambivalent trust is a further aspect of this challenge. Ambivalent trust refers here to conflict between our desire to trust others and a reticence to do so, given evidence of opportunism, particularly with regard to strangers. Negotiated exchange is proposed as necessary to account for ambivalent trust. This paper seeks to investigate the potential of addressing ambivalent trust via negotiated exchange using community exchange. Community exchange is a hybrid currency system between monetary exchange and gift exchange. This paper uses the case study of a recently commenced project in North-West Tasmania, Australia, called CENTs – Community Exchange North-West Tasmania, to analyse these dynamics. CENTs aims via a series of stages to build trust and then incorporate the concept of a reputation currency. Although in the early stages of development, to date CENTs is showing potential to build trust via the concept of community exchange, albeit on a necessarily incremental basis.

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## 1. INTRODUCTION

The co-evolution of social and ecological systems has involved dramatic changes to our environment and significant levels and variety of unintended consequences (Ison, Roling et al. 2007). This paper focuses on one particular unintended consequence, that of decreased levels of trust. Trust is a fundamental requirement for any social species to survive (Valentini and Kruckeberg 2011). It has become even more important in recent times given our increased levels of interdependence, particularly with unfamiliar others. Here trust essentially refers to the requirement that individuals must have confidence they can meet both their basic physical needs and psychological needs through interaction with others and the environment. There can be no cooperation and no individual or collective action unless a minimum level of trust both in each other and in our broader environment can be maintained (Lewis and Weigert 2012). This includes a confidence we will not be deliberately harmed during interaction with others or the broader environment. This becomes even more significant whereby Beck and Levy (2013) note that modern society is accompanied by increased risks to our wellbeing. In turn a major problem for trust is our ability to control self-interest in the face of stress, that is, threats to our sense of security. Claims by authors such as Dawson (2012) of trends of increasing individualism support the view that levels of self-interest are problematic in the modern era, likewise evidence of dysfunctions such as corruption, many other forms of crime and increasing litigation. This paper hypothesises that we could be approaching "peak trust", where trust could be reaching such a low level as to compromise the functioning of our social systems. On the other hand, there are also signs that there is mobilisation towards the increasing of the underlying bases of trust (Rifkin 2009). For example, civil society may be consciously or unconsciously seeking to ameliorate the effects of what many commentators report as a reduced capacity of governments to respond to the complexity of modern times to meet human needs (Adler and Heckscher 2005), and in doing so are promoting trust.

This paper seeks to firstly analyse some of the reasons why trust may be significant for sustainability. The second aim is to investigate ways in which community exchange may be able to increase trust. In particular, it is proposed community exchange may be able to help address ambivalent trust via the use of negotiated exchange. Towards these aims this paper will proceed as follows. The methodology will be outlined in the next section. The concept of sustainability will then be briefly discussed. Trust (particularly generalised trust) will then be examined for its significance to sustainability, and the rationale given for the concept of ambivalent trust. The significance of norms will then be discussed in relation to their influence on human behaviour, assumed as a crucial element in maintaining trust. Community exchange will then be briefly analysed as a mechanism of progressing towards building trust. The case study of Community Exchange North-West Tasmania (CENTs) will finally be discussed in terms of outlining a

succession of stages towards trialling a reputation currency as a mechanism to scale up community currencies beyond the small group level, with the aim of building both community capacity and generalised trust.

### 1.1 Methodology

Grounded theory was the main methodology used for this paper. As Linden (2006) notes, grounded theory is particularly useful for the study of complex, dynamic systems. It relies on continuous comparison of data (Strauss and Corbin 1994) which for this dissertation originated from a range of largely inter-disciplinary areas such as socio-economics, ecological economics, neuro-economics, economic anthropology, political economy, political ecology, security studies and peace studies. Data was sourced from not only monographs and journal papers, but also newspaper articles, the grey literature and the non-print media. The core categories around which data was sought was in relation to trust, the satisfaction of human needs, and the effect of governance on human need satisfaction in general and trust in particular. In using grounded theory the purpose was to generate concepts and examine relationships between the concepts that help explain and account for human behaviour in relation to sustainability. It involved a cyclical process of collecting, coding and analysing the data to produce the theories inductively (Strauss and Corbin 1994). Instead of developing hypotheses early in the research which may reflect researcher bias, the research seeks to engage with the perspective of those entities or people within the system (Strauss and Corbin 1994).

Ethnography and participant observation were the other main methodologies used. This was based on a case study, involving analysing a new project in North-West Tasmania, Australia called CENTs – Community Exchange North-West Tasmania. A period of observation was conducted between the 1st of January 2013 and the 30th June 2013. The researcher is a participant in CENTs and therefore was able to gain insight via participant observation into the dynamics of the project over this period. Document analysis also formed part of the methodology where the official governance documents were scrutinised to shed light on the extent to which the project had evolved to date to deal with trust and/or a lack of trust.

## 2. SUSTAINABILITY AND TRUST

This paper is based on an assumption that integral to sustainability, in essence human survival and thriving, is how well our social systems and ecosystems function to ensure human needs are met. It is further assumed that well-functioning social systems will contribute substantially to well-functioning ecosystems (however it is outside the scope of this paper to discuss this further). In turn this paper identifies trust as a major requirement of well-functioning social systems. As has been discussed, trust provides the fundamental basis by which people can confidently interact with other while being reasonably confident of meeting their own needs. A common definition of trust is "to have a firm belief in" (LaTrobe University 1976). What

is generally implied for example in the substantial amount of social capital literature, is trust in goodwill (Adler 2001). In other words confidence in reciprocity is important, that one will not be treated as a means for someone else's ends. Trust includes confidence that one will not be exploited, in the literal sense of not being used for profit or personal gain, and therefore the belief that others are willing and able to act in our own best interest. This aligns with the conception of trust provided by Fukuyama (quoted in Lawrence 2009; pg 325), who uses the term social trust, that is the level of trust in a society, as "the expectations that arise within a community of regular, honest cooperative behaviour, based on commonly shared norms, on the part of the members of the community". Without the confidence that in interaction with others, we will be able to meet our needs social interaction would not be possible, and given that humans are social species, well-functioning social systems would be much more difficult to achieve.

Four further points are noted about trust. Positive social relationships depend on trustworthiness, which currently is compromised by ambivalent trust. The meaning of ambivalent trust is indicated by the definition of ambivalence as 'having opposite and conflicting feelings about something' (LaTrobe University 1976). It is contended that an unintended consequence of genetic-cultural evolution, in particular increased interdependence has generated a conflict whereby we still have an innate need for self-determination, but this need is often thwarted by culturally evolved governance systems. The result is that while we have a need to contribute to the meeting of our own needs, to those of others and to society in general, we are not actually compelled to contribute and/or there are fewer and fewer opportunities to contribute. Structural unemployment is one significant contributor to this lack of opportunities (Ford 2013). Although reciprocity is an innate norm and hence we tend to believe that at least those we have regular contact with are likely to be co-operators (Fehr, Fischbacher et al. 2002), evidence that levels of opportunism also exist (Rees 2010) leads to a level of ambivalent trust. We want to trust that others will do the right thing by us and for our systems in general, but we also know that in some cases it is naïve or 'blind trust' (Gambetta 2000) to believe that everyone will behave in that way.

The second point is as Wollebæk (2012) et al state, generalised or systems trust is in the first instance influenced by socialisation; we gain personal trust through repeated interaction during the socialisation process. Community initiatives such as community exchange is one important way that repeated interaction can lead to increased trust. Lastly the concept of transitive trust is useful in alluding to how reputation can become the basis of generalised trust. This concept can be traced to the literature on trust and reputation systems via information technology (that is, online service provision), whereby "trust can be calculated through opinions gained from a network of interconnected contacts" (Lawrence 2009). If A trusts B, and B trusts C, then A trusts C; it is not necessary for A to know C directly.

In other words, a third party can verify the trustworthiness of an individual.

Trust is identified by Adler (2001) as the coordinating mechanism of communities which is more effective (for example by lowering costs, in particular transaction costs) than the market and state with their coordinating mechanisms of self-interested exchange and command and control (Rodríguez-Pose and Storper 2006). Coordinating mechanisms in essence refer here to the means by which people are motivated to cooperate firstly for self-provision and secondly to contribute to the provisioning of others. Substantial resources (such as for the judiciary) are expended in many societies due to a lack of trust (Nock 1993), that is, the belief that there is a high probability that people will engage in opportunism, in particular wariness of exchanging with unfamiliar others.

It can be seen therefore that any collective action does require trust. Face to face relationships as the essence of geographic communities are the basis for interpersonal trust to develop, when people have regular contact with each other (Bachmann 2001) and are able to verify for themselves the goodwill or otherwise of the members of their community. However over time we increasingly have come to rely on impersonal exchange which by definition does not involve regular face to face relationships, yet trust is still required if efficient systems are to be maintained. Trust in broader systems, here called generalised trust, but also known as institutionalised or abstract trust (Bachmann 2001; Covey 2006; Wollebæk, Lundåsen et al. 2012) is then needed to ensure large-scale cooperation. Generalised trust is defined as a general level of confidence that people in general will act during exchange interactions in the interests of the individual, and that norms and institutions also support both the interests of the individual and the collective. This brings us to the topic of norms; the next section will discuss the power of norms, and their relation to trust.

### 3. NORMS AS RULES, INSTITUTIONS AND HABITUAL BEHAVIOUR

Norm are assumed in this paper in the first instance to refer to an abbreviation of "normal behaviours", which points to the power of norms as a motivating mechanism: we have an innate need to be seen as "normal", and generalised trust relies on 'normalcy'. This paper adopts McAdam's (1997) definition of norms as "informal social regularities that individuals feel obligated to follow because of an internalized sense of duty, because of a fear of external ... sanctions, or both" (also see Parisi and Wangenheim 2006).

Norms function in a social sense to reconcile self-interest with other-interest, in other words, norms are vital to cooperation and engendering collective action. Norms along with institutions can be seen as providing the "rules of the game" (Masahiko 2007); the means by which incentives are provided and the actions of large numbers of individuals coordinated. Innate norms such as strong reciprocity, self-interest and wariness of strangers (also known as recipro-

caution wariness, see Perugini, Gallucci et al. 2003) have all evolved to solve problems in the past, which Boyer and Peterson (2012) call the ‘naturalness of institutions’ or ‘intuitive institutions’. Over time there have been many significant changes in our socio-ecological environment, including the numbers of people that we exchange with and the extent of division of labour and therefore levels of interdependencies. For much of our history we only exchanged largely with those we had face to face relationships with, and division of labour was limited. Our natural wariness of strangers seems to have evolved into a wariness of reciprocal exchange beyond small groups. This paper maintains that since we have an innate motivation for reciprocal exchange, and we have the capacity to change norms that govern exchange processes, we can re-establish norms of reciprocal exchange to those we are unfamiliar with. While norms necessarily involve habitual, unconscious behaviours which are difficult to change, recent research on plasticity of the brain does indicate a human ability to change deeply ingrained behaviours (Tomer 2012).

Innate norms are distinguished in this paper from learned norms, in that innate norms are genetically ‘hard-wired’, while learned norms originate via cultural mechanisms, in particular by social (largely unconscious) learning, including imitation (Buenstorf and Cordes 2008). The norm of strong reciprocity includes both positive and negative reciprocity, which refers in turn to internal and external sanctioning. Sanctioning refers to rewards and punishments, as a result of co-evolution we gain internal rewards (pleasurable feelings) when we engage in reciprocal exchange, and experience internal punishments (unpleasurable feelings such as guilt or shame) when we fail to reciprocate (Kolm 2008). Negotiated exchange, as one of the topics of the next section, recognises that internal sanctioning is not a perfect mechanism to ensure we always act pro-socially, including to overcome ambivalent trust, hence some form of external sanctioning is warranted.

#### 4. RECIPROCAL AND NEGOTIATED EXCHANGE

The aim of this section is to highlight the difference between reciprocal exchange and negotiated exchange. In essence reciprocal exchange is based on trust since it relies on the assumption of the dominance of the norm of ‘give and you shall receive’, that is, reciprocity, without having to use external means of ensuring compliance of reciprocity. The main significance regarding reciprocal exchange is that it has proven over millennia that it operates effectively at the small group level and does show potential to be scaled up to the broader level by the use of reputation. Reciprocal exchange refers to the giving of benefits for benefits received (Lawler, Thye et al. 2008), without concern about timely equivalence and therefore no formal accounting mechanisms are used. Reciprocal exchange typically occurs in families and small groups where no record is kept of who does what for whom; in families kin altruism is the invisible hand which ensures basic needs are met. Merely returning a favour however is not sufficient for ongoing

cooperation; rather negative sanctions are required as well to ensure those who do not reciprocate are punished for example by the use of shame (Bicchieri and Muldoon 2012). An assumption of this paper is that often in families and small groups the use of negative sanctions has been diluted and has become less adequate in governing behaviour, hence the need for small group sanctions to be supplemented by external sanctions, in the first instance via negotiated and contractual exchange. In general therefore reciprocal exchange assumes little or no levels of ambivalent trust, and therefore currently cannot generate sufficient levels of pro-social behaviours.

Negotiated exchange however does take account of ambivalent trust, which involves a level of external compulsion to reciprocate. Negotiated exchange refers to using communication such as deliberation to reach agreement on the nature of the exchange, such as what resources are provided by whom, and the nature of the return benefit. Contractual exchange refers to reciprocity backed up by legal sanctions with the expectation of timely equivalence dependent on rigorous accounting mechanisms. Monetary exchange is an obvious case of contractual exchange with severe consequences for sustainability, as will be discussed. It is unrealistic however to rely on only reciprocal exchange in the short term; limited cognition (Nock 1993) and opportunism norms (ambivalence) indicate that negotiated and contractual exchange still have a role in increasing confidence in other media of exchange apart from money. The concept of communities and community exchange will now be discussed to help analyse their capacity for decreasing reliance on money as a medium of exchange.

#### 5. COMMUNITY

The definition of community that Gintis (2002; pg 421) proposes is used here, being “a group of people who interact directly, frequently and in multi-faceted ways”. Therefore it is connection rather than affection which is important, and the reliance on direct and frequent interaction implies the significance of place, therefore this paper use a geographic conception of community. This concept of community used for this paper brings together a number of other concepts – such as localism (Curtis 2003; Stoker 2008), voluntarism or intrinsic motivation (DeCaro and Stokes 2008), decentralisation (M’Gonigle 1999), social capital (Bowles and Gintis 2002), non-monetised exchange (Altman 2005) and of networks (Ison, Roling et al. 2007). For instance Gintis (2002) regards the essential elements of social capital – such as trust and reciprocity - as comprising the basis of community governance. And Ison et al (2007) point to community-based networks as based on social learning as the basis of a third alternative to the market and state as governance mechanisms.

All these concepts point to human interaction outside the market and the state spheres, and in one sense could ultimately be related to the motivation that Arvanitakis (2009) ascribes to why we seek community, being “the desire to share hope, trust and a sense of safety”. Likewise Soder (2008) notes that feelings of community are increased

when community members trust that others in the community will help them in times of need, indicating the importance of safety and security as motivation to seek community involvement. This highlights Adlers (2001) thesis of trust as a coordinating mechanism operating via communities as an alternative to hierarchy and markets.

For this paper one particular advantage of geographic communities is that face to face interaction can be seen as the foundation of interpersonal trust. Therefore just as Hinrichs and Kremer (2002) note that people's specific economic and social relations with others in the community shape their experience of community, experiences with community also shape generalised trust. It is in geographical or place based communities that we inevitably engage in exchange and social interaction, and where social learning occurs. And as Lehtonen (2004) implies, participation, dialogue and deliberation are easier in community settings than in non-face-to-face situations. The literature on deliberative democracy (Pelletier, Kraak et al. 1999), participative democracy (Eriksson 2012), and agonistic democracy (Crowder 2006) all point to the many advantages and further to the imperative of deliberation. As Holland (in Spash 2008) notes, deliberation can lead to participants to modify their values and beliefs particularly in negotiating conflict, and a 'collective conscience' can emerge (and continually evolves) via discourse and reflection (Pelletier, Kraak et al. 1999).

The limitations of communities include a tendency to be exclusive, where members privilege their own members and may be hostile to non-members (Schragger 2001). It is difficult to separate the dysfunctional effects of community action between the distorting effects of maladaptive institutions (Beddoe, Costanza et al. 2009), and the amplifying effect of collective action on the weaknesses of human nature. For example, humans appear to have inherited a wariness of strangers, which may be fairly benign in an individual, but at the group level can lead to substantial violence (Eidelson and Eidelson 2003). This paper assumes that both maladaptive institutions and the amplification of human weaknesses can impact on the extent to which communities can manage trustworthy behaviours of their members. In other words, communities by themselves are not necessarily always functional; being embedded in wider networks such as co-governing with the State may be necessary, particularly in the short term. Networks therefore are identified as being able to assist communities in being more open and inclusive. To summarise, communities appear to have a 'unique capability' (Pillora and McKinlay 2011) of having the flexibility and motivation to develop and spread specific norms, with the proviso of being supported by wider networks. The potential of community exchange to develop and spread specific norms will now be discussed.

## 6. COMMUNITY EXCHANGE

This paper uses the term community exchange to cover what many others describe as community currencies (Seyfang and Longhurst 2013), complementary currencies

(Smith and Seyfang 2010), local currencies (Colley 2011), and/or social currencies or social money (Primavera 2001; Primavera 2010). Using Lietaer and Hallsmith's (2006: p 2) description, these all refer to "an agreement to use something else than legal tender (i.e. national money) as a medium of exchange, with the purpose to link unmet needs with otherwise unused resources".

A number of inter-related benefits of community exchange can be identified supporting the rationale for experimentation with these as an alternative to money. Firstly the case is made however of the problematic aspects of monetary exchange. Adam Smith (in Smith 1998) in his work "The Wealth of Nations" theorised that people acting from their natural self-interest would lead to an efficient market mechanism which would maximise the gains from trade to benefit all. As Lynch (2008) notes therefore "legitimated market egoism" is morally defensible, even required behaviour for all citizens. However therein lies the view of a number of writers that market society carries the "seeds of its own destruction" (Belousek 2010), specifically that it undermines the moral foundation on which it depends. This paper identifies the basic conundrum that for the market to operate, it requires not only self-interest and competitiveness, but it also requires a level of trust that there is a limit to which people will act in their own self-interest and disregard the interest of others. However as Vohs et al (2006) state, "money evokes a view that everyone fends for him- or herself". Levels of corruption and litigation are but two examples of 'market failure', the failure of the market to ensure sufficient levels of cooperative behaviours. Market exchange therefore depends on a fine balance between self-interested behaviours and other regarding behaviours, but appears to be too successful in promoting self-interested behaviours. As mentioned, this paper assumes that it is self-interestedness that is a major issue for sustainability, that is that it makes the maintaining of functioning social systems difficult. Therefore monetary exchange can be seen as problematic for sustainability in this sense.

Finally as Einstein (2009) notes, "Money as we know it today has crisis and collapse built into its basic design". Greco (2009) links this to the interest bearing nature of money which means that when money is created through loans requiring interest to be paid, even more money must be created in the future to pay back the interest. Thus a 'debt imperative' creates a 'growth imperative' - the amount of money must grow over time, which means that the volume of goods and services must grow over time as well. As perhaps increasing number of authors are noting, continual economic growth is not possible in a finite world (Jackson 2010; Alexander 2012; Douthwaite 2012). This is one of the fundamental issues compromising sustainability, but which is accompanied by substantial "societal self-deception" (Blühdorn 2007).

A third sense in which money can be seen as problematic is that money is kept artificially scarce (Greco 2001), resulting in the detrimental effect of a lack of money to mediate the fulfilling of basic needs. Authors such as Seyfang (2001)

have highlighted the connection between weak economies where money is particularly scarce and the popularity of community exchange systems. Argentina and Thailand are two examples of countries that have experimented with community exchanges linked to economic crises. At one level therefore, community exchange can address the problem of the lack of money in communities, and to recognise the vital work towards social reproduction which is generally under-valued in our current systems (Seyfang 2001).

Community capacity building is a further specific benefit of community exchange, particularly in terms of progressing towards community provisioning. The success of community exchange initiatives is in fact strongly correlated to the percentage of needs that can be met within the community. Colley (2011) estimates that perhaps at most 5% of needs currently tend to be met within community exchange schemes, therefore 95% of needs have to be paid for with the national currency. This indicates the huge potential for communities to increase capacity by increasing the percentage of needs met within the community such as via import replacement (while recognising however that there is a limit to the amount of needs that can be met within the community). In turn one important strategy for increasing the percentage of needs that can be met within community currency projects is inter-trading, that is, trading between initiatives that operate as separate groups. As will be discussed, the Community Exchange system that CENTs uses to manage trading is part of a worldwide network; a major feature of this system is the facilitation of trading with other groups.

## 7. REPUTATION CURRENCIES - BUILDING SYSTEMS TRUST

Inter-trading brings the issue to the fore of trust in potential trading partners, and the importance of reputation in facilitating that trust. Gothill (2011) refers to the significance of reputation (note that couch surfing involves those with some spare room in their house offering short term accommodation for travellers, mostly for people they have never met before); in the following quote:

“Apart from scalability, currencies in the broader sense change market dynamics. If one individual is able to receive guests into their homes through Couch Surfer, even without a realistic expectation of reciprocation from the guest, it is partly from generosity, of course. However, the currency amplifies this motivation, since it gives the host a reward for their gift. This reward is increased reputation in the Couch Surfing community. Reputation is of course intrinsically valuable in its own right: we tend to value the experience of being seen as trustworthy, helpful or otherwise generous. In addition, reputation is something which the host can leverage to become a guest themselves. A history of generosity on Couch Surfer helps the individual to receive gifts of accommodation back, from other people.

Currencies which measure social capital in such systems of exchange are in fact abundance-based: they can be created by anyone, according to need and an agreed set of rules.

That is: anybody who wants to gain a reputation currency to leverage in the future can do so, simply by providing value in a recognised system of exchange. The abundance mentality is assured by the fact that our ability to earn such currencies depends only on our capacity to create value for others” (p 1).

For this paper, reputation refers to the definition of Josang et al (2007: p 622) as “a collective measure of trustworthiness (in the sense of reliability) based on the referrals or ratings from members in a community”. There is an emerging body of work emanating from the field of information technology on trust and reputation systems, in response to the problem of trust in the huge increase of electronic exchange (Miller, Resnick et al. 2002). Since one issue being addressed in this paper is the loss of confidence in the capacity for reciprocity with unfamiliar others and with some familiar others, then communication of a person’s ability to cooperate becomes important to building generalised trust. Eisenegger (2009) delineates between social reputation, which he defines as one’s ability to “adhere to social norms and values in a responsible way”, functional reputation (level of competence) and expressive reputation (includes emotional intelligence), but all three can be seen as important in building generalised trust.

As Graeber (2012) states, reputation currencies tend to be a hybrid between the gift economy which tends to operate at the family level, and the pure market economy, in other words they involve patterns of exchange which can facilitate increased trust in reciprocity, but which guard against ambivalence. While there is still much work to be done to outline a practical proposal for a reputation currency, the general model proposed here would consist of something like affinity groups meeting regularly, part of which would be to update the reputation records of all in the group, according to such criteria as number of trades, the quality of the trades, quality of communication and general level of adherence to norms decided on by the group. It is the discussion in calculating scores/ratings that are perhaps as useful as the ratings themselves. The case study will now be analysed for its potential to build trust while accounting for ambivalent trust.

## 8. COMMUNITY EXCHANGE NORTH-WEST TASMANIA (CENTS)

The Community Exchange North-West Tasmania (CENTs) initiative began in 2011 with a grant from Skills Tasmania, the state government body responsible for the administration of vocational education and training in Tasmania. Skills Tasmania was interested in the potential of community exchange to increase the employability skills of people who are registered as unemployed. The project planning of CENTs to date can be seen to involve at least four phases: the governance stage, the building phase, the feedback stage and the reputational currency stage, with the latter two being the most experimental and largely untried elsewhere. The project is currently still in the building phase (with the governance phase to some extent being ongoing).

While there are many aspects of this project that could be discussed, two points are the focus for this paper. The first is the need felt in the initial stages to cater for ambivalence of contributions and ambivalent trust. Both to overcome this and to promote inter-trading, the second aspect is the planning of a reputation currency.

The governance phase firstly involved deciding on the structure of the system to be used (partly because of the large number of different systems available), and negotiating with government departments about the ruling of the status of CENTs "earnings": both of these took much longer than expected. The system that was chosen was a global network system originally set up in South Africa, called "The Community Exchange System (CES)". As Coetzee (2010) notes, it has experienced rapid growth from 123 exchanges in 17 countries in 2009 to 218 exchanges in 28 countries in 2010. It allows any individual in any exchange in any country to trade with anyone else in any other exchange.

With regards to government agencies, as is the experience elsewhere (Seyfang 2001), state pensions are not affected by involvement in CENTs, and credits only need to be counted as income for taxation purposes if they relate to a person's occupation. This, along with the issue of the time banking model on which CENTs is based, whereby everyone's time is valued equally (Boyle 2003), highlights broader questions relevant to the growth of CENTs. The issue of equality of valuation of time is one crucial aspect of CENTs, in terms of the difficulty of attracting people who can earn a much higher wage differential in the 'normal' economy for which there is not the space to discuss in this paper. Another aspect relates to whether there is scope for a further blurring of the public/private distinction such that work done in the CENTs project can be performed by those claiming state pensions, even when the work performed is of a private nature. Pension recipients of course can engage in CENTs on a completely separate basis to their receiving a state pension. However there does appear to be a major barrier as Williams (1996) notes, whereby one needs a level of self-confidence in one's skills to engage in community exchange projects, which may be a problem for those who have not been able to find employment, where, for example, self-esteem may be an issue (Hoare and Machin 2009). An element of compulsion (along with encouragement) in this case may assist with engaging job seekers in community exchange projects via Job Services Agencies. These are agencies that are contracted in Australia to 'manage' jobseekers, assisting them with finding employment, and ensuring they confirm to the requirements of 'mutual obligation', which as Breunig et al. (2002) state has led to increasing demands of job seekers to engage in 'meaningful activity'. However opportunities to provide meaningful activity in the public sphere are limited; what is much less limited are opportunities in the private sphere. CENTs members have a large variety of 'Wants' that are currently unmet, many of them requiring practical skills which can be learnt 'on the job' - increasingly recognised

as an effective way of learning for those disengaged from formal education.

One current barrier however to pursue formal involvement of job seekers with a project like CENTs is the prohibition of any arrangements which may be perceived as taxpayers money being used for private benefit. As we become increasingly interdependent however, the separation between public and private benefits tends to blur (Lynch 2007), and transparency for example may be a more pertinent principle. The building phase of the CENTs project aims to progress negotiation with the state over these structural issues which are currently creating a situation of an increasing number of job seekers having barriers to engaging in 'meaningful activities'. As Taylor (2003: 2) notes, "if a currency system can be seen to do things beyond itself, i.e. training, or environmental or socially just projects, outside of simply providing 'individual to individual' trading, then the government is more likely to negotiate ... [the rules]".

Setting rules in CENTs is an aspect of governance which is still currently evolving. Specifically much of governance arrangements evolve in response to experiences arising from interaction within initiatives. For example, one early experience in the CENTs project was of two traders who joined CENTs but then had to be de-registered following the discovery of indiscretions as members of another community exchange group. Specifically the members had accumulated a large debit as members of the previous group, and then left the group without a reasonable attempt to reduce the debit. Since there were signs that the members may repeat the same pattern in CENTs, after a warning they were de-registered. This contributed to the nature of the current rules, regulations and recommendations- for example, there is a limit to which members accounts can go into debit, and:

"The accounts of members exceeding this limit without approval will be "locked". This will allow the members in debit to earn units but not to spend until they have reduced their debit balance" (CENTs 2013).

Other issues have been in relation to differences of understandings between both parties of what is to be supplied, hence the following recommendation:

"In the spirit of CES/LETS, it is recommended that both parties have a written or verbal agreement before entering into a transaction and have a clear understanding of the units per hour, monetary requirements and specific instructions for the job which is fair and just to both members. This should be exchanged in an email prior to effecting trade so as there is documented evidence as to what has been agreed" (CENTs 2013).

Both these quotes illustrate the extent to which it has been necessary to actively attempt to reduce instances of abuse of trust in order to build trust in the overall system.

A brief note about the building phase of the project- given the relatively low numbers of the target population (ap-

proximately 110,000 people live in the North-West region of Tasmania), and the generally conservative nature of its culture, the growth in the membership in a fairly short space of time has been very encouraging (from 4 in December 2012 to 63 in May 2013, to 154 in December 2013).

The third phase of the project (tentatively planned to occur from 2015) will focus on building on the current ad hoc giving of feedback. This is mainly from the receivers of a good or service to the providers, but it could involve other types such as 360 degree feedback, where the suppliers also give feedback on their interaction with receivers. Feedback is an important concept in socio-ecological systems which in one sense can merely be described as an influence or message that communicates information about the results of a process or activity back to the source of that process (Capra in Sundkvist, Milestad et al. 2005). Two ways that feedback can promote generalised trust are highlighted here. The first way is to reinforce internal sanctioning. It is assumed that there are two main elements to the evaluation of the quality of how well someone has performed a task for someone else; one's own evaluation and the evaluation of the buyer. Feedback either confirms or disconfirms our own evaluation, and can be a valuable learning tool particularly to the extent our own evaluation differs from the buyers. Overcoming ambivalent contributions is a further rationale for promoting feedback. For example feedback does not have to be restricted to a trade eventuating, it can also be useful when attempts are made to trade, but the seller is not forthcoming in communicating about supplying a particular good or service. Of course the reasons for the latter can vary widely and unfounded presumptions of ambivalence on the part of the potential seller can be very damaging. Reflexivity is therefore important to guard against this occurring. Feedback also acts to increase communication in general and therefore can act for example as a stimulus for deliberation. In conveying expectations about the quality of goods or services provided, there is the opportunity for the modification of values and beliefs. Feedback therefore can be seen as important in increasing generalised trust.

The fourth phase, which is currently envisaged as beginning in 2016, involves working towards a reputation currency, which could also involve the use of affinity groups. An affinity group is a group of people who in the first instance engage in learning and discussion together, and in the process offer mutual support (Seyfang, Haxeltine et al. 2010). Partly by knowing each other's strengths and weaknesses, the group can reinforce internal sanctioning to promote particular norms or behaviours. Greco (2009) uses the term "co-responsibility", where each member of the group shares the risk of other members in their group being opportunistic and ambivalent contributors. As Greco (2009) notes, keeping these groups small enables high levels of trust and 'democratic self-regulation'. Secondly generalised trust depends on these groups interacting with other affinity groups to enable inter-trading and increased confidence in strong reciprocity.

An immediate reaction about the suggestion of affinity groups may be that social engineering such as this implies would never be palatable to a large amount of the population, who value individualism and privacy, and have low levels of confidence in the feasibility of 'forcing' people to interact with others, who may be neighbours but nonetheless may not have a prior close relationship. However many workplaces today have that very same dynamic – they are comprised of people who do not choose each other as workmates. For up to 40 hours a week and sometimes more, people cooperate (more or less) with others towards particular goals (which furthermore individual workers often have no say in). The human species has therefore proven we are more or less capable of coordinating our actions particularly when concrete goals are involved.

CENTs is already working towards creating sub-groups based on geographical areas, each sub-group could then have a number of affinity groups. The main aim of the sub-groups is to have a coordinator for each group, who can help facilitate trade and build interpersonal and hence generalised trust. The issue however for inter-trading with for example groups in other states of Australia is of trust where there is in even further instances of social distance, hence the significance of reputation.

## 9. CONCLUSION

This paper sought to address the significance of trust for sustainability and then to analyse some of the potential of community exchange to increase trust. The two main hypotheses this paper has proposed to address these research questions are that firstly trust is vital for sustainability since it is ultimately the only basis by which humans can interact to ensure human basic needs can be met. The corollary is that trust provides the basis for cooperative behaviours that can be maintained in the long term. Secondly, community exchange particularly to the extent it involves face to face relationships as a basis for interpersonal trust, providing in turn a basis for generalised trust, is proposed as having significant potential to increase trust and hence sustainability. Furthermore since community exchange is based to some extent at least on basic needs it is more likely to attract a wider support than if it focussed on non-basic needs. Community exchange uses negotiated exchange as a hybrid between gift exchange and monetary exchange to account for ambivalent trust. It recognises that there is currently likely to be insufficient levels of trust necessary to support a "leap of faith" in trusting those we don't know. Reputation is one mechanism which can help increase generalised trust by the use of third party verification of trustworthiness. The Community Exchange Network Tasmania (CENTs) project illustrates the potential of community exchange to use negotiated exchange and reputation to increase both trustworthiness and trust. As Greco (2009) states, the fundamental requirement in any currency system is to assure reciprocity, whereby participants must contribute as much value to the community as they take out. Restoring this as a basic norm is one ultimate aim of the CENTs project.



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