

A Currency for Change? one activist's personal view of LETS

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[International Journal of Community Currency Research](#)

2003: Volume 7
ISSN 1325-9547

Introduction

What is a currency? Is the mutual exchange that occurs within a family a currency? Is something only a currency when it has numbers attached? When numbers are used, should the government get their "cut"?

My contention is that the outcome of any currency is the promotion of human relations. Money is the mechanism that allows me to obtain stuff from other humans, mostly from humans that I have never met, but "economics" says money is "numbers" and "the market" and "profit" and seemingly anything but the promotion of human relationships. Given that the workforce of any "developed" nation is less than half of the populace, and given that most people in the workforce are engaged very inefficiently, the latent potential of society is worthy of some contemplation. I believe that community currencies are a way to activate some of this potential. As to how, and for what purposes, I'll leave that with the reader. Factors that need to be considered, however, are the relevant tax regime, the culture and motivations of the people involved, and the physical environment.

In the tradition of scientific reductionism, currencies are often seen in isolation to everything else. Specialisation, separate "silos" of knowledge ("i.e. the uni in university") and possible functions and purposes of a currency outside of profit are seldom discussed by economists, which perhaps makes it all the more worthy of mention in relation to alternative currencies. Could community currencies be just the latest form of "love of money" or can they be a "tool for change"?

1A Currency for Change

Since becoming involved with the establishing of a LETS in Victoria, from about 1990 onwards, I always thought that alternative community currencies were about empowering people and promoting localism and sustainability.

In essence I am advocating for the deployment of human effort to create sustainable solutions. Democratic currency systems are an available avenue to enable such endeavour, yet the potential remains dormant. The contemplative descriptions and analysis of alternative/community/complementary currencies appears to be a great desire to formulate "the perfect currency" One with a maximum velocity, one which uses a unit of measure of exchange that is universal, one that works like poker chips, one that is the most perfect. I keep scratching my head and asking "perfect for what?"

To put all my pre-judgements up front, I believe in co-creating a sustainable world, and celebrating bio and human diversity, and that an alternate means of interdependence² outside of the monopoly money system, to be a vital mechanism to affect such change. It's a human rights issue.

Money is power. We know this. It's deeply entrenched. That's all very well for those that have money in abundance. I'm sure that they need not question too deeply, the reality of money being power. It's a "given" in the "real world". Money would not be power, however, if people didn't need it. It sounds simplistic, I know, but it is our money dependence that keeps much human effort deployed in fields of work that they may not necessarily wish to be promoting or manifesting. Because most people depend on money for their existence, those that have an abundance of money have the power to organise the collective effort of groups of individuals, for the benefit of the one with the money.

The pyramids, the Parthenon, the Pantheon, the cathedrals, all of the new technology and so forth would not have occurred without "organised multi-human effort". Add to this, the collective human effort that has been wasted on wars. "Just following orders, Sir."

These days, slave gangs have been replaced by wages, but it is the organising of collective human effort that has the power to change things. Modern "monuments" are of "production for greater profit", but it's the same game. Marx wrote about the owners of the means of production as being the ones with the power. So here we are, discussing community currencies that have a core business of promoting trading between individuals. Is this divide and conquer or what? I raise this in the hope of moving things forward. The collective human effort of members of a community currency system can be utilised, and can operate as in-kind venture capital, especially when the members own the system and they are motivated to a goal.

Around 1998, the State of Victoria, Australia, was amalgamating some of the local governments for "greater efficiency", or so said the rhetoric. Anyway, under this "Thatcherism", surplus assets were being sold off all over the place. The Sherbrooke Shire Offices, the largest building in the Dandenong Ranges, was on the market.

Prior to all of this, Dandenong Ranges LETS had been approached by a business services provider, seeking to ascertain what sort of potential businesses would be appropriate for the environmentally sensitive hills area.

According to DRLETS, there were many arts related members who travelled to Melbourne for work, and other members travelled to Melbourne for entertainment.

Along with a public outcry about selling off the old shire offices, DRLETS was able to offer co-ordination and staffing of reception, and other goods and services, in a spirit of partnership. Everyone else was telling the government what the government "should" do.

LETS was offering to help³. Perhaps because externally funded NGOs are accountable to their funding body, they seem unable to offer support outside of the ambit of services that is prescribed by their funding agreement. (The double-edged sword of recurrent funding). To see the outcome of the efforts of DRLETS in this regard, please go to www.drccc.org.au. Although the LETS office is located within the cultural centre, it remains low profile. Because of a lack of clarity regarding possible tax implications, LETS remains in the shadows. None of the current participants in the Arts Business Incubator at the cultural centre use LETS, and until all tax issues are clear for these arts businesses, that seems sensible. Meanwhile, a new tax regime with a goods and services tax (VAT), that interestingly, is not universal⁴, was introduced in July 2000. A draft ruling regarding "trade network transactions" is to be finalised soon, they say. Since 1992, in Australia, a business in a LETS gets treated exactly the same as a business in a commercial (business to business) barter network. This is silly. Until people can get real clarity about "who is a business" and "who is a hobby" and who has to collect gst and who doesn't, then there is little hope of LETS entering into formal partnerships with government or funded bodies.

The lack of clarification also compromises businesses to the point of "cash in hand" being far safer to conceal and more easy to spend, than trading in a LETS. This, in my view, is shoddy governance.

Hopefully, the other side of the deployment of "group human effort" is, if a currency system can be seen to do things beyond itself, i.e. training, or environmental or socially just projects, outside of simply providing "individual to individual" trading, then the government is more likely to negotiate more favourable taxation regimes.

In relation to the taxation regime, either way that the government wants to "call it", we have always suggested that people cover their money expenses when negotiating a "price", and dollar tax is just another cash expense.

There is further good reason for alternative currencies to promote goals beyond individual mutuality. I have been witness to people joining DRLETS, and via trading, meeting alike-minded people, and developing a social network that no longer requires points to be recorded. If the only reason to create an alternative currency is to promote mutuality, then, in many ways, not needing to use points is the goal. Given that some people may join and subsequently "partner up", the notion of these members being requested to record all of their exchanges certainly invades privacy.

Just as there is a certain line in the sand that relates to a government "right" to collect tax on human exchanges, so too is there another line beyond which any form of currency numbering becomes inappropriate. Exchange exists within a healthy neighbourhood, and there are other private recreational pursuits that are outside of the province of any tax regime and further, there is the other line in the sand that is so essentially human, that any form of accounting seems totally inappropriate.⁵

So what I am suggesting is that community currencies are well placed to harness and target collective human effort. It may only be what people do for a non-taxable hobby, but if animated, has the potential to create more lasting change. (directed democratically), than the mutual self help function that seems to be where alternate currency systems currently find themselves. Hopefully, if a community currency can also be inclusive of some local businesses (the ones that the hobby members wish to support), then all the better for realising the otherwise dormant goodwill of the people.

ENDNOTES

1. I presume a need for a change in the way that the current decision makers direct us. [return to text](#)
2. A currency is a mechanism that enables an individual to obtain something, from someone else, that they want. [return to text](#)
3. The mechanism was to create an account called "cultural centre", which paid members for work performed, and after 12 months, a line be drawn from which the cultural centre could consider itself as a zero position from which to trade. DRCCC has an operational account now, and the other one. [return to text](#)
4. Thanks to the Australian Democrats in the Senate, education, raw foods and health are exempt from the GST. [return to text](#)
5. The trading that existed within tribes, extended families and what we call "social capital", are forms of currency that do not require numbers. [return to text](#)

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