

SECTION 6:

CURRENT ISSUES AND PROBLEMS FOR LETSYSTEMS

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There are many issues about which people introduced to LETSystems for the first time generally ask. Not all of these currently can be answered satisfactorily, and because LETSystems are still developing, the framework of our legal system has not yet been able to adjust to the existence of LETSystems. In presenting answers to your community meeting or to new members it is best to be open and honest and give as much information as possible. The chief issues generally mentioned are as follows

Insurance

People often ask about insurance cover for work conducted under a LETSystem. For instance, "If a worker engaged on a task is involved in an accident, am I liable for worker's compensation?" Sometimes questions also arise about Public Indemnity Insurance, for third party persons injured as a result of work done through a LETSystem.

There has been some investigation of insurance for LETSystems in Western Australia. Independent coverage is extremely expensive, however, LETSystem members employing volunteers are invited to explore the Volunteer Insurance Scheme, organised through the W.A. Council of Social Services (Phone (09)220 0602, 79 Stirling Street, Northbridge) and the W.A. Department for Community Services (Phone (09)222 2555 for inquiries, 189 Royal Street, East Perth).

To expect a LETSystem to cover such matters, however, is a little like expecting the Reserve Bank of Australia to cover a plumber's insurance! LETSystems encourage negotiating parties to check upon such things as third party indemnity and workers' compensation for themselves. People wishing to trade in LETS currency may need to get a proportion of their payment in federal dollars to cover such expenses. People are encouraged to check independently upon the quality of the service being offered, as they would in the conventional marketplace.

Taxation Matters

LETS is not a tax avoidance scheme, and encouragement has in the past been given to all LETS members to declare any income earned in local currency to the taxation office. In the USA, governments have opened accounts in local currencies to "spend" what they obtain in this fashion, so ensuring that government income earned from a locality is spent within the community from which it is collected. It is also the case with the Guernsey Experiment, discussed above, in which a local government council in Britain has issued its own currency. (This prevents a community from being impoverished by a tax-leak in the community). This is the preferred option in Australia too, though not of the Australian Taxation Office. A number of L.E.T.Schemes have opened up "honorary" tax files in their system to hold local currency. Jill Jordan, in Maleny, and Gary Angel, in the Midland-Hills LETSystems have both declared tax income in "locals" in this way. Nothing more was heard from the Tax Office for three years, although Jill heard that a Federal Taxation Office called "The Office of Complex Audits" was investigating the matter.

In September 1991, the Tax Department at last made issued a discussion paper on the matter, and gave a mere 6 weeks for the Australian public to make comment. The current position of the Taxation Office is that it does not seek to penalise non-for profit systems like LETS, and as most

LETSystem transactions are for goods and services that would normally be included as "Hobbies, Family or Social Arrangements", they carry no taxation implications. The only situation in which a tax is required is in the case of a person who is conducting their regular business through a LETSystem. In such a case, they would be required to declare income through LETS just as they would for any earnings in Australian dollars. The tax assessed would be for the value of the goods sold in the normal market.

A Case Study: How a LETS Tax System Could Work. There is considerable natural justice to the argument that one should be able to pay tax in LETS on income earned in LETS

For instance what could happen is that, after the 31st June, on the appropriate Tax form, in the section headed "Any Other Income to Declare", one could write "please see the attached sheet", and on a sheet pinned to the tax return, one could declare, "In addition to my income of \$X, I also declare that I have earned an income of Y 'LETS locals' on our LETSystem. As my rate of taxation is Z%, I have authorised (Z times Y) 'LETS locals' to be deducted from my account, to be paid into the account held for the Federal Tax Office in our LETSystem".

Unfortunately such a sensible system would require an amendment to the Australian Tax Act

According to the Tax Office ruling, a dentist, paying 45 cents in the dollar for dental work, who earns 100 "L.E.T.S locals" for dental work which costs \$200 normally, would be required to declare an income of this \$200, and pay \$90 tax. (See Appendix B) Such an arrangement is highly unsatisfactory as --

1. It tends to discourage business people from joining a LETSystem. Trying to organise valuation on a floating currency is cumbersome.
2. It opens up a new "leak" to the community barrel, allowing still more income to leave the community than enters.

One way to partly remedy this situation is for the person contracting for the goods or services to cover the taxation component of the transaction. In the case above, the person visiting the dentist would negotiate to pay possibly 55 "LETSystem locals", and \$90 Australian, to cover the taxation component of the service they are receiving. Although this is a cumbersome arrangement by comparison to that worked out by Jill Jordan and Gary Angel, it is still workable.

At the moment it is unclear if one is taxed upon one's income, or one's expenditure. As LETS is an imaginary system of value, its value in Australian dollars can only be assessed once it is converted into real goods or services. Unlike money, where the value of a dollar is assigned by the government federal bank, or internationally, by currency transactions - the value of a LETSystem credit is set by you. As a result, despite the Tax Draft it is unclear if they are going to tax someone's LETSystem credits at the point at which they have been credited or debited to an account. Clarification from the Tax Department on this and other matters is being sought and will be made available to LETSystems once a response has been received.

Incorporation

LETSystems, by definition, are non-profit organisations, unlike many other barter community businesses which intend to operate for profit. Incorporation as a Non-profit Association, under the Western Australian Associations Incorporation Act of 1987 is thus a good idea, although there are a number of difficulties that one should be aware of. The procedure for incorporation is as follows:-

1. Phone or write to the Department for Corporate Affairs (GPO Box W2072, Perth WA 6001, Phone 321 4344), and ask them for a copy of the information kit on how to incorporate. Within two or three days you should get a pack of materials containing a model constitution, an application form and an application certificate.

2. Your group should then write in to Corporate Affairs again, to check that the name you wish to use is available. Names that are too similar, or would be likely to confuse or mislead the public are excluded. The department also checks in a cursory fashion the qualification of the people involved to run such an organisation (A criminal records for child abuse for instance would count against you setting up a child care agency).

3. Corporate Affairs will then notify you in writing that your name is satisfactory. You are then required to advertise, either in a local paper in the locality in which the association will be operating, or else in the West Australian, inviting the public, if they have any objection to your organisation, to submit a formal objection to the Department.

4. If there is an objection to your Association, (unlikely, but possible), the Department will advise your organisation that they have received a complaint. The Department will also make a decision whether or not the complaint is justifiable. If it is unjustified, you proceed as normal. If the Department consider the complaint to be justified you will not be allowed to proceed, although you do have the right of appeal to the Minister, (but then, so does the person who issued the complaint in the first place).

5. If, within a month, there are no complaints you then lodge with Corporate Affairs a copy of your constitution, the application form and your application certificate. After about a week to 10 days you should receive your certificate. At this time you should obtain your "Common Seal", a stamp which can be made at any stamp manufacturer. This Seal is used on any official documents registered for the Association (eg. records of minutes of the Annual General Meeting, once approved; the annual audit; etc).

This process is therefore a moderately complex one and there advantages and disadvantages involved. These are as follows

Advantages	Disadvantages
1. Incorporation affords legal protection to members against litigation by association and gives limited liability (eg. in case of the organisation going bankrupt, creditors cannot seek to obtain the missing funds from members)	1. The process of incorporation is a time consuming and costly process (about \$70 but also in terms of the manpower and effort of a small organisation). It can distract attention away from more immediate concerns.
2. The process of creating a constitution, although time consuming, can cause members to clarify the purpose of the organisation, and resolve on means of solving possible future disputes	2. Amendments and changes to a constitution for an incorporated body, need, once again, to be registered through corporate affairs, and is a complex and time consuming process.
3. There are certain government grant schemes for which a LETSystem might be eligible (eg. for getting a small computer, photocopier and answering machine) that are only eligible to incorporated associations. Registration as a tax deductible charity is only possible to incorporated non-profit groups.	3. The process of incorporation is one that does not interest many people in an organisation. A small group who understand the constitution that they helped write can set themselves up as bush-lawyers in judgement on the organisation, so dominating decisions. This limits involvement of others.
4. A good constitution is a very useful document to fall back on in a crisis (eg. when trust breaks down).	4. Much of the process is unnecessary, and so long as the organisation "works", need never be used.

Although it is not compulsory some LETSystems have chosen to formalise proceedings through incorporation and the development of a constitution. A possible constitution, adapting the Maleny constitution to Western Australian conditions for incorporation as a non-profit association is available from the Community Economic Development Branch of the Department of Commerce & Trade (P.O. Box 7234, Cloisters Square WA 6850), as a guide.

One way of getting access to many of the benefits of incorporation without so many of the disadvantages is if a LETSystem operates under a sponsor organisation that is itself, already incorporated. Such a sponsor too, may have access to resources that could be of assistance to a LETSystem (eg. a computer & printer, photocopier, answering machine, mail franking machine and secretarial help and accounting assistance). In Western Australia, experience has shown that to run a LETSystem entirely on the backs of a small group of dedicated volunteers does cause problems. For instance --

1. *A crisis is produced every time a key volunteer resigns. Who will take their place?*

2. *It is hard to demand volunteers be fully accountable for their work, as if pressured they may simply leave.*

One should be wary about seeking sponsor organisations, however, as that too can cause problems of a different sort later on. Why is an organisation prepared to offer sponsorship? What do they hope to gain by associating with a LETSystem? How much is the sponsor prepared to commit to supporting LETS? Will LETS keep its independence, or will it be controlled by the sponsor? The Northern Suburbs system has learned to be wary of sponsors through a history of difficult experience.

There is another problem regarding incorporation for LETSystem that wishes to involve a Local Government Council, for example, to get Local Government Authority spending of local "tax" credits. The Local Government Act of 1960 does not permit a Local Government Authority to become a member of associations other than those expressly permitted by the Local Government Act. These are limited to regional councils, the Local Government Association, the Country Shire Council's Association, the Country Urban Council's Association and the Western Australian Municipal Association. Local Government involvement in LETS is a good idea, (see Section 9), and LETSystems seeking such involvement should think seriously about whether to incorporate for this reason alone.

The creation of an Inter-LETS as a LETSystem of LETSystems, also poses problems for both incorporated and unincorporated LETSystems. Inter-LETS has LETSystem members, in the same way that a LETSystem has individual members. If the LETSystems comprising Inter-LETS are unincorporated, legally it makes all individual members answerable to Inter-LETS, a little unweildy if we want Inter-LETS to own property or maintain a library. If the Inter-LETS is incorporated, trading amongst incorporated LETSystems is expressly prohibited under Section 4 of the Associations Incorporation Act of 1987.

Nevertheless, incorporation also has some other advantages also. In the Eastern States, one LETSystem recently mentioned that the status and presitge attached to their system increased when locals were told "it is incorporated". Suddenly their LETSystem had credibility in the eyes of a conservative community.

If LETSystems remain unincorporated there is nothing to stop any commercial body trying to reserve the name LETSystem for some commercial purpose. Incorporation would legally reserve the name LETS and LETSystem to those groups that meet the purposes for which such groups are currently being established.

Incorporation, therefore, has certain advantages and disadvantages. So does unincorporation. As Michael Linton, the founder of LETS suggests, all permutations and combinations are possible, and there are advantages and limitations whichever course is chosen. Diversity characterises LETSystems here, as everywhere else. Whichever system is adopted, enthusiastic volunteers, whose commitment is high and who are focussing their attention entirely on having a successful LETSystem are always preferable to uncommitted paid workers, who may be responsible for a LETSystem as part of a range of other duties which interest them more.

"Rip off Merchants" and Abusers

People familiar with corporate crime in the conventional system are often worried about how the system can be abused or circumvented. They will ask, what happens in cases where someone just keeps taking from the system and puts nothing back into the community?

It is here that one of the essential differences between a LETSystem and the conventional economy becomes very important. It is the distinction between a conventional money debt, and a LETSystem debit. For instance --

<i>Conventional Money Debt</i>	<i>LETSystem Debit</i>
<i>In a conventional debt, I may borrow \$200 from you, in which case I am \$200 in your debt. You can do nothing with that \$200 until I pay you back. If I abscond, then you are \$200 poorer, and you would probably take steps to recover the money.</i>	<i>In a LETSystem if I am 200 credits in debit, it means I have purchased something for which I have already paid 200 credits. If I leave the system, you already have those 200 credits which you can use for whatever you wish.</i>

This subtle difference has big effects in making it almost impossible to abuse or "rip-off" a LETSystem. There are, however, two further ways in which a LETSystem protects itself.

- 1. Trustees of the LETSystem reserve the right to reject "illegal" trades (you cannot therefore trade in drugs using a LETSystem), and can check up on accounts that are "delinquent" (i.e. any cases in which people only create debits). If a person is abusing the system, Trustees can (with the appropriate right of appeal to the LETSystem as a whole) cancel that individual's membership. In such cases it is usually found that the LETSystem member, rather than being an abuser, has items on offer on a Trading Sheet for which there is no local demand. It is a task of the trustee to suggest, perhaps, that the person modify their list, or perhaps contact someone who is requesting some service that they can do.*

A Case Study

One case in Maleny in which Trustees investigated a delinquent account revealed a very different situation than they feared. The person involved was an unemployed carpenter who was recording debits but no credits to his account, which was overdrawn to the value of thousands of Bunya nuts (the name of the Maleny LETSystem credit). It was discovered that the person in question was busy building his own home, and was contracting labour through the LETSystem, reserving his meagre Australian dollars for costs of materials. On investigation he assured the Trustees that once his house was finished he would be available for others and would promptly clear his obligations to the system. He did.

In the six months following the completion of his house he ferried little old ladies shopping, he built dog kennels for anyone with a pet dog, and within six months he had cleared his debit.

But consider this. Over 60% of the price of a home is in labour. A \$50,000 home costs \$20,000 in materials, and \$30,000 in labour. If one was to use local materials (rammed earth or mud brick) where-ever possible, and to use a LETSystem for the labour, one could get a \$50,000 home for a fraction of the cost. At the moment there are over 30,000 homeless youth in Australia. Waiting lists for public housing have never been longer, and government spending has never been so far behind demand. Once again LETSystems can solve a community problem.

2. Members of a LETSystem have the right, at any time, to check on the current balance and the total transactions of another member's account. They can get no details of individual transactions (other than if they are the other party involved), as this would be an invasion of privacy, but otherwise a LETSystem keeps an "open book". If there was a person for instance, that you suspected was abusing the system, you could phone the Trustee. If that person's account was minus 5000 and they had made only 5000 LETSystem credits of transactions, then you, as a trader, have the right to decide whether or not you wish to continue with the transaction. In this way any "rip off merchant" is quickly identified, and people just stop trading with them. Experience in Canada has shown that this rarely if ever happens as the system has "its own checks and balances".

People leaving the Area

Because no interest is paid, there is no reward in accumulating local currency. It can only be used in local transactions so people leaving the local area cannot transfer their local currency outside the region, and nothing, therefore, gets lost when a person leaves the area. Even if they are in debit, this signals that they have already paid for the goods or services they have received. Furthermore, the credit available to each member, and the wealth they have created by previous transactions, remains in the community.

A bigger problem to individuals is accounts that are heavily in credit, as this represents a considerable loss to them for services or goods they have provided to others. Unlike real money, where accumulated savings earn interest, a LETSystem account heavily in credit is no advantage to an individual, and as will be demonstrated below, can be a liability. Keeping your account close to zero, is thus an advantage in case you do need to move from an area.

If you are leaving a locality, or if you know of someone who is, it is a good idea to get in touch with your LETSystem as soon as possible, and they may be able to assist you in getting your account down to zero. From experience most people leaving the area of a LETSystem leave slightly in credit.

Trading between systems

People often ask "Is it possible to transfer goods, services, or credits, from one system to another?" The simple answer is "No, not yet."

Many of the community advantages of a LETSystem stem from the fact that a LETSystem, by creating a "skin" around a community, helps plug up the leaky barrel. Local credit prevents value from leaving a locality. Wealth generated stays in the area in which it was created, to benefit everyone living in the area. Any inter-LETSystem trading of goods or services would have to maintain this advantage, and not permit the draining of less advantaged communities by those that are more advantaged. Nevertheless, as LETSystems operate to maximise local opportunities, and as some regions are locationally favoured for producing specialist goods or services, some form of inter-L.E.T.S trading would be of benefit to all.

Inter-LETSystem trading is an issue which is currently being widely debated amongst LETSystems, but as yet, although suitable systems have been proposed, a widely accepted system has not been agreed. Various suggestions have been put forward, but they need to be trialled on a regional basis before a decision could be made. There are a number of possibilities.

- The simplest is for the individual who wishes access to goods and services from a number of LETSystems, to take out membership in more than one system. John Vukovich is already a member of 5 LETSystems - one in New South Wales, and 4 in Western Australia. Because Busselton LETSystem grew from Margaret River LETS, a number of members here have simultaneous membership in both systems. Although this system is undoubtable the simplest from the point of view of the individual LETSystem, it is fairly cumbersome from the point of view of the individual. Already, anyone wishing to trade with all of Western Australia's systems would require to take out nearly 20 memberships! This system also makes no assumptions concerning the "exchange rate" of LETS credits in one system, compared to LETS credits in any other.

- A modification of this system would occur when those individuals who have multiple memberships become "LETS Brokers", trading goods from one LETSystem with goods from another. For instance, if one was a member of two systems, A and B, he could list on his trading sheet for system A those items available on system B that he/she thinks may be in demand. When a transaction occurred, in one system such a person would go into credit, whilst in the other system their account would show a debit. Again this system of inter-LETS trading would be simple to organise, but there is a down side. Such LETS entrepreneurs could trade back and forth between LETSystems, without the Trustees or community management of a LETSystem knowing that the "community walls" around their leaky barrel were leaking! Another disadvantage is that the "exchange rate" of different credits is determined by the broker, in a similar way as the value of national or federal currency is determined by international currency speculators.

- A third alternative is for two neighbouring LETS to decide to establish an inter-LETS trading system. In this case, LETS A would become a member of LETSystem B, and B would similarly

take out membership in LETSystem A. This system would operate similar to the LETS broker, mentioned above, only in this case it would be the two LETSystems which would show the balance of transactions. LETSystem B would make its trading sheet available to those in system A who wished to trade. In system A, the B account would show a credit, while in system B the A account would carry the debit. The individuals trading would be debited or credited as in a normal transaction. Such a system of inter-LETS trading has been proposed by Maleny, and is supported in Western Australia by John Vukovich at Boyanup (See section 8 for John's contact details).

This system has two advantages.

- Like all LETS transactions, the total balance of transactions in any system remains 0.
- The LETSystems involved can now monitor the amount of inter-LETS trading.

It has one disadvantage. With twenty LETSystems operating, the membership of a smaller system could double, with other LETSystems being the majority of members!

■ The fourth alternative, and one of the most promising is a LETSystem of LETSystems; in which an umbrella organisation takes membership, as an individual member, in each existing system, and acts as a conduit to give members access to goods and services available elsewhere. Transactions would be recorded as at present, with the LETSystem of LETSystems going into credit or debit as services were transacted. Over all its accounts would stay at zero, although in any one system, a credit or debit could occur. A meeting amongst the Trustees of all the systems could then consider ways of supporting debtors, and ensuring that one LETSystem was not being slowly disadvantaged. Trialing such a system is, however, still something for the future.

The third and fourth alternatives have certain features in common.

1. They assume all trades between systems will be "one to one", that is one unit in one LETSystem is equal to one unit in its trading partners.
2. In both cases, it is the responsibility of the individual who receives the goods to notify their LETSystem. The other LETS (or the inter-LETS) would receive notification when the accounts are mailed out. It would then be their responsibility to notify the other parties, so that accounts could be adjusted appropriately.

A Case Study:

Jo Denmark wants to trade with Kim Albany, and acquire a lead-lighted window. Jo and Kim know each other so there is no problem with identification. Kim Albany gives Jo Denmark the glass, for 20 LETS credits. Jo Denmark then contacts the Albany LETSsystem informing them of -

- 1. the name and identification of Jo Denmark*
- 2. the name and identification of Kim Albany*
- 3. the inter-LETS account number*
- 4. the amount and nature of the transaction*
- 5. date and authorisations of both parties*

Denmark LETSsystem then acknowledges the inter-LETS account 20 credits and deducts 20 credits from Jo's account. At the end of the month Denmark LETS sends inter-LETS a statement of account.

- If the inter-LETS is Albany LETSsystem (alternative 3), that would then adjust Kim's account upward by 20 credits and debit the Denmark LETSsystem account by 20 credits.*
- If there is a separate LETSsystem of LETSsystems (i.e. an inter-LETS as in alternative 4), Kim's account would be credited 20 units, and the inter-LETS account would be debited.*

In both systems each individual LETSsystem can monitor their inter-LETS transfers of goods and services, and both keep their total balance at zero.

In alternative 1 and 2, no modification of recording or acknowledgement procedures is required. In alternatives 3 and 4, acknowledgement forms or cheque books would require some modification. The Maleny LETSsystem currently operates inter-LETS trades with the Brisbane system, and reports a high degree of mutual satisfaction, but only between those individuals trading, but also a minimal amount of extra work for hard-pressed Trustees.

An Inter-LETS of sorts has been used amongst systems in the South West of the state, having currency only at networking events and meetings of LETSsystems.

LETSsystems on the whole remain strongly divided on the issue of Inter-LETS Trading. Some feel that to introduce a system would be to breach the autonomy of individual LETSsystems, whereas others feel that the potential benefit of LETS in creating a genuine supplement to the existing unsatisfactory features of the monetary system will be limited until LETS members can trade between systems.

What is a LETSsystem unit worth?

The value of a local currency unit is determined at the time of trading, by those involved in the transaction. Local currency has no equivalent to federal dollars and exists independently. This is clear when you consider that many LETS transactions would not happen at all if based on federal currency because most people wouldn't have enough money to pay for services; either the job

wouldn't be done or it would be done on a voluntary basis. Local currency exists outside federal Australian dollar currency.

This gives a LETSystem an immense flexibility, and empowers people to assert their own system of values, independently of the system of values enforced by society at large

A Case Study

At a LETSystem Introduction Evening for a Western Australian LETSystem, an illustration of how a transaction works was given by a small group of 6 people, who presented what they could offer and what they wished to obtain from the system. One man offered gardening for 10 credits an hour, and stated that he wanted ironing from the system. All of the women declared that they were not prepared to do ironing at under 15 credits an hour as it was a dull, boring and repenitive job.

LETSystems re-balance the discrepancies that exist in our communities between the value we attach to male and female duties. It thus helps foster equal opportunity for all.

The "global value" of a LETSystem credit, therefore, is a floating currency, set as the sum of transactions of all members. Generally when people start to trade, they are very conservative, and probably undervalue the nature of what they offer, and over-value what they receive. It is a little like putting one's toe into a swimming pool to test the temperature. Once they know that it works and they won't get hurt, most dive in, revalue their services, and start to trade in a more adventurous fashion. Over a period of time, this probably means that the value of a LETSystem credit against some standard item would tend to fall (i.e. the system inflates), but unlike the conventional economy, inflation in a LETSystem hurts no-one. Everyone (except possibly those who may abuse the system, as discussed above) has access to unlimited credit anyway!

This is another reason why it is unwise to hold large accumulated credit accounts in a LETSystem. Not only does it do you and the other people no value to hoard credits, it will mean that there is potentially less value being added to a community by the hoarders, and the value of their credits is slowly seeping away as the value of the credit inflates anyway. A healthy LETSystem is one in which the turnover is maximised, not the savings!

LETS and Social Security

Initially, the Maleny LETSystem received written confirmation that LETS would attract no implications on Social Security pensions or benefits. This is of significant importance, as it means that a low income family, by meeting a proportion of their needs through a LETSystem, can in fact begin to save money for the emergency "rainy day", without needing to seek emergency relief from the diminishing funds available through a welfare agency. It also equalised the benefits in being a member of a LETSystem between pensioners and other members of the community. An employed member can save money by being a member of a LETSystem, so an elderly pensioner or a single parent mother should be able to do the same.

More recently, LETS DeLoraine in Tasmania, and LETS Sunshine Coast in Queensland, have members who have been forced to declare a dollar value of work done within the LETSystem, with a view to the Department of Social Security deducting money from the value of their pensions

accordingly. Like the question of LETSystems and Taxation, the implications of this action could destroy a LETSystem at its source - preventing them from being a community initiative that meets the needs of the most disadvantaged members of our community.

In producing this manual, advice was sought from the Department of Social Security on the matter. It appears that the Maleny LETSystem was misinformed by D.S.S. and people receiving Social Security are required to declare any LETSystem goods or services received. According to the rules, they can provide goods and services, but they are not allowed to receive payment!

As with tax, given this situation a LETSystem has three options

1. *Accept the Social Security Ruling and do nothing. This is a disadvantage, as it will eventually result in individual members of LETSystems being penalised as and when the Department of Social Security intervenes, and will result in the discredit of the integrity of current LETSystems.*
2. *Go underground. This is a disadvantage as for LETSystems to keep their records in a way so as to be inaccessible to DSS (and presumably, tax), would leave members liable to a charge of social security fraud, and conspiracy.*
3. *Organise a campaign for change. This is a disadvantage as it will consume considerable resources of existing LETSystems and ultimately, possibly require some legislative changes. It will require marshalling as much support for the changes we propose as possible.*

It would seem that some aspect of the third option is the most desirable. We will return to this option in the Appendices of this manual.

LETSystems Need to Keep Trading

From experience with a number of LETSystems in Western Australia it would seem that there is a common pattern for the LETSystem to begin with a "bang" and a fair degree of local excitement, and then to experience a slump. Bunbury LETSystem, for instance, began after Jill Jordan's initial visit and was revitalised at least twice, before growing to its present viable condition. Fremantle, Armadale and Swan Hills LETSystems have had a similar pattern. Albany LETSystem began without recording any transactions as a "free-market", before the declining level of activity persuaded members to re-format as a conventional LETS Busselton too, began with a bang, and thereafter declined, before a small group of committed members decided to re-vitalise, and new members began to replace those who were not trading.

The wide experience of such a pattern would suggest that the formation of a LETSystem is a learning process, and needs time and effort to mature to effectively understand the nature of the local community it is attempting to serve.

This experience also shows that there are a number of important factors required to keep going a system going. These are -

1. *Do you have committed Trustees? Are they people who have sufficient time and energy to maintain regular contact with members, and keep them aware of the existence of their system?*

Irregular contact, late trading sheets, improperly recorded transactions or unreturned phone calls are discouraging for members and will make people feel that their LETSsystem is not working.

2. *Do members continue to trade? What ways can you create that will encourage people to think "Could this be offered through our LETSsystem?" rather than bought or sold only through the conventional market?*

A LETSsystem has troubles so long as people are too busy or too preoccupied to put the effort into trading for their needs or in fulfilling the needs of others. If people only consider LETS as a last resort, rather than as a first option, their system will languish and fail to thrive.

3. *Can you find ways to personalise the service? Can you organise face to face meetings amongst members of a LETSsystem or provide ways to celebrate local events through your LETSsystem?*

Such means of personalisation are better than irregular contact via a mailing sheet or newsletter, and can let members know their Trustees, and other members are "real people" and can be easily approached.

4. *Is your LETSsystem the right size? If it is too small what can you do to encourage a growth in membership? If it is too large, or tries to cover too big an area, what can be done to promote it to fragment to a more manageable size?*

There have been examples of both problems for LETSsystems in Western Australia.

5. *What can you do to foster community ownership? Is your system depending on the Trustees for everything? How can others become involved?*

In busy urban areas, it is easy for people to become dependent upon the Trustees. "They are getting paid for it, therefore its their job" is an attitude than turns everyone into passive LETSsystem consumers, and will weaken the effectiveness of your scheme.

A successful LETSsystem, therefore, requires a commitment from both its members and its trustees. People need to realise that LETS is not just some trendy theoretical "alternative" to the conventional marketplace. It is a real system, with real weaknesses unless steps are taken to correct these. Once these steps are taken, however, its many benefits will become apparent, and the whole community will prosper.

LETS and the World of Work

It is clear that in a country where some 10% of the population are currently unemployed, where many thousands are underemployed - trapped in lowly-paid part-time jobs, where over 30% of those aged 15 to 25 seeking work are unemployed, and where there is a huge number of concealed unemployed - people who have given up hope of finding a job and depend upon the income of their partner or of their parents, our concept of "work" needs to change.

At the moment we tend to use the word, "work" in two different and confusing ways.

1. Work is that which we have to do, in order to earn the money to get access to the resources to do what we really would like to be doing.

This is the reality of work for a large proportion of the "workforce", and is little better than "wage-slavery".

2. Work is that which I enjoy doing, and the rewards I get are proportional to the community's appreciation for the value of what I create.

This is a reality for a much smaller percentage of people who are getting paid for what they really enjoy doing.

People get "trapped" as wage-slaves in the first category for a number of reasons -

- because what they would like to be doing does not provide sufficient income to meet basic needs;
- because their local labour market does not recognise abilities or capacities they may possess.

In a LETSsystem similar conditions also apply. There are however, a number of differences

- * The LETS market supplements a person's existing "money" income and can be flexibly used to meet a wider range of needs
- * LETS recognises a wider range of "skills" by allowing individuals to be creative about what they wish to offer their system
- * In a LETSsystem the money supply is limited only by the amount of trading done.

This enables many people who are normally confined by the constraints of the first option, the chance to rediscover the experience of "work as creativity". By encouraging creativity, it stimulates economic productivity, and therefore should be in the interests of both Trade Unions and Employers.

Unfortunately, in a world still dominated by the first type of work -

- (a) **Trade Unions:** LETSsystems could be seen as a means of allowing local manufacturers to employ people without the need for money Australian dollar wages, and so undercutting other manufacturers who do.
- (b) **Employers:** LETSsystems could be seen by businesspeople as a means of allowing people access to goods and services, so displacing struggling local businesspeople. As such it is all too easy to see LETS as an unfair system of trading.