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The Role of the Third Sector in Paving a 'Third Way': Some Lessons From Local Eexchange and Trading Schemes (LETS) in the United Kingdom

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INTRODUCTION

New Labour has clearly spelled out that the third sector is to play a decisive role in the implementation of the 'Third Way', the philosophical framework that serves as the guiding principle of this Government (e.g., Blair, 1998; Blair and Schroder, 1999; Giddens, 1998, 2000; Hargreaves, 1998; Leadbeater, 1999). But although a number of policy initiatives are well underway, such as Compact, the various New Deal programmes and the Active Community Unit, there remains much confusion not only about what constitutes this Third Way but also about the role of the third sector in bringing it about.

The Third Way proposed by New Labour is asserted to be the only comprehensive ideological framework that challenges the neo-liberal market consensus (see Giddens, 1998, 2000; Halpern and Misokz, 1998; Hargreaves, 1998). By naming it the 'Third Way', the suggestion is that its beliefs, aims and programmes transcend not only the currently dominant neo-liberal approach, based on a laissez-faire regime and the deregulation of economic and social life, but also the old-style social democratic welfare states that typified industrial society, based on the stringent regulation of economic and social affairs and state-led provision (e.g., Giddens, 1998, 2000; Hargreaves and Christie, 1998). The idea, therefore, is that 'progress' lies neither in adopting a laissez-faire approach nor in following the path of top-down state regulation and provision (e.g. Powell, 1998).

If it is definitely known what the Third Way is not, there is lesser consensus in identifying what it is. Indeed, some go so far as to argue that because the role, practical policy implications and potential impacts remain vague, the 'Third Way' suffers from a 'fundamental hollowness' (The Economist, 1998, p.49). This is perhaps too harsh a criticism. Rather than view the Third Way as a vague piece of rhetoric or the triumph of style over substance (e.g., Hall, 1998; Kusnet and Teixeira, 1999; Mouffe, 1998; Ruistin, 1999), its ill defined nature is perhaps better explained as being because the exact definition and composition of this new politics is highly contested (see, for example, Halpern and Mikosz, 1998; Giddens, 1998, 2000; White 1998).

To see that the Third Way is a new philosophy, but one that is subject to heated debate, we here explore the competing views over the role of the third sector in paving a Third Way. To commence therefore, we outline the two major approaches regarding how this sector should and could be used to pave a Third Way. First, there is the view that its key role is to create jobs, improve employability and thus fill the jobs gap left by the private and public sectors. Second, there is the view that its principal role is to facilitate community self-help in order to provide alternative means of livelihood beyond employment (e.g., Chanan, 1999; Macfarlane, 1996; Williams and Windebank, 2000). In a bid to engage with this debate, the effectiveness of a prominent third sector initiative in fulfilling these two contrasting roles is assessed. Evaluating Local Exchange and Trading Schemes (LETS), we reveal that although policy has up until now focused upon its ability to create jobs and improve employability in order to achieve 'full-employment', these initiatives are most effective at facilitating community self-help and thus promoting 'full-engagement'. We thus conclude by exploring the implications of these findings for the role assigned to the third sector in paving a Third Way as well as the constitution of the Third Way itself.

INTERPRETATIONS OF THE ROLE OF THE THIRD SECTOR IN PAVING A THIRD WAY

The centrality being accorded to the third sector in paving a Third Way has been seen as necessary for a multitude of different reasons (see, for example, Beck, 2000; Giddens, 1998, 2000; Hargreaves, 1998; Jordan, 1998; Powell, 1998). All, however, agree that one of the most significant stimuli for this rethinking of the role of the third sector is 'the employment problem'. Throughout all advanced economies, a large number of people of working-age do not have a formal job. In 1999 for example, 37.9 per cent of the population of working-age in the European Union were jobless and 29.4 per cent in the UK (European Commission, 2000). This employment problem, moreover, is not receding over time. In the European Union for instance, the employment participation rate has hovered between 59.3 per cent and 63.3 per cent between 1975 and 1999. In the UK, meanwhile, despite all of the talk of 'full-employment', the employment participation rate of 70.6 per cent in 1999 is lower than the participation rate in either 1990 or 1975 when it was 71.3 per cent and 70.8 per cent respectively. In consequence, over the past quarter of a century, neither the European Union nor the UK has moved any closer to full-employment. Indeed, by 1999, some 11.2 million working-age adults in the UK did not have a job (European Commission, 2000). If it is accepted that a significant narrowing of this jobs gap is unlikely in the near future or even beyond, a key question that has to be addressed is what to do with this quarter of the population of working-age without jobs.

For many, the third sector has been seen as providing one potential solution to this 'employment problem'. Situated between the private and public sectors of the economy and the informal networks of the family, kin, neighbourhood and community, this sector comprises private formal associations that pursue economically orientated collective self-help based on not-for-profit and co-operative principles (e.g., Chanan, 1999; Lorendahl 1997, Pestoff 1996, Westerdahl and Westlund 1998). How, therefore, can this third sector resolve the 'employment problem'? This is a hotly contested issue. Up until now, there have been two distinct answers given to this question. Here, each will be outlined in turn in terms of the role that the third sector is seen to play and the criteria used to evaluate the effectiveness of third sector initiatives.

Third sector as a job creator and springboard into employment

This first approach, which dominates current discourse, views the third sector as being able to help fill the jobs gap left by the public and private sectors (Archibugi, 2000; Community Development Foundation, 1995; ECOTEC, 1998; European Commission 1996, 1997, 1998; Fordham, 1995; OECD, 1996). Here, therefore, the value of the third sector lies in its ability to generate jobs and improve employability so as to facilitate a return to full-employment.

Consequently, the key issue is whether the third sector is capable of providing a new means of employment creation to complement the efforts of the public and private sectors. In an age of de-coupling of productivity increases from employment growth, the perception is that the private sector can no longer be relied upon to create sufficient jobs. Neither, moreover, can the post-war corporatist welfare state model be expected to spend its way out of economic problems. In this context, the third sector is seen as a potential solution. It is thus bolted onto conventional job creation programmes and policies either as an additional means by which employment can be created beyond the public and private sectors or as a means of providing people with a springboard to enter formal employment. This approach has steadily gained momentum not only throughout Europe but also North America (European Commission 1996, 1998; Mayer and Katz 1985). As evidence of its prevalence, one has only to note that the European Commission's major mechanism to stimulate the third sector is entitled the 'Third System and Employment' (see ECOTEC, 1998;

Haughton, 1998; Westerdahl and Westlund, 1998).

In this approach, therefore, the development of the third sector is seen to complement the current range of carrots and sticks used under the umbrella term of 'making work pay' that all seek to increase the numbers available for employment. These include tax credits, the minimum wage, national insurance and tax modernisation as well as the ‘welfare to work’ programmes (e.g., Bennett and Walker, 1998; DSS, 1999; Gregg et al, 1999; HM Treasury 1997, 1998; Hills, 1998; Oppenheim, 1998; Powell, 1998). The development of the third sector complements these policies to encourage people to take jobs in two ways. On the one hand, it provides additional job opportunities to those created by the public and private sectors for those spirited into the labour market. On the other hand, it improves their employability by enabling those excluded from the public and private sectors to maintain and improve their work-related skills. In this sense, the third sector is an essential supplement to the current 'making work pay' policy agenda. A job requires not only a person to be available but also a job opportunity and a suitably qualified person. The role of the third sector is to both provide these additional job opportunities and improve employability by helping people to maintain and acquire skills, develop self-confidence and self-esteem.

To evaluate the effectiveness of the third sector therefore, whether they create jobs and improve employability is assessed. Evaluation criteria include the number of formal jobs created by an initiative, its ability to facilitate skill acquisition and maintenance, whether it provides a test-bed for new potential formal businesses, its ability to develop self-esteem, and to maintain the employment-ethic.

Third sector as an instrument for facilitating community self-help

Others, however, have ascribed a different role to this sector founded upon the assumption that the return to a supposedly 'golden age' of full-employment is both unrealistic and illogical (see, for example, Beck, 2000; Gorz, 1999; Jordan, 1998; Macfarlane, 1996; Williams and Windebank, 2000). For these analysts, it is unrealistic because of the size of the jobs gap that needs to be bridged and the marked lack of success in narrowing this gap despite all of the efforts to do so in the advanced economies. It is illogical because to seek a return to an age of full-employment presupposes that such an era actually existed. This is not the case. Even in the supposed heyday of full-employment in the three decades or so after World War II, this was only an age of full-employment for men, not women and even then, only in a few advanced economies (Pahl, 1984; Williams and Windebank, 2001). Full-employment for both men and women has never prevailed. Consequently, to seek its return is seen to be a logical impossibility.

Based on these doubts about the feasibility of full-employment, the role of the third sector in the future of work and welfare is cast in a very different light. Rather than view the third sector as part of a strategy to achieve 'full-employment', this perspective instead interprets the principal role of this sector to be one of facilitating 'full-engagement'. By 'full-engagement' is meant a situation in which all citizens who are able can engage in work (either employment or community self-help) in order to meet their basic material needs and creative desires (see Mayo, 1996; Jordan et al, 2000; Williams and Windebank, 2000). As such, the role of the third sector is not just to create jobs and improve employability but also to facilitate community self-help activity. At the heart of this approach is thus an understanding of the need to reduce the perceived importance attached to conventional employment and recognise people's broader social contributions by valuing the vast and growing amount of self-help activity that takes place in society (cf. Levitas, 1998; Lister, 1997).

However, there is also an understanding that 'unless the laissez-faire approach towards self-help is transcended and pro-active policies developed, the exploitation and socioeconomic inequalities inherent in such work will continue to prevail' (Williams and Windebank, 2000, p.365). Those excluded from employment that is, are also those least able to draw upon self-help and mutual aid in order to meet their needs and creative desires (see Leonard, 1998; Pahl, 1984; Renooy, 1990; Thomas, 1992; Williams and Windebank, 1999, 2000). In order to improve what Sen (1998) calls the 'capabilities' of people to help themselves therefore, there is a need for instruments that can facilitate community self-help. This is where the third sector comes into the equation. Its role is to provide access to opportunities for reciprocity in order to stem the degradation of the social fabric in terms of the capability for reciprocal exchange (e.g., Chanan, 1999; Macfarlane, 1996; OECD, 1996).

This relative inability of the unemployed and low-income groups to engage in reciprocal exchange occurs for at least four reasons that have been widely identified (e.g., Komter, 1996; Leonard, 1998; Pahl, 1984; Renooy, 1990; Thomas, 1992; Williams and Windebank, 1999). First, they lack the money to acquire the goods and resources necessary to participate in reciprocal exchange (economic capital). Second, they know few people well enough to either ask or be asked to do something (social network capital). Third, they lack the appropriate skills, confidence or physical ability to engage in self-help (human capital) and fourth and finally, they fear being reported to the tax and/or benefit

authorities if they engage in such work (an institutional barrier).

To evaluate the potential of the third sector in this approach, therefore, a wider range of indicators is employed. Besides those already listed in the first approach, which indicate the ability of a third sector initiative to act as a means of creating jobs and improving employability, the third sector is also evaluated in terms of its ability to tackle these four barriers to participation in community self-help.

Given these two contrasting conceptualisations of the role of the third sector in paving a Third Way, we here examine a prominent third sector initiative, namely Local Exchange and Trading Schemes (LETS), in order to draw out some lessons regarding the appropriate role of the third sector. Is it effective at creating jobs and improving employability? Or is it more effective at facilitating community self-help?

EVALUATING THE EFFECTIVENESS OF THE THIRD SECTOR: A CASE STUDY OF LOCAL EXCHANGE AND TRADING SCHEMES (LETS)

Recently, a host of government policy documents have given prominence to LETS when advocating the development of the third sector (e.g., DfEE, 1999; DETR, 1998; Home Office, 1999; SEU, 2000). Up until now, however, the only evidence available on their impacts have come from evaluations of individual LETS (e.g., Barnes et al, 1996; Lee, 1996; North, 1996, 1998, 1999; Pacione, 1997, Williams, 1996a,b,c). Here, therefore, and in order to facilitate 'evidence-based policy-making', the results of a comprehensive national evaluation of LETS are reported. To do this, first, their effectiveness in creating jobs and improving employability will be examined and second, their effectiveness as an instrument for facilitating community self-help.

LETS arise when a group of people form an association and create a local unit of exchange. Members then list their offers of, and requests for, goods and services in a directory that they exchange priced in a local unit of currency. Individuals decide what they want to trade, who they want to trade with, and how much trade they wish to engage in. The price is agreed between the buyer and seller. The association keeps a record of the transactions by means of a system of cheques written in the local LETS units. Every time a transaction is made, these cheques are sent to the treasurer who works in a similar manner to a bank sending out regular statements of account to the members. No actual cash is issued since all transactions are by cheque and no interest is charged or paid. The level of LETS units exchanged is thus entirely dependent upon the extent of trading undertaken. Neither does one need to earn money before one can spend it. Credit is freely available and interest-free. As such, LETS are very much third sector initiatives. They are private formal associations for pursuing economically orientated collective self-help based on not-for-profit and co-operative principles.

To evaluate the effectiveness of LETS at both helping members into formal jobs and as tools for facilitating community self-help, three methods were employed. First, a postal survey of all LETS co-ordinators was undertaken in 1999. Of the 303 LETS identified and surveyed, 113 responded (37 per cent). Second, a membership survey was conducted with some 2515 postal questionnaires being sent out and 810 (34 per cent) returned. Third and finally, in-depth action-orientated ethnographic research was conducted on two LETS in very different locations: the semi-rural area of Stroud and the deprived urban area of Brixton in London [1]. Here, we report the results.

The social bases of LETS

Starting with the overall magnitude of LETS, the co-ordinators survey identified that the LETS responding had an average of 71.5 members and a mean turnover equivalent to 4,664. If these LETS are taken as representative, then the total UK LETS membership is 21,816 with a turnover equivalent to some 1.4 million. In terms of the total exchange-value of LETS, therefore, these schemes are relatively insignificant. However, when measured in terms of their use-value, as will be shown below, they become more effective vehicles.

Who, therefore, joins LETS? Of the 810 members responding to the survey, LETS members are predominantly aged 30-49, women, relatively low income groups and those who are either not employed or are self-employed. Indeed, if non-employment and low household incomes are taken as surrogate indicators of social exclusion, then the membership is heavily skewed towards the socially excluded. Some 62 per cent of members were not employed and 66 per cent of all members lived in households with a gross income of less than 20,000.

Why, therefore, do these people join LETS? Some 25.2 per cent do so for ideological purposes. LETS for them are 'expressive communities': acts of political protest and resistance to the 'mainstream' where ideals can be put into practice (cf. Hetherington, 1998; Urry, 2000). Of the remainder, just 2.5 per cent join explicitly to improve their employability. The remaining 72.3 per cent join first for 'social' reasons (22.9 per cent) such as to meet people, rebuild a sense of community or to help others, and second for 'economic' reasons (49.4 per cent), such as to help them overcome their lack of money or exchange goods and services. 'Social'/community-building reasons tend to be cited by the employed and relatively affluent and economic reasons by the relatively poor and non-employed.

Given this concentration of low-income households and non-employed people in the membership and the fact that they join for mostly economic reasons, the effectiveness of LETS is now evaluated first, as job creators and springboards into employment and second, as instruments for facilitating collective self-help.

Evaluating LETS as a job creator and springboard into employment

To evaluate LETS in this regard, one must examine the number of formal jobs created, its ability to facilitate skills acquisition and maintenance, whether it provides a test-bed for new potential formal businesses, its ability to develop self-esteem and to maintain the employment ethic.

Government is currently supportive of LETS because it is seen as a potential means of inserting people into employment (e.g., DfEE, 1999; SEU, 2000). However, this third sector initiative is not a direct job creator. The number of direct jobs created amounts to a dozen or so since volunteers mostly run them. Nor do they *directly* improve employability. Just 5 per cent of respondents said LETS had directly helped them gain formal employment. Working in the LETS office administering the scheme had enabled valuable administrative skills to be acquired which had been used to successfully apply for formal jobs. Their ability in this regard is thus limited: only a small number of people can at any one time play a prominent role in administering the scheme.

However, they are effective at *indirectly* improving employability. Some 27 per cent of all respondents asserted that the LETS had boosted their self-confidence (33.3 per cent of the registered unemployed) and 15 per cent per cent that new skills had been acquired (24.3 per cent of the registered unemployed), mostly related to computing, administration and interpersonal skills. As a 50-54 year old unemployed single woman put it,

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

Furthermore, it is not just employability that is improved on LETS. Some 10.7 per cent of members asserted that LETS had provided them with a useful seedbed for developing their self-employed business ventures. It had enabled them to develop their client base (cited by 41.2 per cent of those who were self-employed), ease the cash-flow of their business (cited by 28.6 per cent) and provided a test-bed for their products and services, cited by nearly all who defined themselves as self-employed. As several respondents stated during interviews and/or focus group discussions,

> I was looking to start off as a freelance journalist, at the time, and it [joining LETS] was just another way of generating some work and some contacts and building up experience without having to put in, sort of, the risk of hard currency. (man aged 35-39 in focus group discussion)

> We joined as a way of getting into doing things on quite a small scale without having to have this big risk thing of going into it as a small business so I make things – arts and crafts stuff – which I can sell through the LETS and sort of get an idea of what people actually like. I found it really useful as a way of getting back into making things again, and it really does boost your confidence being able to sell your stuff. If I'm selling it for money a lot of people don't have that much excess money to spend on stuff, but they've got a lot of excess LETS, so yeah they can buy your things, it's like 'ooh someone wants to buy my stuff, it must actually be alright, so you sort of go back and make more knowing that it is actually okay. (single woman aged 30-34 in focus group discussion)

> I became a LETS member and used the LETS as a source to advertise my services and from this I have managed to go self-employed. All of my customers are coming through the LETS and my business is slowly building up. The LETS has been extremely important in this development both financially and the community support it provides - I get my childcare paid for through the LETS which enables my business development, LETS has enabled my survival. At the moment life is very tight, I'd be desperate without LETS. (interview with woman self-employed single parent aged 35-39 on Income Support who set herself up as a self-employed massage therapist and has transferred to Family Credit)

LETS, in consequence, although not a job creator, do provide a useful springboard into employment and self-employment for a small but significant proportion of members.

Within the logic of this approach towards the third sector therefore, several possible policy responses arise. To further enhance the capacity of this third sector initiative as a generator of employment, then first, the 'voluntary and

community sector' of the New Deal programme could be used to fund LETS office workers for their administrative work. This would provide workers with a proven means of entering the formal labour market as employees and, at the same time, enable the more efficient running of the LETS (since it would not be so reliant on volunteers for its day-to-day administration). Second, many currently operating as self-employed in LETS could be both encouraged to enter the 'self-employment' option in New Deal and their trading on LETS could be recognised as part of their attempt to become self-employed. If these steps were taken, then the effectiveness of LETS in paving a Third Way could be improved.

Evaluating LETS as an instrument for facilitating community self-help

In order to evaluate the effectiveness of LETS in facilitating community self-help, the extent to which they counter the four barriers discussed above need to be analysed. Starting with the extent to which LETS tackle the barrier of economic capital, some 40 per cent of members assert that LETS provided them with access to interest-free credit (but 62.1 per cent of the registered unemployed and 51 per cent of low-income households). LETS, therefore, provide people with access to money. For two-thirds (64.5 per cent) of the registered unemployed, this had helped them cope with unemployment, with some 3.1 per cent of their total income coming from their LETS activity.

LETS also enables the barrier of social network capital to be tackled. Some 76.2 per cent of respondents asserted that the LETS had helped them to develop a network of people upon whom they could call for help whilst 55.6 per cent asserted that it had helped them develop a wider network of friends and 31.2 per cent deeper friendships. LETS, therefore, develop 'bridges' (i.e., bringing people together who did not before know each other) more than 'bonds' (i.e., bringing people who already know each other closer together). Given that most members lacked kinship networks in the localities they inhabited and that kinship networks are the principal source of mutual aid in contemporary society (Williams and Windebank, 1999), LETS thus provide those without such a local network with a substitute. Some 95.3 per cent of LETS members, that is, had no grandparents living in the area, 79.5 per cent no parents, 84.3 per cent no brothers or sisters, 58.2 per cent no children, 92.6 per cent no uncles or aunts and 90.8 per cent no cousins.

This important role that LETS play in developing social networks was brought out in numerous interviews and focus group discussions. Take, for example, the following extract from a focus group discussion:

> Discussant 1: "We joined LETS only a year ago, but moving to a new area you don't have your family and friends readily laid on, and it's a very good way to get to know people …. If you haven't got anybody or you don't know your neighbours very well then it's a great way of asking people to do something a bit silly that you wouldn't be able to do. The first person we contacted, we wanted something moving and we couldn't lift it ourselves and we thought oh we've got no neighbours, or they're old neighbours, so it was sort of the introduction to LETS." (part-time employed woman aged 30-34)
>
> Discussant 2: "We didn't actually know anyone to help us carry something" (full-time employed woman aged 30-34)
>
> Discussant 1: "So it was as simple as that, so that was the starting point and now we're just looking to get into debt and spend more LETS and get involved that way." (as above)

As such, LETS is seen as a way of creating mostly 'bridging' social capital (i.e., bridges between people who did not previously know each other) or what Granovetter (1973) refers to as the 'strength of weak ties'. However, for some people, especially unemployed members, who would otherwise have relatively few opportunities to forge new social networks, it is also being used to develop 'bonding' social capital (i.e., closer bonds between people who before loosely knew each other). As an unemployed single woman aged 50-54 stated during an interview:

> When I first moved here, I was finding it very, very hard to meet people, make friends, people are very reserved around this area, they don't sort of welcome strangers with open arms; so I thought I could meet people through the LETS system, and that's worked really well…you see that's the one thing about being on benefits, low-income, it's exceedingly useful (LETS), it's a way of instead of barely existing, you know it enables you to do a lot of things, and its good, and like I was very isolated when I first moved here and through the LETS I don't feel so isolated at all now, I've got lots of people I know to speak to, and I've got a couple of very good friends, it's great, there's a network of people available.

Besides tackling the barriers of economic and social network capital, there is also evidence that LETS tackles the barrier of human capital that can constrain participation in reciprocity. As discussed above, LETS provide an opportunity both to maintain and develop their skills as well as to rebuild their self-confidence and self-esteem by engaging in meaningful and productive activity that is valued and recognised by others who display a willingness to pay for such endeavour.

Finally, there is an institutional barrier to engaging in community self-help. Many who are unemployed are fearful of being reported to the authorities, even if they engage in unpaid mutual aid. This is not currently being overcome by LETS. Although only 13 per cent of members feel worried about tax liabilities, 65 per cent of registered unemployed members are concerned about their situation. Moreover, all of the registered unemployed not currently involved in LETS interviewed were put off joining by worries about its impacts on their benefit payments. Ironically, therefore, those who would most benefit from LETS are discouraged from joining and trading due to the uncertainty over their

legal position vis--vis the benefits disregard. The current 'laissez-faire' approach of government, in consequence, is insufficient to appease both members and non-members who are registered unemployed.

Consequently, this research endorses the current policy proposal of the Social Exclusion Unit in its *National Strategy for Neighbourhood Renewal: a framework for consultation*. In key idea 4, this document proposes a pilot study to give 'people new freedom to earn a little casual income or participate in a Local Exchange and Trading Scheme (LETS) without affecting their benefit entitlement' (SEU, 2000). Presently, however, the intention is that members will be able to only earn up to the 'earnings disregard' before their benefits are reduced. This study of LETS however, displays that although over a year, very few members would generate LETS earnings that exceed this total amount accumulated, this is not the case on a week-by-week basis. Opportunities to do jobs on LETS arise infrequently and sporadically so some flexibility is required with regard to the maximum weekly amounts. One option is to shift the weekly 'earnings disregard' to an annual disregard limit to recognise the patchy nature of requests to conduct work on LETS and to enable larger one-off jobs to be undertaken.[2]

Once one accepts that such third sector initiatives are primarily facilitators of community self-help, moreover, then the criteria used to judge the effectiveness of such initiatives require amendment. At present for example, funding of third sector initiatives are both short-term (often based on the assumption that they can become commercial ventures) and adopt employment-related evaluation criteria. When one accepts that such initiatives are primarily facilitators of community self-help however, then longer-term funding is required and alternative measures of their effectiveness need to be adopted. In the realm of LETS, such criteria might include the number of trades conducted or alternatively, and if one wishes to encourage participation by specific socio-economic groups, the number of trades carried out by some specific client group. Unless these changes are adopted, it is unlikely that LETS will be able to improve their effectiveness as instruments for facilitating community self-help.

CONCLUSIONS

This paper has shown how the study of LETS provides some significant lessons for defining the role of the third sector in paving a Third Way. Up until now, Third Way thinking has focused upon using the third sector as a tool for creating jobs and improving employability in order to achieve 'full-employment'. Evaluating this prominent third sector initiative, however, this paper has revealed that its major contribution is as a facilitator of collective self-help. As a tool for achieving 'full-employment' therefore, LETS are relatively ineffective. However, as a vehicle for facilitating 'full-engagement', LETS have here been shown to be a useful tool.

As such, Third Way thinking has much to learn from LETS. Rather than rely on formal employment as the sole route out of poverty, the members of these pioneering third sector initiatives are adopting a 'work ethic' rather than an 'employment ethic' in order to alleviate their situation. They are using community self-help as an alternative means of livelihood. Government, therefore, perhaps needs to follow suit. By harnessing the third sector as a tool for collective self-help (rather than job creation) the full potential of such third sector initiatives could start to be realised. By recognising and valuing such community self-help, moreover, government would be taking the first step to recognising that the basic material needs and creative desires of its citizens could be met just as well by pursuing 'full-engagement' rather than full-employment.

In order to achieve this transition, however, two changes are required. First, government needs to recognise that the value of such third sector initiatives lies in their potential to harness self-help, not create formal jobs. In other words, there needs to be shift from an employment-ethic to a 'work'-ethic that recognises work beyond employment. Once this is achieved, then the criteria by which such initiatives are judged and funded needs to be revised. Presently, and based on the notion that these can become commercial ventures and are intended to create jobs, funding is short-term and their effectiveness is judged in terms of their ability to create jobs and/or improve employability. Once one accepts that such initiatives are primarily facilitators of community self-help however, then longer-term funding is required and alternative measures of their effectiveness need to be adopted. In the realm of LETS, such criteria might include the number of trades conducted on the LETS or by a specific socio-economic group.

Until this is achieved, then this third sector initiative will be unable to fulfil its potential. What is certain from this evaluation therefore is that the hegemonic totalising discourse of full-employment as the only route out of poverty limits the possibilities and opportunities of the third sector. Until it is cast off, policy will be unable to start to look forward to alternative ways of organising work and welfare. Indeed, the lesson from this study is that there is much to be learnt from LETS members themselves in this regard. They are using this third sector initiative as a vehicle for community self-help in order to pursue alternative means of livelihood beyond employment and create a more fully

engaged society. If this full-engagement vision replaced the current desire for full-employment, then the Third Way could perhaps begin to offer a genuinely distinct and radical departure from the past. Such a new vision is easy to implement. Recognition of, and support for, the role of the third sector in facilitating community self-help is the starting point.

NOTES

1. Between November 1998 and September 1999, in-depth action research was conducted with LETS in two contrasting locations: semi-rural Stroud and the deprived inner city London borough of Brixton. This involved an initial survey of all members of each LETS, followed by in-depth interviewing, focus groups and then the researchers' participation in all aspects of the scheme as well as discussions with people who did not belong to LETS.
2. This would not only facilitate engagement in productive and meaningful activity on LETS but would also formalise much work that is currently treated as illicit 'informal employment' such as when a neighbour does some decorating for a few pounds.

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