

SECTION 9:

LETSYSTEMS AND THE FUTURE: WHERE TO NOW?

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Despite the emerging difficulties with such issues as Taxation, Social Security and Insurance, and concerns about government involvement, the local community interest in LETSystems continues to grow, particularly in isolated rural areas, or with groups serving the needs of people with special interests (eg. the migrant community). Furthermore, as the conventional economy slips into further difficulties, and more people have family financial problems, so LETSystems seem to offer a solution which is personal, rather than political; a solution that enhances individual and community self-reliance, rather than giving up still more power to detached national governments or international financial authorities.

Business Sector Involvement

As community based organisations, LETSystems in Australia have largely ignored the business sector in setting up their structures. At the same time, as the country seems to slide further into recession, there is a growing number of very profitable commercial barter networks growing, which levy considerable charges in federal dollars for their services. Potentially, a LETSystem, through generating local consumers and through covering its costs in local currency, is a cheaper system, and offers access to (potentially) a greater market. A 300 household LETSystem, for instance, generates a market of over \$600,000 of federal dollars per week. If only one tenth of this market goes to LETS, the ability of a LETSystem to direct its members to business enterprises who trade for part of their costs in LETS Credits would be considerable.

To date no LETSystem in Australia has sought to market itself to the business sector in such a fashion, despite the growing popularity in retailing of "special discount offers", "green stamps" and "prizes" - which act as a concealed local currency - but which have few of the advantages of LETS

What is required would be for a LETSystem to calculate the size of existing markets for goods and services of member households. The consumer expenditure surveys, conducted on a regular basis by the Australian Bureau of Statistics (ABS), gives the raw data on which such a survey of potential markets could be based. Regular retailing and manufacturing censuses also conducted by the ABS provides local information on the actual turnover of local markets.

LETSystems then would need to target retailers and local manufacturers, perhaps through appropriate retailing, building or commercial associations. The advantages to the business would need to be clearly explained. For instance, membership in a LETSystem could -

- increase the market for a specific product or service, through making it more affordable to a larger potential market
- provide cheap advertising, at no cost in federal dollars, and only a minor charge in LETS Credits
- unlike other discount or green stamp approaches, LETS provides businesses with a genuine alternative income, that can be used to acquire real goods and services

- provide local businesses to effectively network with complimentary services or product retailers and manufacturers, so effectively reducing federal dollar costs
- offer a range of real services to local business-persons, including, for instance, secretarial services, accounting and financial advice, telemarketing, legal advice, printing of advertisements and promotional materials etc.

By charging a greater joining fee in both LETS Credits and federal dollars, LETSsystems could gain access to capital for even more ambitious schemes.

Revolving Loan Funds

A LETSsystem does not seek to replace federal currency, but rather to compliment for its weaknesses, and establish new rules for a part of the economy, which thenceforth operates in such a fashion so as to regenerate a sense of the trust which a true community requires in order to grow, thrive and maintain itself.

Currently LETSsystems work to put a "skin" around local "leaky barrel" and prevent capital leakage. They cannot, as yet, generate federal dollars to fund the purchase of needed community imports, which may be required to encourage further community economic development. A Revolving Loan Fund (RLF) enables such local community economic development expenditure to occur, in a way that does not cause subsidiary capital leaks to the community.

A LETSsystem which builds a considerable business involvement would also have a very healthy federal dollar bank balance. It would be possible for the LETSsystem to loan these dollars to members in the following fashion -

- * Each LETS member, on joining, is issued with a Share Certificate in the RLF, and at an Annual Shareholders Meeting, elects a Board of Management, which in turn appoints a Manager, who presents an annual report and audit to the Shareholders for approval.
- * An local individual or business seeking a federal dollar loan would apply to the RLF for approval. If granted, they would deposit the same value as the loan in LETS credits, into the RLF account on a 1:1 basis.
- * An important part of the agreement, is that the person making use of the system would have to repay their loan (at no interest!), so redeeming 1/2 of the credits they deposited. The federal dollars returned would then be available for other borrowers.
- * At the Annual General Meeting of Shareholders, the LETS credits accumulated would (after any costs have been deduced) be distributed as a LETS dividend to all members of the system.
- * The ability to loan funds would be limited by the number of new businesses joining, and by those businesses who renew their membership. After a period of time, members who have surplus federal dollars could trade their dollars for LETS credits, knowing they could redeem these funds at a future date.

LETS and Local Government

At present Local Government Councils, which have traditionally been responsible for the 3R's (Roads, Rates and Rubbish), are being asked to assume more and more responsibility for a range of other matters, some of which are being "decentralised" or "devolved" from State or Federal Government. Unfortunately, it would seem that while the responsibility for an increasing number of tasks and functions are being passed to Local Government, the ability to raise the funds required for effectively discharging these functions are not. Current limitations on State and Commonwealth funding also pinches the budgets of Local Government Councils.

A local LETSsystem breaks this bottleneck, giving Councils the chance to use local LETS Credits to pay to establish a rubbish recycling scheme, to provide donations to tourist or community information centres, to support local childcare, community or neighbourhood centres, or to subsidise local welfare, cultural, sporting or recreational facilities and events.

How this would work is illustrated by the example of one LETSsystem in the South West of Western Australia, which is very keen to get Local Government Council involvement. The Shire has many kilometres of roads which require continual maintenance, but the current budget is very tight. A local member of the community's LETSsystem owns his own bulldozer, which in the past has been leased out to the Shire for Road repairs but which is currently lying idle, due to the Council's funding difficulties. The owner, would be prepared to let his equipment be leased out on LETS Credits. The quality of local roads would improve as a result.

One of the most heart-breaking tasks of a Shire Council is trying to collect rates from defaulting ratepayers. Especially in this time of recession and rural crisis, members of many farming communities (and also many urban ones), are struggling to meet day-to-day needs, let alone pay their annual rates. The procedure for resuming property in lieu of rates does exist, but Councils do not like making use of such drastic measures, especially when the people involved may be friends and neighbours. Once again LETSsystems offer a solution to the problem. Ratepayers who believe that they may be forced to default on their rates, could, perhaps, apply to the Council to pay the missing proportion of their rates in LETS Credits at a value of 1:1. When their financial position improves, as with the Revolving Loan Fund they could redeem these credits by paying off their rate bill, at a rate of \$2 for each credit, up until the outstanding debt has been discharged.

The Council would this have an income in LETS Credits that it could use for the services discussed above. It could also charge a "fee-for-service" in LETSsystem Credits for a number of other services which it may be loath to charge for in dollars, as to charge in federal dollars would discriminate against low-income members of the community. The idea of a "Community Chest" and a Revolving Loan Fund, discussed above, would also fit comfortably within a Local Government System.

To date, no Local Government Council anywhere in the world, has joined a LETSsystem. It has been reported that a Canadian philanthropist in Toronto would be prepared to offer \$1,000 Canadian to any Local Government Council, anywhere in the world, that did so. Some Councils have in the past experimented with local currencies. Guernsey, in the Channel Islands has operated an effective local currency for a long time and the Worgl experiment, in the 1930s depression has been discussed above. In Florida and Missouri in the USA, local authorities have sponsored Time Dollar approaches, which are expensive versions of a pseudo-LETSsystem. In Western Australia, Local Government Councils are letting defaulting ratepayers work off their rates by hiring farm equipment

or labour for work on Council projects. The time is ripe for a Council to support and join a LETSystem. It would certainly result in that Local Government Council gaining world-wide publicity.

Ten Per Cent of Ten Per Cent - Launching Off the Plateau

The largest LETSystems in Western Australia have currently between 200 and 300 household or individual members. Some have suggested that this is approaching the natural limit to what can be organised as a single unitary system. It is natural, as a LETSystem grows bigger that people will tend to trade more with some than with others. These "natural communities" may be neighbourhoods or localities, or they may be communities of interest, with which you have a regular contact. Young people at school may establish such a "school-based" group, churches or social clubs may operate their own "cell". Each group may appoint its own "Area Coordinator", and members may, in fact, over time, come to be members of many such groups.

No LETSystem in Western Australia has yet reached such a position, although one could argue that the way in which the Busselton LETSystem grew out of the Margaret River system, with some people continuing to maintain membership in both systems, is the beginning of such a trend. In most cases, however, the LETSystem seems to plateau in membership long before such a spontaneous growth. Most "successful" systems in Western Australia have about 60 members, and while new members arrive, it would seem that often this is balanced by old members who leave. Another plateau-effect is shown by people who trade. Often, once they discover how a LETSystem operates, new members may get quite excited, and trade vigorously for a while. There then seems to be a natural tendency to level off, or even reduce ones transactions, reverting to trade, for convenience, in federal dollars.

If LETSystems are to thrive and prosper, rather than being fairly marginal or "eccentric" systems in the economy, then people need continually find new ways of "re-launching" their system off the plateau, targeting new and greater heights. There are a number of ways this can occur --

- Take the effort to contact old members who are not trading and find out what is the impediment. Listen to what they say and see if you can help them find ways to re-stimulate their interest in LETS
- Often, staleness is caused by people who are still listing goods or services as available, but which they really have little interest in providing. This causes frustration to people who have to ring 4 or 5 gardeners before finding someone who is really interested in doing the work they require. Increasing your advertising charge, or asking traders who get caught in this way to contact the Trustees, can be of help.
- LETS, like all social arrangements, works best through meaningful and frequent personal face-to-face contact. Make sure your LETSystem offers many such opportunities, and that people feel that the system addresses all of their needs, as "whole" people, rather than the narrow concerns that are found in the conventional marketplace.
- It is often the case, that people joining a LETSystem get into a rut of all offering the same kinds of goods and services. Not only will this increase the supply and so cause the price you can ask for these services to fall, it will also lead to a degree of boredom. To get out of the rut, it is

a good idea to continually seek novel or unique providers of specific goods. Try enrolling a petrol service station or a real estate agent. Northern Suburbs LETSystem have enrolled a marriage celebrant, and with dress making and catering, can provide for a complete wedding on LETS!

The best way to launch yourself from beyond the plateau is to set yourself some future target that involves some "stretch" to achieve. Michael Linton, the creator of LETS suggests that LETSystems will not have begun to demonstrate their full potential in helping communities until about 10% of a community is conducting about 10% of all their transactions through LETS. This 10% of 10% is a useful goal towards which your LETSystem can work. For a large metropolitan system this may total 1,500,000 credits per week! At such a rate, new and novel systems far beyond what we have discussed here may be important. To keep abreast of so many transactions would require the banks and all institutions in a community to be involved in LETS

Conclusion

There is still much work to be done before some of these initiatives can be followed up, but the fact that the government is giving recognition to the importance of LETSystems in Western Australia could be an important breakthrough. It is certainly attracting very favourable reactions in other states and overseas.

We live in an age of uncertainty, where the only thing that people can be assured of is that the future will be very different than the past. It would appear probable that the pace of change is accelerating. Nightly our televisions tell us of securities of the recent past that have proved to be now questionable. People are uneasy that there are a number of unpleasant surprises in store for us all. In our hearts we are all aware of these changes, and yet most people continue to live their lives as though their lives will be a re-run of their past, possibly in technicolour instead of in black and white! There is a growing gap between what we know of our future and how we in fact live our lives. Unfortunately, this is only likely to increase the shock of disruption as and when it comes.

In the next thirty years world population will grow by between 3 to 5 billion people. It took us nearly 3 million years to achieve our first 5 billion. It will take us 30 to achieve the next 5 billion. Questions about the sustainability of a population of 10 billion, with any reasonable quality of life, still remain to be answered. As "people make history" it is quite possible that we will see as many important events in the next three decades as there have been over the last three millennia! Recent international changes, the collapse of Communism, of Apartheid, the boom of the late 1980s, the Wall Street Collapse of 1987, the current recession, war in Yugoslavia, famine in Africa, the spread of AIDS - events are coming with greater rapidity.

Whatever the future holds it is clear that those who are least likely to be victims of the future are those people who live in a caring and supportive community. Those that suffer the most from contemporary dislocations and disasters are those simultaneously caught in poverty and deprived of supportive networks of family or friends. LETSystems offer us all a chance to become co-creators of our future, rather than becoming just another impersonal statistic, or just another news item report on television of an evening. We need systems, processes and institutions which assert our humanity, as we have never needed them before. LETS is just one of a developing number of such schemes. These methods may, given our uncertain future, be important for our own individual survival. It seems certain, that with the report of each economic problem, or with each growth in unemployment

figures, the numbers of people interested in joining a LETSystem, or in starting their own, seems to grow.

In the past LETSystems have been given novelty value, reported in the media as a "freakish" addition to the conventional economy. This manual argues that they require recognition, and their challenge to conventional economics needs to be given serious consideration. Outstanding issues of tax, insurance, and social security, need to be addressed, as LETSystems have developed faster than the law has been able to keep up. LETSystems need to start communicating between each other, to learn of others' successes (and failures). This manual is dedicated to these tasks, and it is hoped that those interested in LETSystems will be stimulated by this training package to seek answers and build for the constructive changes this will take.

Members of LETSystems need no-longer be afraid that they will be portrayed by the media as "kookie" or "crackpot". A number of media reports have given LETSystems highly favourable coverage. LETSystems are obviously rewarding - to both the individuals and the communities involved. Like other community involvement activities, however, LETSystems will not thrive if people wait for others to meet their needs. It requires you to participate! Talk about your system to friends, family and neighbours! Lets get L.E.T.S going! If you are already a LETSystem member, trade actively with others - don't wait for others to contact you. You will find it immensely rewarding.