

# **MONEY AND COMMUNITY**

**A HISTORICAL SURVEY AND ANALYSIS**

**AND**

# **THE WINNIPEG LETSYSTEM**

**AN ALTERNATE ECONOMIC MODEL**

**SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF**

**MASTER OF CITY PLANNING  
FROM  
THE UNIVERSITY OF MANITOBA**

**BY**

**ROSS V.G. DOBSON**

MONEY AND COMMUNITY:  
A HISTORICAL SURVEY AND ANALYSIS  
AND THE WINNIPEG LETSYSTEM:  
AN ALTERNATE ECONOMIC MODEL

BY

ROSS V.G. DOBSON

A thesis submitted to the Faculty of Graduate Studies of  
the University of Manitoba in partial fulfillment of the requirements  
of the degree of

MASTER OF CITY PLANNING

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## DEDICATION

*For an appreciation of what cities, towns, communities and neighbourhoods really are, I wish to acknowledge and thank those from whom I have learned during this Masters' Program: Professors Basil Rotoff, Dimitri Styliaris, Mario Carvalho, Geoffrey Bargh, guest and sessional lecturers on Community and Economic Development Guy Dauncey, Marcia Nozick and Leo Prince and my fellow students who have been themselves both teachers and sounding boards during my time in the School of City Planning.*

*I wish also to acknowledge and thank those who have read and commented on my thesis; my readers, Dr. Mario Carvalho of the School of City Planning and Dr. Diane Malley of the Freshwater Institute, and the innumerable friends and neighbours I have badgered for comment and advice.*

*I am indebted also to Dimitri Roussopoulos of Black Rose Books, who heard an early abstract of my thesis and directed my attention to the history of the Spanish Anarchist Collectives, to Dr. Dimitri Styliaris for insights into the functioning of Mediaeval Towns as a model for a post-industrial society, and to Dr. Paul Phillips, of the Economics Department at the University of Manitoba, whose utter rejection of my claims that the LETS currency was not a money forced me to accommodate my elucidation to classical economics and sharpen my language and my focus, and also made plain the incapacity of classical economic theory, as well as the theories of both the political left and right, to articulate the solutions necessary to our social, economic and environmental degradation.*

*I wish especially to thank Dr. Kent Gerecke, my teacher and advisor who has become a close friend, for his thorough and continually freshened understanding of planning issues, and of human potential, development and capacities in both individuals and communities. I thank Kent particularly for his unending dedication to an analeptic and transformational view of City Planning, and for his magical capacity to teach through explication, elucidation, example and trust.*

*Ross Dobson,  
Winnipeg, Manitoba,  
April, 1991*

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- D. 3pp *The Local Employment and Trading System*, Michael Linton and Thomas Greco, *Whole Earth Review*, Summer, 1987.
- E. 1pp *No Money Required*, Bonnie Bridge, *Winnipeg Free Press Sunday Supplement*, May 14, 1989.
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- G. 2pp *Everson Man Wants To Barter*, Ben Garrison, *The Herald, Bellingham, Washington, U.S.A.*, 1989.
- H. 2pp *Do Not Pass Go, Do Not Collect \$200...*, Judith Belton, *Times Colonist, Victoria, B.C.*, June 8, 1986
- I. 1pp *Byta grejer ger nya vanner*, Marta Fritz, *Alternativet, Stockholm, Sweden*, Nov., 1990.
- J. 2pp *Community Development and Hillhurst/Sunnyside*, *The Voice, Calgary*, Nov., 1987.
- K. 1pp *Barter Late Than Never*, Brenda Weston, *Montreal Mirror*, Jan 24-31, 1991.
- L. 1pp *The Traders Who Throw Cash Away*, Donna Allen, *The Mail, London, U.K.*, Jan. 6, 1991.
- M. 2pp *A Green-backed Community*, Bob Bater, Date and provenance unknown, *Bristol, U.K.*
- N. 2pp *The Bartered Bride*, Alan Kershaw, *Future Shox, The Bulletin, Melbourne, Australia*, Jan. 9, 1991.
- O. 3pp *Is Bartering Back?*, Christine Langlois, *Canadian Living*, April, 1988.
- P. 1pp *Ottawa's (Cash) Free Market*, Yolande Mennie, *Ottawa, Ontario*, Date and provenance unknown. Probably the local paper in Wakefield, Quebec.
- Q. 1pp *Bucking The System*, Bert Hill, *Ottawa Citizen*, April 8, 1991.
- R. 1pp *Bartering Makes a Comeback*, Lesley Simpson, *Toronto Star*, January 5, 1991.
- S. 1pp *Back To Barter*, Helen Brown, *N.Z., Sunday Focus*.
- T. 3pp *Towards A Green Economy*, Ross Dobson, *PeaceNet*, 1989.

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- B. 2pp LANDSMAN LETSystem registration application and membership entry form.
- C. 9pp Report of LETSWIN inaugural meeting.
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- G. 4pp Income Tax implications:  
Revenue Canada Bulletin IT-490 on Bartering;  
Correspondence confirming the right to use the LETS currency for tax-deductible donations.
- H. 11pp Reports of the last two LETSWIN meetings;  
Position paper on future development;  
Description of a proposed community involvement project.

### 3. 13pp LETSPLAY

- A. 4pp Early Version.
- B. 4pp Later version, in colour.
- C. 4pp Adaptation for C.J.O.B. proposal.
- D. 4pp Adaptation for I.L.R.C. demonstration.

A Computer version of LETSPLAY is available from landsman Community Services, Inc. It is played over several days.

### 4. 6pp Charts of a LETS Community Economy

### 5. 38pp LETS Distortions and Variations:

- A. 1pp *Barter Networks Help Business Profit in Recession*, Wendy McCann, Winnipeg Free Press, April 3, 1991.
- B. 24pp *Local Trading Bond Scheme*, Proposal of The Schumacher Project, U. K., 1989.
- C. 5pp *A Public Service Economy*, Interview with Edward S. Cohn, Multinational Monitor, April, 1987.  
*Credit for Good Deeds*, A report on the above project, Newsweek, Jan. 15, 1989.
- D. 3pp *The Business Guarantee Fund*, Ottawa LETSystem, 1990.
- E. 2pp Multi-Swap (Ottawa).
- F. 3pp Project Share (North Carolina).

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6.     **14pp   Community Circle Slide Presentation (script)**

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7.     **23pp   Community Circle Barter Credit Pamphlets:**
  - A. 4pp   General Introductory.
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  - C. 4pp   For Non-government, non-profit groups and agencies (not printed).
  - D. 4pp   For Businesses (never completed or used).
  - E. 2pp   *Barter Credit is Different*, Article from Community Circle Bulletin.
  - F. 1pp   *LETSTALK*, outlining different LETS vocabulary.
  - G. 4pp   Two introductory pamphlets describing LETS as a non-money system. This is the latest formulation by Community Circle of the LETS concept. Dated September, 1991.
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  - C. 12pp  OLETS, Ottawa.
  - D. 4pp   LETS in Toronto.
  - E. 16pp  New Zealand LETS Quarterly.
  - F. 1pp   LETS Hawaii.
  - G. 1pp   LETS Wales.
  - H. 7pp   Present LETSystems world-wide.
12.     **16pp     Constitution and Bylaws of Community Circle Services, Inc.**

# INTRODUCTION

## INTRODUCTION

### About This Submission

#### Concerning Development

Both Community Development and Local Economic Development, in the lexicon of urban planning, can be described as having local well-being as a goal. I submit, however, that the relations of our present economics, mediated by *money as we know it*, are fundamentally inimical to both. I believe that our economic system - facilitated by money - destroys community.

The rational economic man of Adam Smith's economics is not a communitarian co-operator, he is an individualistic competitor. He is the hero and common man alike of a system which glorifies him as the be-all and end-all of human existence. But the self interested acquisitiveness of the system in which he functions is not congruent with the social and cultural development goals of Community Development. Also, for reasons that are structural within our economic system and necessary to it, I believe that the attempt to enhance local wealth and productivity through Local Economic Development cannot achieve either local wealth or local productivity in the long run, functioning within that economic system. If these beliefs are justifiable, then, within our present general economic model, only an imperfect and temporary Local Economic Development can ever be achieved, and Community Economic Development cannot be achieved at all. A different model is required.

It seems to me that one possible way to describe *community* development is that it seeks to transfer the unified self-consciousness of the *family* - its sense of one-ness, of uniqueness, of identity - to the larger *community*. That would necessarily involve first identifying, defining, or creating a community, and then engendering the functioning of something like a *family* ethic and morality in its relations. That those relations should also include the *economic* relations of production, exchange and consumption moves community development to include the economic, and hence to becoming Community Economic



Development, as distinct from both Community Development and Local Economic Development. It *combines the goals* of each of them, which suggests the purpose of the new model.

This concept of carrying out the cultural, social and economic development of communities as a *single unified project* is strongly suggested - and so is the shape of the alternative model - by a comment of planning philosopher and writer John Friedmann, if we replace his use of the word *household* with the word *community* in the following passage from *Planning in the Public Domain*:

*"To gain their autonomy and to transform themselves into politically active, producing units, (communities) must selectively de-link from the system that keeps them in servitude. Their allocation of time to the exchange economy must be reduced so that resources can be gained for other activities. (Communities) must learn to be more self-reliant in the production of life and do for themselves what they used to obtain from the market."*<sup>1</sup>

Applying to communities Friedmann's formula for the autonomy of the family immediately suggests a number of things. Most startling among them is the notion of ceasing to rely on *the market* - meaning the national and world economy we are now being exhorted to plunge more deeply into - and providing internally, within our smaller economic units, what is now usually obtained externally. In other words, he suggests that we should adopt the model of *community economic self-reliance*. That short passage above also suggests a definition for the *community* which is to be economically self-reliant. It suggests what *community* has to be in our society: *a politically active, producing unit*.

There are three notions in that definition of community. The least contentious of them is *unit*, which is fundamental to the word *community* itself. But, even here, the questions of the degree, complexity and completeness of that unity arises. We tend to see community today in any commonality of purpose, activity, or even mere interest. Professional, social, or even temporary commonalities like school, workplace or lodge, are called *communities*. It

<sup>1</sup> John Friedmann, *Planning in the Public Domain: From Knowledge to Action*, Princeton University Press, p 358, 1987.

escapes our notice that this use of the word is originally metaphorical, and that substituting the metaphorical use for the original use is one process of the change - some might say degradation - of language. Such commonalities are not true *communities*, they are but aggregations or associations. *Community* is something else.

*Politically active* is easy for us to relate to a more complete notion of *community*. Doing so we start to journey back to the original meaning of *community*. But the word *political* needs some unravelling. *Politically active community* could describe, in present useage, the collective action of a union or professional association or a policy pressure group. What constitutes *political* varies in definition from our everyday personal acts to partisan electoral activity. The *polis* part of *political*, however, points us in the right direction. *Political* originally originally described the collective activity of the *polis* or city-state as distinct from the strictly private activity of the family. It referred, originally, to all the activity that took place beyond one's own doorstep - the all inclusive life of the *polity*. It differs from our customary use of the word in that it included the social and the economic.

*Producing*, however, I find to be the essential and operative word in the definition borrowed from Friedmann because, of all the relations of the family and of the primitive city-state, that most debased by modern practice is production. De-based is the right word here. Production has literally been removed from its original base, nested in family or community, and re-located, baseless, as the basis for a ubiquitous and calamitous system that now knows no home-base but is rooted in nothing but itself. Our economic system has come unrooted from the original limitations of local resource availability and the immediate consequences of exceeding that local capacity - local resource depletion. It has come unrooted from what used to be its social limitations, the ethic - or aesthetic - that either it supported its participants or it died. World wide in scope, our economic system can now destroy both the resources and the people of any locality, and skip on, with impunity, to new horizons of environmental and social destruction. Our economic system has, overall,

resulted in our disengagement from the capacity we once had to look after ourselves. And that disengagement has resulted in the loss of that capacity - in our disempowerment. We no longer produce what we consume, nor, for the most part, consume what we produce. While we may be essential cogs in the grand wheel of industrial production, distribution, exchange and consumption, we are no longer influential in its course. We are, instead, most likely to be helpless, dangling appendages in the fundamental economy of our own basic material existence.

Adam Smith, in *The Wealth of Nations*, builds our modern economics - the exchange economy Friedmann speaks of - upon the concept of the *division of labour*. Smith's *rational economic man* maintains his material life by means of doing the one thing he does best and filling his other needs through the *exchange* of products which have been produced, more efficiently, by means of other compartmentalized, specialized production by other people. Smith's economics discounts as *inefficient* the production relations of the self-reliant family, city-state or primitive community, which produces internally most of what the unit needs. Further, he discounts the *communitarian* or *family ethic* of the common good and of co-operation, in favour of our now familiar one of self-interested competition.

*"... man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them."* <sup>2</sup>

The result of becoming the *rational, economic men* of Smith's reductionist concept has been our *reduction* as producing beings. And the same *reduction*, as *politically active, producing units*, has invested our communities.

Physical isolation originally defined a community. But, I think, that merely made self-production an unremarkable characteristic rather than the essential it has always been. As a result of the research being reported in this submission, I have come to believe that *production for its own use* is probably the essential

<sup>2</sup> Adam Smith, ed. Edwin Canaan, *An Inquiry Into the Nature and Causes of The Wealth of Nations*, The University of Chicago Press, 1976, p 18.

defining characteristic of a community. A definition relying on the relations of production, exchange and consumption, in our geographically homogenized world, is probably the most useful one today.

If it is the holistic and co-operative *family* ethic and morality that, following Friedmann, we seek to transfer to the larger community, that definition is in some sense the opposite of Smith's sentiment. Yet, I find it unnecessary to deny Adam Smith's *rational economic man*, or the so-called efficiencies of the division of labour, or even the elite specializations of the tool we know as *capital* to which it leads. Nor is it necessary to enter and take sides in the debate between the believers in competitive social Darwinism that Smith's philosophy of economics encouraged and those - Darwinism's critics and opposites, like the anarchist prince and philosopher, Peter Kropotkin - who declare the paramountcy of co-operation in both animal and human affairs. The arguments about production relations - that *rational economic man* can interest others in his welfare only through engaging their own self-interest and that *unspoiled natural man* is naturally co-operative - ultimately conflate. Smith's man is securing co-operation through self interest and Kropotkin's man is securing self-interest through co-operation. I am as sure that there were workers in primitive society who specialized as I am that business proceeds through co-operation. The dichotomy is illusory, or, at best, only one of emphasis, style and choice. It is ultimately an article of *faith* - a matter of religion, not economics; of emotion, not reason, as Lewis Lapham has pointed out, humourously, in his very serious book, *Money and Class in America: Notes and Comments on the Civil Religion*.<sup>3</sup>

It is not that the theory that *division of labour* and the *efficiencies* and *comparative advantage* that accrue from specialization is wrong. It is just that their extremist application, as *sufficient* to define humankind, is a misplaced fever. It is quite unjustified - even gainsaid - by economic history since the 14th century, as well as by Kropotkin.

"Man is not a being whose exclusive purpose in life is eating,

3 Lewis H. Lapham, *Money and Class in America: Notes and Observations on the Civil Religion*, Ballantine Books, N.Y., 1988.

*drinking, and providing shelter for himself. As soon as his material wants are satisfied, other needs, which generally speaking, may be described as of an artistic nature, will thrust themselves forward."*<sup>4</sup>

Quite simply, neither rational man nor economic man is the whole of man, and continuing to claim that a reduction to rational economics defines humankind is the universal sin of the modern reductionists of both left and right that has led to both social and environmental degradation. For, while economics is not the totality of life of either individuals or communities, it is foundational. Its tenets are of immense and definitive consequence. A society's *economics* is what gives that society its form. It *informs* everything within that society. To build the whole of society upon Smith's *reduced* foundation, as we have done, is to build a society with built-in flaws that does not work for all that are in it. More to our point here, it is to build a society that, we can observe, is destroying itself and the world it inhabits as the flaw magnifies. Never has the need for Community Economic Development *in the alternate model described herein* been greater. Never have we so specifically needed the holistic development of *community* and *economics* together, for we must not only rebuild an economics that is more appropriately effective and less destructively affective, we must rebuild the institutions of society and culture within which that economics can have play. We must do both together, and we must do that *outside* of the present socio-economic model, since it is our present economic model - and how it has structured our society - which is the problem.

Understanding the *community* rather than the *individual* as the basic unit of production and consumption begs the question of *rational economic man* VS *natural co-operative man*. The individual is a fallacy of The Enlightenment - what used to be called The Age Of Reason - a creation of the 18th century in which Adam Smith lived and wrote. The 19th century celebrated the individual. The individual was *the captain of his soul*. He was the creative genius of art

<sup>4</sup> George Woodcock, *Anarchism: A History of Libertarian Ideas and Movements*, Penguin Books, New York, 1962, 1975, 1986, p 170. He is quoting Kropotkin in this passage, but does not attribute his quotation.

and the rugged individualist of industry - Lautrec and Tom Swift. But we did not evolve as individuals or as individualists, we evolved as cultures. We evolved as *communities*, and that is the minimal human unit of society. Positing self-reliance as that of *community*, and the minimum healthy and sustainable goal of the relations of production as self reliance in *basic needs* within a *community*, we might find individual division of labour functioning within the holistic co-operation of the community, or even specialized production by several communities within a regional grouping of communities. We might find, within such holistic units, the common good organized through Smith's mutuality of private self-interest or Kropotkin's natural co-operation of collective man. *Competition* in production - the building of a better mousetrap - might (and probably should) exist right alongside the *complementation* found in primitive barter societies, in which, if you build an effective mousetrap, I choose to make fish nets. The *nature* of the *relations* of production are less important than the *facts* of *internal* production and consumption for *need*, however facilitated, within the primary economic unit, the *community*.

Such a concept does, of course, run counter to the construct that has been built upon Adam Smith's reductionist view of man - the integrated world economy. Community Economic Development in the different model suggested by Friedmann's comments is, I think, of critical importance. It is important in part because our 20th century apotheosis of the division of labour and trade for comparative advantage has acted universally and historically to destroy *community*, our home and cradle, by destroying its essential relations, ethic and morality. It is also important simply to rescue holistic man - and his environment - from the irrational results of rational economics, As Friedmann points out, a necessary pre-condition is *de-linking* from the present exchange economy. Describing that destruction, discussing an alternative economic model that can facilitate that de-linking, and developing its application in and through Community Economic Development, is the substance of this submission.

The submission is in three parts. Each has its own integrity, but leans upon

the others for full understanding. Part one is a historical survey and discussion of the practical outcome of having based our economics on the *division of labour* and *comparative advantage* model, a model that is fundamentally in opposition to the notion of holistic and self-reliant communities - in fact, in the 1990s, of even self-reliant nations. An exposition of the problem, it is empty without the alternative economic model proposed in Part two. Part two, with its appendices, is an elucidation of the alternative, undertaken in Winnipeg over the last three years, that is in place and functioning in about 100 locations around the world. The importance and significance of the alternate economic model - that it offers a simple, elegant, novel, practicable and effective way to restore the ethic and morality, relations and institutions of *community* - cannot be fully apprehended without the background provided in Part one to explain the destruction of *community*. Part three is a popular-style handbook of the theory and practice of the alternative Community Economic Development model, incorporating material from Parts one and two.

### **Part One in Brief**

I believe that history indicates that our current economic model depends on the alienation of *value added* away from the communities where it is created and into central control. That control, perpetuating itself, achieves not only the economic, but the social, cultural and political degradation of communities, and does so structurally and endemically. I also believe, however, that there is still available a primitive alternative economic structure in which the relations of production and distribution can function with a different, non-destructive, supportive ethic and morality akin to the primitive familial and supportive structures in which we first evolved. In such primitive, self-reliant economies, the relations of production were mediated not by money but by pure information. Its members knew what they needed, what was available, and how to get it. These economies functioned with a nurturing collective will within a holistic society that did not divide production from other social functioning. I

believe we can - and must - re-create something like that as the centre of a new economics. I maintain that we can remove at least the *essentials* of life - food, shelter and clothing, and culture - from the destructive centralizing influences of our present economy to a separable, locally self-reliant parallel economy based on the vestiges of tribal production relations still found in the family. Further, I believe that re-invoking that primitive socio-economic model also offers the possibility of addressing *environmental* degradation by replacing our present *economy of excess* with the more basic *economy of enough*. It is, quite simply, necessary that we replace the waste embedded in the concept of *competition* in production with the conservation inherent in the concept of *complementation* that is endemic to primitive barter economies.

### **Part Two in Brief**

I describe the establishment and beginning operations of a non-confrontational alternative economic structure which has the potential of reconstructing our primitive economic relations and institutions in a simple, familiar, modern form. It offers the possibility of re-connecting local production and distribution directly to local resources, capacity and needs. It can do so structurally by re-establishing the processes and relations of the free and uninhibited giving and receiving that are essential to the maintenance of *community*. The structure is a non-monetary extended barter-concept known as the LETSystem - The Local Employment and Trading System - which is freely and readily available now. I suggest that it ought to become the preferred model for Community Economic Development.

### **Part Three in Brief**

The handbook comprises both theoretical material from the thesis and practical experience from the demonstration project. It includes the nuts and bolts of organizing and operating a LETSystem and the basic reasons for doing so, in a manual for undertaking Community Economic Development using the



LETSystem. It is designed in a simple and attractive format intended to convey a good deal of theoretical and practical information while remaining accessible.

### **Major Sources**

The source material for describing the LETSystem is principally from its originator, Michael Linton, a radical economist now living in Courtenay, B.C., various published accounts of LETSystem operations from around the world from magazines, the popular press and LETS organization newsletters, correspondence with LETSystem operators, and personal experience (both my own and that of LETSystem users), and from a book which includes chapters on LETSystems, *After The Crash*, by British development theorist Guy Dauncey.

The source material for theory is principally the historical work of the late pre-eminent French social historian Fernand Braudel supplemented by other historical texts - notably, *A History of Christianity* by Paul Johnson and *Prison of Grass: Canada from a Native Point of View* by Howard Adams. Planning and development notions are drawn from the urban planning theories of Jane Jacobs, the development theories of E.F. Schumacher, George McRobie and David Morris, the *New Economics* of Hazel Henderson, the theories of futurist Alvin Tofler, and the feminist economic and historical criticism of Maria Gimbutas, Vandana Shiva and Riane Eisler. They are also informed by published commentaries of development practitioners, the thinking of Peter Berg of the Green City movement, the observations of development, at home and abroad, by new agriculturalist Pat Mooney, the concepts of *bio-regionalism* as applied to urban regional and economic planning and development, and the money theory of Kenneth Galbraith, who seems to avoid the sectarianism of classical economists.

### **Appendices**

There are also extensive appendices comprising reference material of difficult access and records of the evolution of the Winnipeg LETSystem.

**PART ONE**

**MONEY AND COMMUNITY**

**A HISTORICAL SURVEY AND ANALYSIS**

## DEDICATION

*The Second World War killed one of my two older brothers, in North Africa in 1942. We received the telegram on the Christmas morning when I was eight years old. I answered the door. Forty-eight years later I can still see the telegram boy's grey uniform and high shiny black leather spats against the red brick wall of our front porch, and I can still recite from memory the telegram my father took from me. I can still hear and see my black-sheep auntie, the divorced one, out in the lane shaking her fist at Heaven and cursing God.*

*An R.C.A.F Sergeant Pilot, my brother is the only Canadian buried in the British War Cemetery at Beja in Tunis, Tunisia. He was 20.*

*After the war, when I reached my curious early teens, I wondered why such things happen, and what I should study to find out. My father said "economics", but I never did formally study "the dismal science". When I did finally go to university I followed my interests and studied classics, philosophy, english literature, aesthetics, film, and city planning - all of which have led me by other avenues now to answer my adolescent question, at least to my own satisfaction.*

*And, I believe, to what would have been the immense satisfaction and pride of my brothers - Wally, and Bill, who survived the war to die in his forties - and a pride, too, to those others, my parents, Walter and Doris, my grandmother Eliza and my aunt Bea - all gone now - who wept in our living room on Christmas morning, 1942.*

*Ross Dobson  
Winnipeg, Manitoba,  
January, 1991.*

## CHAPTER ONE

### INTRODUCTION

#### The Historical Context of our Economic Development

##### **Sustainability**

*Sustainable Development* is the current buzz-word, but it means little if it is not grounded in the concept of *sustainability*. Sustainability is a biological concept having to do with maintaining the natural cycles of the biosphere and with perpetuating their continual productivity in order to maintain them and the cycles of life that they support. The biosphere cycle is a loop of continuous and simultaneous growth, harvest, decay and regeneration, however long, that must be able to sustain itself, and do whatever growing is required of it, with only the addition of energy from the sun. That is a very nice balancing trick, in which the mining of past sun-energy has a finite limit which we seem to be reaching. In that context, the necessary context of our lives, what must we mean by words like *wealth* and *development* and *growth*, with respect to *sustainability*?

##### **Wealth, Development and Growth**

Humankind is so widespread because our life form has the capacity to fit itself into a vast selection of niches in the biosphere. We can do that because we learned to manipulate the regeneration of some of those bio-cycles artificially. We learned agriculture to replace hunting and gathering. We learned about selective plant and animal breeding. We learned to manipulate the other elements of our environment. About the same time we also figured out how to dominate our neighbours as well as manipulate our environment, so that, when we depleted our local portion of the bio-cycle, we could move elsewhere and help ourselves to what was next door, by force if necessary. So grew up kings and cities, grounded in the concept of centrally administered *power*, and with them grew up our ideas about what *wealth* is - that it is *surfeit* - having *more* than you need. *Comfortable* surfeit as a hedge against

disaster gave way to *necessary* surfeit. A larger than natural life-style became normal.

In the context of *sustainability*, wealth has to mean *adequacy* rather than *surfeit* - the uncomfortable task of finding and maintaining the balance of production and consumption at which our lives and the life of the bio-sphere can proceed comfortably. But we have a view of wealth as *excess*, and wealth as *excess* is not *sustainable*. Excess is not a lasting part of the balanced life of any bio-cycle. There is no short-term perpetual motion machine, no process on earth which produces more energy than it consumes. At the human scales of physical resources and of time, the source of the energy necessary for our life is effectively finite and humanity itself may be excess. We are certainly not sustainable.

Most of the economic development that we reward lies in this context of excess. But it cannot be an over-all excess, it has to be merely a local excess, maintained, temporarily, by power. In this context we court the attention and favour of some central economic *power* and call that local economic development, or we seek, as development, *money wealth*, which represents only wealth *extracted* - wealth *re-located* from one place to another, one place's development being another's diminishment. And we put a premium on the extraction of *excess*, which is our definition of *wealth*, and legitimize that as *growth*, which we also think we need, but which is itself an *excess* that cannot continue in a finite world. *Development*, in this context, is obviously not fundamentally sustainable either.

### **Power and Distribution**

With this combination of dominating nature and each other and extracting excessively from both, it is our conceit to believe that we have established power over our environment. With our science and technology, we imagine that we have broken out of the necessarily limited cycles of the biosphere into a *Starship Enterprise* kind of existence free from any constraints that arise from our grounding in the natural world. One degree below that, we are now trying

to convince ourselves that, with our combination of combined scientific and monetary power, we can begin to manage the total biosphere of the whole earth. That is the theory that underlies the *Brundtland report*.<sup>5</sup> It is Keynesian *re-distributive* economic theory from the 1930's, when the economist Lord Keynes "*felt moved to speculate on the 'economic possibilities for our grandchildren' and concluded that the day might not be all that far off when everybody would be rich.*"<sup>6</sup> With the usual development ethic fundamentally unaltered, The Brundtland Report seems to maintain that all the societies of the earth can be raised to a higher standard of living, something like the western standard, *tempered*, merely, by a comfortable modification of our present western tendencies to excess, by means of local development within our present economic context.<sup>7</sup> Local Economic Development is yet another version of Keynes *universal wealth* syndrome: the belief that all can share in the *development* fostered by *growth*. Neither growth nor development so postulated is, of itself, a realistic agenda for the new century.

### **The True Power Struggle**

It is my belief that our present economic system, that which is based in power represented by money, is ultimately destructive of those things we want to preserve through Community Economic Development. Those are our non-economic relations of support and co-operation, our consciousness of relationship to one another and to place, and the desire to preserve and enhance both one another and place that flows from that. It destroys these things because in it is embedded the concept of objective coercive power. Money, as extracted or alienated wealth, is not only the abstract distillation of valuable commodities, it is distilled power. It distills the power which is

5 *Our Common Future*, The Report of The World Commission on Environment and Development, Oxford University Press, 1987.

6 This report of Keynes is made, without detailed reference, in the book *Small Is Beautiful: Economics as if People Mattered*, by E. F. Schumacher, published by Bland and Briggs, Ltd. London, in 1973 and by Harper and Rowe, New York, in 1975, p 24. The page number references are from the Harper and Rowe Perennial Library paperback edition.

7 *Our Common Future*, The Report of The World Commission on Environment and Development, Oxford University Press, 1987, p 44.

bestowed by the possession of commodities and the capacity to command services by rewarding them with commodities. It is very efficient power. The great contention in our world in the next century is going to be between those who believe we can manage the whole earth massively in this mode of economic power *over* resources and *over* people, and those who believe we can manage it properly - make sense of it - only minimally, one small piece at a time and in a different ethical mode. The contention will be between those who believe we can constrain our over-exploitation of one another and of the environment with legal and economic rules *enforcing* environmental, social and economic sustainability and those that believe we can effectively exercise power only by sharing it, by *co-operating* among one another and with the natural biosphere.

Those who believe that we can keep the whole in balance only by addressing the parts can be called *bio-regionalists*. They favour local autonomy and a variety of management methods, especially direct, hands-on personal effort and responsibility. Responsibility, in their lexicon, includes, especially, a view of nature as co-equal with humanity. It must necessarily also entail a view of humanity as co-equal among itself. Their guiding ethic is that of sharing. Their contention is with the *centralists*, the world-class power lobby, who operate in a more remote and detached mode. The centralists usually mediate their effort through the investment of money, which carries with it its ethic of competition and excessive, unending growth. It is a struggle to fix where the autonomy (which is to say, the power) lies, how it should be used - indeed, what it is for. It is a struggle between styles of engagement: co-operative, direct and subjective or competitive, remote and objective.

This is a struggle in western society between the world of the urban mall, with its TV-commercial muscle-car images of the veiled threat of *power barely leashed*, contained in a midnight blue, smoke-hazed and *artificial* world, and the bucolic image of *natural* nurturing forest and life-supporting grassy farmlands. It is being played out now in the struggle for control of the food

supply between petro-chemical industrial agriculture, with its TV-ad images of macho chemical weed destruction, and the small-scale life-supporting practices of organic farmers who seek to work with, rather than control, the biosphere. It seems to me, however, to be a mistake to call it a struggle against *capitalism*, although it is that. It is a struggle against *coercive power*, whether that be monetary, military, social or political. It is a struggle, therefore, against the collectivism of centralist democracy and the leftist tyranny of the majority just as much as it is a struggle against the centralist money-power of the undemocratic capitalist right.

The old east-west, right-left contest is, in fact, *passe*, if it was ever a real one for most of the earth's people. In the context of *sustainability*, the contest has always been between centralized power and the separate, free and an-archic societies (and economies) of pre-monetary, pre-industrial primitive tribes and peasant villages. It has always been a struggle between the autonomous and self-sufficient *communities* of our world and the aggrandizement and control of centralist empires - military, political and economic. It has been a struggle between self-sufficient local societies in which production and consumption was a closed and self-managed, all-inclusive, all-supportive, circuit - which the industrial revolution overturned for both east and west - and those who wanted to *grow*. It is the old struggle between the village and the city. This is a point made by Alvin Tofler in *The Third Wave*.<sup>8</sup> What we call Local Economic Development is clearly on the centralist side of that struggle, legitimizing centralization, and what we call Community Economic Development is clearly on the other, re-empowering local *communities*. Development planning must be aware of its choices, and those differences and their varying consequences.

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8 Alvin Tofler, *The Third Wave*, Bantam Books, Toronto, 1981.



## CHAPTER TWO

### TO MARKET, TO MARKET The Hidden Structure of Our Economy

#### Theory and Reality

The late French historian, Fernand Braudel, in *Civilization and Capitalism, 15th to 18th Century*,<sup>9</sup> examines the functioning of *The Economy* during this four hundred year period of development, from roughly 1400 (the beginning of the fifteenth century) to 1800 (the end of the eighteenth century).

*"The more research I did, the more disconcerted I became by the direct observation of so-called economic realities between the fifteenth and the eighteenth centuries... because they did not seem to fit, or even flatly contradicted the classical and traditional theories of what was supposed to have happened. According to the textbooks, the development of pre-industrial Europe consisted of its gradual progress towards the rational world of the market, the firm, and capitalist investment, until the coming of the Industrial Revolution..."*<sup>10</sup>

Braudel found that there had been no inevitable, rational progression toward the modern European industrial economy. He found that what has been characterized as the evolutionary *march of progress* toward a unitary economic enlightenment has been principally retroactive, self-serving, propagandist invention. *"In fact, observed reality before the nineteenth century is much more complicated"*.<sup>11</sup>

Braudel found that there was never only one economy, but always several, and finds that we live now, not in one economy, but in at least three connected but distinct economies - the market economy, the capital economy that grew out of it, and what he calls *ordinary material life*. It is principally the "market"

9 Braudel's work is in three volumes, ed. Sian Reynolds: Volume I, *"The Structures of Everyday Life"*; Volume II, *"The Wheels of Commerce"*; Volume III, *"The Perspective Of The World"*; published by Fontana Press, 1985 (William Collins Sons & Co., Ltd., London, and Harper and Rowe, Publishers, Inc., New York, 1984). They are referred to hereinafter as Braudel, Vols. I, II, & III.

10 Braudel, Vol. 1, p 23.

11 Braudel, Vol. 1, p 23.

economy, which developed after the crusades out of what had always been world-wide free trade, that the founders of economics wrote about because it was the most evident and quantifiable. Because of their exclusivity - their reductionism - it is only this large and easily seen stream that we refer to as *The Economy*, what we mean now when we use the phrase, and wherein we habitually seek *development*. It is, however, merely the most evident of the three levels of economic activity which Braudel claims function to drive our world:

*"...the mechanisms of production and exchange linked to rural networks, to small shops and workshops, to banks, exchanges, fairs and (of course) markets. It was on these 'transparent' visible realities, and in the easily observed processes that took place within them that the language of economic science was originally founded. And as a result it was from the start confined within this privileged area, to the exclusion of any other."*<sup>12</sup>

### **The Market Economy**

This "market" economy is, generally, the "money" economy that we now believe we live by, day to day. This "market" economy did not invent money, but it certainly created, developed and proliferated *money as we know it*, by which I mean, in Part one of this submission, that which the eminent economist John Kenneth Galbraith means by money; *"... what is commonly offered or received for the purchase or sale of goods and services..."*<sup>13</sup> It is important to emphasize *commonly* in that definition, for there are uncommon moneys, and classical economists argue a much broader *general* definition of money, which Galbraith leaves room for in the above quotation; but that is for Part two of this submission.

That *common* money, *money as we know it* - which I also herein call *commodity money* - was a new kind of wealth quite different from the old wealth based on land and the productivity of land when worked by people, and on the power to command armed force and therefore possession of the land

<sup>12</sup> Braudel, Vol. 1, pp 23-24.

<sup>13</sup> John Kenneth Galbraith, *Money: Whence it Came, Where it Went*, Houghton Mifflin Co., Boston, 1975, p 5.

and its people together with the fruits of their productivity. It was an *abstraction* of *real* value. As such, convenient and highly *liquid*, it facilitated the world market's functioning and accelerated market growth because of its ease of transfer and exchange. But it was also *taken to actually be value that was real*. The new wealth, *money wealth*, translated *real, concrete* value into a universally interchangeable *abstract symbol* of value. But it was an abstract symbol which, based on *commodity concepts* derived from the functioning of the market, did not remain merely symbolic. Money is a *symbol* that has been *reified* and *commodified*. As an artificial thing of value in its own right, it has built some knotty problems into the foundation of our economics, which we will get to in due course. But, viewed as a concrete commodity in its own right, *money as we know it* also developed characteristics that facilitated the growth of a separate economy parallel to but distinct from the market economy. These characteristics were the exclusivity (the monopoly or oligopoly) of its creation, the limitation of its supply, and interest - which is an *artificial simulation* of organic growth. The parallel but separate economy was the economy of *capitalism*.

### The Capital Economy

The world "money-market" economy provided the new kind of *money wealth*, or *capital*, that permitted the development of the "capital" economy. The "capital" economy grew out of the upper reaches of the "market-money" economy as a controlling reaction to its free-wheeling and anarchic tendencies. We tend to conflate the "capital" and "market" economies and think of them as one, but Braudel claims they are quite different and distinct.

*"Looking up... from the vast plain of the market economy, one finds that active social hierarchies were constructed on top of it; they could manipulate exchange to their advantage and disturb the desired order.... This... shadowy zone, hovering above the sunlit world of the market economy and constituting its upper limit so to speak, represents the favoured domain of capitalism..."* 14

Braudel finds the "capital" economy distinguishable from the "market"

14 Braudel, Vol. 1, p 24.

economy in a number of ways that traditional economists overlook or try to explain within the bounds of a single system. He claims that there is no need to explain these differences as contradictions within a single system. There are more than one closely linked but distinct systems at work here, that are different in character, function, and ends.

"Capital" is the *concentration* of abstract value (as *commodified money wealth*) translated from *real* value in and by the "market" economy, and *capitalism* feeds itself according to the classical marxist theories of the alienation of labour.<sup>15</sup> In this context, these should be understood more broadly as the alienation of *value added*, which is value created by the interaction of people and resources (a little broader than marxist *theory of labour*, but essentially similar) and made available for alienation through the value-abstraction process of modern money functioning in the "market" economy. The world-wide "market" economy turns real value into a *liquid abstraction* and facilitates its *flow*, and the "capital" economy diverts that flow from free circulation, alienates that value from the "market" economy, and concentrates it as a *head (caput)* of economic, market, social and political *power*. That power is subsequently used to control and manipulate the "market" economy that it originally came from.

The participants in the "capital" economy were able to turned the free market rules on their head and subvert the free-wheeling democracy of the market. The alienation of value runs counter to the need for the market to balance give and take. The central concentration of value taken out of the market runs counter to the market's need for money to continuously *circulate* naturally and for cash to freely *flow*. The use of that concentrated capital to manipulate the market runs counter to the need for the market to regulate itself according to supposedly free market laws.

What permitted this overturning of the so-called *market rules* was, in the first instance, money's flexibility. The flexibility derived from the liquidity of *value*

15 Bottomore, Tom, (ed.), *A Dictionary of Marxist Thought*, Harvard University Press, Cambridge, Mass., 1983, pp 9-15, and *Karl Marx, Early Writings*, McGraw Hill, N.Y., 1963. See also Richard Schacht, *Alienation*, pp 73-122.

*abstracted* rather than value that has remained *value realized*. *Real value* is likely to be in some concrete, natural, actual form that is physically more difficult both to alienate and to centralize than money is. Even crude and primitive money was easier to shift than grain, cattle, or trade goods. Gold was easier and more convenient than any of those, paper money easier than gold, and modern *monies of account* (mere ledger entries) were easier than paper money. Now it's an electronic snap and it can all be done instantly.

Added to the ease with which money could transfer value, the limitation, by law, of who could *create* money (and how) and, through that limiting mechanism, the limitation of its *supply*, permitted the participants in the capital economy to develop the necessary control mechanisms. Those already in positions of authority were able to reserve to themselves the right of money creation by fiat, yet the institution of interest made it generally possible for those who already had the power conferred by money to create more by means of it, and in exactly the proportion that they already possessed. A nicer balancing and distribution of power among the already powerful - those at the top and their challengers - could never have been devised. It was not, of course, devised, it evolved. That is to say, this new mechanism of power developed in a manner and into a shape that the realities of the real world pressed it to.

Relying on the liquidity of value abstracted, or *money*, and the ease of shifting it about, and upon the nicely developed mechanisms of economic control which the money system also permitted, the "capital" economy has the capacity to shift its focus and involvement quickly, easily and effectively to whatever economic activity is most profitable, anywhere, anytime. So the capital economy, now and historically, might at one time concentrate on the marketing of goods, discovering or creating the resources and markets for trade through exploration, conquest and empire development; at another time it might concentrate on land control, development, manipulation and resource extraction; at yet another on manufacturing and industry, or yet again, as seems to be the case today, in real estate *development* and on *money farming*. Real estate development is the essentially empty process of creating new money by

means of the artificial inflation of real estate values. Money farming is the equally empty making of money directly from money, long castigated as the sin of *usury*, probably because it has always been, in *real* terms, essentially non-productive. Some of the built-in problems with the money system, which we will discuss later, are becoming evident.

### Ordinary Material Life

Beneath the easily recognized "market" economy, says Braudel, is the everyday functioning, the ordinary material activities, of the peasant or aboriginal village or tribe - or of modern individuals, families and groups - just getting along from day to day. It is the home-built, local economy "of the country"...

*"... another, shadowy zone, often hard to see for lack of adequate historical documents, lying underneath the market economy: this is that elementary basic activity which went on everywhere and the volume of which is truly fantastic... a layer covering the earth".* 16

This has actually been the vital and functioning economy of most of humanity throughout most of human history. I call it the "root" economy. Alvin Tofler describes something similar in what he calls "prosumer" economies.

*"... most people (had always) consumed what they themselves produced. They were neither producers nor consumers in the usual sense. They were instead what might be called 'prosumers.'*

*"... we went from an agricultural society based on 'production for use' - an economy of prosumers, as it were, to an industrial society based on 'production for exchange'.* 17

Braudel says the development of the "market" economy changed everything.

*"On the one hand, peasants lived in their villages in an almost autonomous way (and) on the other hand, a market-oriented economy and an expanding capitalism began to spread out, gradually creating the very world in which we live.... Thus we have two universes, two ways of life foreign to each other, yet whose respective wholes explain one another."* 18

16 Braudel, Vol. 1, pp 23-24.

17 Alvin Tofler, *The Third Wave*, Bantam Books, Toronto, 1981, pp 266-267.

18 Braudel, *Afterthoughts on Material Civilization and Capitalism*, The Johns Hopkins University Press, Baltimore, Md., 1977, pp 5-6.

George McRobie prefigures Braudel and Tofler in discerning this dichotomy.

*"There are always two systems by which we support ourselves - the 'self-care' system and the market system; the latter requires us to earn money in order to buy goods and services produced by others. The self-care system has declined to near-vanishing point, and the result is a great deal of waste and expense, and a loss of independence for the family and the community."* 19

Braudel's claim is that this economy of *ordinary material life* has not entirely vanished but is still present inside, alongside, integrally with and in spite of the "market-money" and "capital" economies that economists are able to discern.

*"This triple division is... controversial.... But in the end I accepted that the market economy had... been a restrictive order, and that like all restrictive orders... it had created an opposition, counter forces, both above and below itself.*

*"What I find most encouraging is that the same schema can be used to show easily and clearly the articulations of present-day societies".* 20

*"Today, just as in the eighteenth century, there is quite a sizeable lower floor, a sort of bargain basement, below the other two storeys; some economists estimate it at about 30% to 40% of economic activity in the industrialized countries. This surprisingly large figure, for which estimates have but recently appeared, is made up of all the activities outside the market and state controls - fraud, barter of goods and services, moonlighting, (and) housework, that domestic economy which Thomas Aquinas regarded as the economia pura and which still of course exists today.... and our statistics, which do not find room anywhere for the 'basement' of the economy, give us only an incomplete picture".* 21

We are beginning to understand that lack. But there does not seem to be anywhere a deep appreciation of Braudel's further suggestion that the informal and underground economies of today still support the whole economic structure in necessary and material ways, nor studies to discover the extent to which that is true and the significance of it. Braudel's findings are controversial probably because they cannot be easily studied by orthodox economic theory. This is not, however, reason to discount them. A moment's thought will show it to be the case that the economics of *ordinary material life* are - everywhere and

19 McRobie, *Small is Possible*, (Jonathan Cope, Great Britain, 1981) Sphere Books Ltd., London, 1982, p 188.

20 Braudel, Vol. 1, p 24.

21 Braudel, Vol. 3, p 630.

always - necessary to the market and capital economies, even if only the extent to which family and friends support one another between jobs, which is to say, in the gaps the formal economy does not concern itself with.

In *informal* economies, people typically help one another, outside the formal "market" economy, trading goods and services back and forth, cooperating on construction projects, for example, or sharing garden produce, or just helping one another to survive. This is usually accomplished, however, without any currency, or with only casual and often imperfect reciprocity if currency is used. The *underground* economy is also hard to quantify. In *underground* economies, people exchange goods and services, also outside the formal "market" economy, but usually duplicating its reciprocity quite carefully, although in such a way as to deliberately defy *official* accounting. Barter flourishes among welfare recipients, for example, in every *socially advanced* economy, in spite of income controls, and welfare officials tell me that they generally ignore it, because it cannot be policed. A very local economy of garage sales, flea markets and rummage keeps the poor in otherwise expensive pre-owned necessities, and tax laws are rarely honoured, again because such activity cannot be policed.

The principal characteristic which I would suggest for a practical conceptualization of the "root" economy is that its internal reciprocal trade or barter of real goods and services is accomplished principally by *direct and unmediated exchange* that does *not* making extensive use of our modern, *commodity money*. I think this can be derived from Braudel's analysis and Tofler's *prosumer* concept and by encompassing the *informal* and *underground* economies. This cash-less commerce may be of primary production, as from our gardens or the direct services we do for one another, or of secondary production, as of used goods. I suggest that this commerce - these familial, informal and underground economies - are, indeed, the modern version of Braudel's primitive *ordinary material life*. The connection can be seen as direct in at least the *invisible work* of home, house and family, although other aspects of it are, like the modern "capital" economy, *reactions* to



the "market" economy. Money creeps into all of these modern "root" economies, but that is merely an artifact of our times and of our ubiquitous internalized money consciousness. We should not be misled as to their essential character by the mere presence of money, more or less, within them.

## CHAPTER THREE

### AND YOU'RE THE FAT PIG

#### The Effects of the World Market Economy on People, Peoples and Community

##### The Perversions of Money

We have been so conditioned to link the concepts *economy* and *money* that most of us can hardly conceive of them separately. The *bottom line* ethic follows money wherever it goes, and we see everything now primarily from the perspective of the "money" or "market" economy. We facilitate almost every aspect of our daily lives, and even of family life, using that really very new creation of the "market" economy, *abstract commodity money*. In the five hundred years since Adam Smith posited *rational economic man*, we all have internalized the rational economists' sin of reductionism. We accept uncritically the belief that *the market* and its operations are sufficient to both explain and define our society, and that its ethics and morals are sufficient to justify and inform our behaviour. It is not. Among half a millenium of moralists, Michael Ignatieff in his small book *The Needs of Strangers* makes the point succinctly, and within the bounds of rational economic discourse.

*"The political arguments between right and left... assume that what (we) need is income, food, clothing, shelter and medical care... What almost never gets asked is whether (we) might need something more than the means of mere survival..."*

*"It is because fraternity, love, belonging, dignity and respect cannot be specified as rights that we ought to specify them as needs..."*

*The (language) our society lives by - a language of rights - (however) has no terms for those dimensions of the human good which require acts of virtue unspecifiable as a legal or civil obligation."* <sup>22</sup>

What would you think, for example, of a parent who refused to feed a child who had not performed assigned household chores? The familial relationship

<sup>22</sup> Michael Ignatieff, *The Needs of Strangers: An Essay on Privacy, Solidarity and the Politics of Being Human*, Penguin Books, New York, 1985, pp 10 - 14.

apart, that would be a reasonable act in a "market" economy - no performance, no reward. But the familial relationship is not apart. With-holding essential sustenance for non-performance is not reasonable within the economy of the family. It is not even legal. Nor is the provision of sustenance properly explainable within the family as an act of *charity*. The nurturing of the young is not a *rational economic* act at all. The best you can do to explain it in our modern *rational economic* society is to claim that sustenance is the child's *right* as a member of the family, matched by the parent's obligation. Both are supported as such in our law. Our proper *family* morality, however, merely accepts the reality, the actuality, the necessity, of the *sustaining relationship*. It simply *is*, tacit, implicit, endemic, a part of the definition of what a *family* is. That used to be true of *community*. That nurturing and mutual caring, and the institutions in which they have their being and can flourish, are what we need to re-construct at the level of *community*, to properly effect Community Economic Development. They are what we need to re-establish in our economic relations of production, exchange and consumption, even if, as we probably do, we have to define them with a rational vocabulary. They are, specifically, part and parcel of the *irrationality* that the *money system* destroyed.

### **Money and Power**

No matter what its apparent current interests, which can make it seem, from time to time, to be several different economies, Braudel says the "capital" economy remains essentially distinct from the "market" economy and always stays essentially the same. It has always been in the hands of relatively few people, although they change in identity. It has always been centralized. And its primary purpose has always been the further accumulation and concentration of capital, which is to say, *money wealth*, out of the market economy and into the capital economy. It is true that many good purposes have been achieved by the use of the [ower of money concentrated as *capital*. But any study of colonial and market expansion shows that market, industrial, developmental, social, political and military adventuring, and every form of

manipulation, coercion, domination and control, have been the tools, justified for a large variety of reasons, that have been used for the expansion of trade, markets and profits. The market itself soon became simply the tool for achieving the abstraction, alienation, accumulation and concentration of more *abstract commodity money as capital*. Real productivity, the creation of goods and services of real value, has always been secondary in the "capital" economy, a *means* to the end of accumulating abstract money wealth and the power it confers. In this, more than in any other respect, the "capital" economy differs from the "market" economy. Indeed, it turns the "market" economy upside down.

*"...the capitalist merchant described by Marx...begins with money (M), acquires goods (G) and returns regularly to money, in a pattern MGM: 'he parts with his money only with the intention of getting it back again'. The peasant by contrast, usually comes to sell his goods on the market in order to buy immediately whatever he needs: he begins with goods and ends with goods: GMG."* 23

If capitalism be defined as the central amassment and centralized use of money as an instrument of objective power, with the focus of that definition on the power that capital or money represents in the abstract rather than on the money itself, then the ends of capitalism can be seen as no different, essentially, from those of the centralized direct social, political and economic power that is the preferred control mechanism of communist and fascist states. The exercise of this *money* power, and access to it, may have been more democratic than the exercise of raw political power, but its *bottom line* ethic also has always supported purposes *fundamentally at odds* with the requirements of community life that we seek to maintain or re-create through Community Economic Development. Indeed, that we need to make special efforts to re-create healthful community relations, to re-establish institutions of mutual support and non-economic caring, of social and political and economic decision-making, and of sound and sensitive environmental management - that we have created a whole discipline to do that - probably proves the point.

## The Market Alienation of Value

The growth of any economy *out of* a more primitive economy must involve first the abstraction of value created within the first economy, and then the subsequent removal of that value from the first to the second economy, in the senses both of *willing surrender* and *separation* involved in Karl Marx's use of the term *alienation*.<sup>24</sup> Braudel claims that the "capital" economy was built upon value *extracted* from the "market" economy, and, just so, it is the everyday presence and activity of ordinary people and their capacity to survive, creating value in the process, that underlies the "market" economy and supports our whole economic *three story house*, as he calls it.<sup>25</sup> He also observes that a result of any community joining the "money-market" economy is the eventual *alienation* of the value created in the economy of *ordinary material life* out of its home community to some larger centre, either by political or economic intent or through the pure and simple functioning of market and money. But, along with that *created value* went also all sorts of other *values*. There is no reason to assume today is different from the period Braudel studied.

## The Trouble With Money

When the "market-money" economy first became general in Europe, the standard of living tended, not to *rise*, which might be expected if the money apologists view of the money system as a wealth-creator is accepted, but to *fall*.

*"A quintal of grain (in France and similarly in all of Western Europe) cost the equivalent of 100 hours of work until about 1543, then remained above that critical line until about 1883.... It is always serious when the 100-hours-for-one-quintal line is crossed; to cross the 200 is a danger signal; 300 is famine.... Thus, for the centuries covered by this book, real prices moved in an unfavourable direction."*<sup>26</sup>

The world "market" economy destroyed the economic insulation of peasant and native communities. Once the world "market" economy had

<sup>24</sup> *A Dictionary of Marxist Thought*, Tom Bottomore, ed., Harvard University Press, Cambridge, Mass., 1983, pp 9-15.

<sup>25</sup> Braudel, Vol. 1, p 28, and Vol. 3, pp 628-632.

<sup>26</sup> Braudel, Vol. 1, p 134

penetrated them, it made such profound and radical changes as to destroy almost everything that we could possibly mean by *community*, and it destroyed, not merely the distinctiveness of those communities and the relationships of their members to and within them, but it destroyed community *ethics* (beliefs about how we relate to one another and to the world around us) and *morality* (how we act out our beliefs about those relationships).

*"What did (money) actually bring? Sharp variations in prices of essential foodstuffs; incomprehensible relationships in which man no longer recognized either himself, his customs, or his ancient values. His work became a commodity, himself a 'thing'.*

*"... Any society based on an ancient structure which opens its doors to money sooner or later loses its acquired equilibrium and liberates forces that can never afterwards be adequately controlled. The new form of interchange disturbs the old order, benefits a few privileged individuals and hurts everyone else. Every society has to turn over a new leaf under the impact." 27*

How remarkable. Money creates poverty! It creates poverty where before there was none because it enriches the few at the cost of the many. The few, of course, can view that with equanimity as *the creation of wealth*. And the end result of simply being able to turn value into a universally recognized and liquid abstraction ultimately transformed all of us and our entire world.

*"Money in the countryside was only rarely used as capital, it is true: it was used for land purchases the aim of which was social promotion; and even more of it was hoarded... But money still played its part in destroying old values and relationships. The peasant who was paid a wage, duly noted in his employer's account book, even if he received so much of his pay in kind that he practically never had two coins to rub together at the end of the year, had grown accustomed to reckoning in money terms. In the long run, mentalities were changing; and so were work relations, easing the passage to modern society, though never in such a way as to benefit the poorest." 28*

The value that people created through their work with and upon their resources was abstracted into money and that money was hoarded as someone else's legal, restrictive land entitlement, or hoarded as someone else's *capital*. In either case, its value was taken out of circulation and kept unavailable to the community: hence the poverty. This is the same process we

27 Braudel, Vol. 1, pp 436-437.

28 Braudel, Vol. 2, p 59.

undergo in recessions. Money with-held from circulation causes depression, because less is circulating. Even if banked in the community, it is unavailable to it. More of this *reified, commodified abstract value* collected and held in certain places means less wealth available everywhere else.

### **Destruction of Community, Culture and Skills**

Braudel tells us that the process of community disintegration began as the world market penetrated into our bucolic communities and social, economic and labour relations changed.

*"In the eighteenth century, the Basque country was tending to become a thoroughgoing 'national market', hence the increasing commercialization of rural property... As a consequence, land ownership became concentrated in a few hands and the already poor peasants underwent further pauperization, being obliged in larger numbers than ever to pass through the narrow gateway of the labour market, in town or in countryside."* 29

One can readily see that, if the community's labourers, whose support source is internal and from within the community, begin to direct their labour and its products externally into the exogenous *labour market* rather than back inward to endogenous activities to support continued local sustenance (that is, to support their source of support) then the material substance, or value, created within the community is transferred beyond the community. And once the *value added*, the product of labour once internal to local "root" economies, could be turned into an abstraction and sent away from its originators, then the *labourers themselves* soon followed. This process would accelerate the more generally money came into use as the principal *arbiter* of what skills, labour, time and resources (the *natural money* possessed by all of us 30) can be translated into spendable value. Eventually, almost nothing could be traded until *demand*ed through someone's willingness to pay *money* for it.

In this way, the world "job-money-market" economy, by developing and using a *universal commodity money*, was able to extract first *capital*

29 Braudel, Vol. 2, p 59

30 See Part Two, Chapter Five of this submission, the section titled *Schumpeter's Equation*. See also Braudel, Vol. 2, p 21.

resources, then *physical* resources and, finally, *human* resources out of and away from our communities, and dedicate them to the ultimate use and advantage of the few at the expense of the many. Those skilled in local land husbandry moved to new skills and new places. Cultural-economic skills, knowledge and processes, adapted to place and transmitted for generations, and essential to the maintenance of *ordinary material life* in those places, were forgotten as new knowledge, skills and processes became necessary. Culture, skills, capacity and place - all that makes *community* - was lost.

In her book *Sultans of Sleaze: Public Relations and The Media*, Joyce Nelson details the modern trans-national corporate version of this historic reality. In her chapter entitled *Multinational Free Lunch: The Zones That Eat The World*, she identifies the *special trade zones* established to create and preserve *favourable business climates* for multi-national corporations:

"... the conditions of work... are so appalling that it would be more accurate to call them slave labour camps... (and) there are usually very lax, or no, environmental regulations to hamper corporate industrial processes." <sup>31</sup>

She also details how these special zones are fueled by surplus labour, people who are literally refugees from *The Green Revolution* of the 60's, in which hi-tech western corporate agriculture, devoted to export crops, dispossessed third world people from their land and sent them flooding, jobless, into the cities.

This has occurred before, of course. It is the legacy of *The Industrial Revolution* in Europe. Throughout history, in fact, people have had to struggle to retain and maintain their substance within local communities and prevent the loss of their culture, their identity and their land to the ultimate alienation of their autonomous self-determination by the advance of "the market" and whatever form of imperialist central control went before it. They often became the rebels, renegades, robbers and bandits (or the local heroes) who raided the treasure caravans or the stage coaches, or sailed the pirate ships, to regain their alienated wealth. They have rarely been exclusively *economic* activists. Retaining or taking the wealth produced by people within their communities in

<sup>25</sup> Joyce Nelson, *Sultans of Sleaze: Public Relations and The Media*, Between The Lines, Toronto, 1989, p 106.



the ordinary run of their everyday lives, or requiring them to occupy themselves in one set of tasks rather than another, or to work for others instead of for themselves, or to leave their communities to live where they can be more useful to others - all the substance of who decides what you and I are to do in and with our lives - have always been the substance of politics, war, trade and commerce.

The world "market" and "capital" economic system, everywhere and always, has trampled our borders, breached our hedges, broken down our fences, extracted our substance, and altered the ambience, the meaning, and the physical structure of the places where we live. It has moved whole communities. In the 1950's in Newfoundland, the outports (old and self sustaining fishing communities) were closed down because they were uneconomical. They could not cheaply be provided with schools and roads and shopping centres, so the people were moved to larger centres. In our present economy, workers are encouraged, even financed, to migrate to industrial centres, to move to where the jobs are. Rural communities throughout North America are denuded of populations as more and more, especially the young, must "*pass through the narrow gateway of the labour market*", where "*work becomes a commodity*", and "*the self a thing*".<sup>32</sup>

Those who would control us have always attacked and criminalized our indigenous cultures and our self-sufficient economic bases. Modern Industry's denial of our access to clean food from the natural world through pollution has a long history. The Spaniards outlawed the growing of amaranth, South America's high-protein food plant, once a staple and now almost lost, because it permitted the natives to be independent. The English enclosed the common lands, depriving their peasantry of the capacity to live independently (inventing the crime of *poaching*) and driving them into the cities and towns as labour. In North America it was those dispossessed and de-cultured European peasants who, as settlers, repeated the oppression of their own masters to make the aboriginal natives dependent on trade with The Hudson's Bay Company, and

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32 Braudel, Vol. 1, pp 436-437

who would now make them fully dependent on *jobs* and *the market*. Howard Adams writes:

*"Systematic colonization... operates to conquer and methodically create a dependency syndrome within indigenous people, who are at the same time having their land and resources seized by imperialist invaders."* 33

*"As far as Indians were concerned, fur trapping did not in the end provide as good a living as their indigenous economy of agriculture or buffalo hunting, since the more they became involved in the fur trade, the less they could farm and hunt. Indian councils became concerned over the large number of their people exclusively dependent upon trapping."* 34

We were all, of course, once *indigenous peoples*. For Canadian aboriginals, community development efforts by our federal and provincial governments are still based on market-serving employment and the development of an entrepreneurial middle class in what used to be co-operative, classless and self-sufficient societies, as this report made to the Manitoba government suggests.

*"...community workers and development agencies pursuing this strategy can be said to be acting as agents of social control since they aim at social integration of potential community leaders into the economic system as a whole".* 35

In tribal communities, ownership or control of your own land, upon which you can grow, hunt or gather your own food, is seen as the essential basis of freedom. The Hudson's Bay Company needed the natives to gather furs and persuaded them to give up much of their old hunting in favour of fur-trapping, and much of their old diet in favour of tea and bannock. Today, the *marketeers and capitalists* in our third world countries want to grow cash crops, and have dispossessed the natives of the best land they used to cultivate for themselves, turning them into labour on export-crop plantations, or dumping them, excess in a machine-oriented agriculture, into the cities. In third world countries now, land from which people can feed themselves is often not available: it is

33 Howard Adams, *Prison of Grass: Canada From a Native Point of View*, Fifth House Publishers, Saskatoon, Saskatchewan, 1987, p 7.

34 IBID, p 26.

35 HKL & Associates, Ltd., *The Economics of Community Development*, a report prepared for the Native Economic Development Program, Province of Manitoba, January, 1986.

dedicated to "market" uses, and Joyce Nelson (in *Sultans of Sleaze*) has detailed the fate of the modern urban migrants. In North America, most of us have been so long disconnected from the land, and are so de-skilled and de-cultured, that we wouldn't know how to feed ourselves if we each did have five acres. The land that our grandparents (in the west) or their grandparents (in the east) turned into farms now agglomerates to multi-national agri-business corporations, and our dreams of personal autonomy have changed.

Our *urban* version of the dream of autonomy, self-sufficiency and self-determination is usually to own, not our own farms, but our own small businesses. This is often a goal of Local Economic Development. But, even if we were to choose entrepreneurship within the money-driven "market" economy as the basis of our independence, not only must we then still submit to the vagaries of the international "market" economy, which is largely controlled by the "capital" economy, we must also recognize that the small entrepreneurs within the money-driven "market" economy are now going the way of natives, peasants and small farmers. They are becoming wage workers as the businesses they built up fall under the control of national and international conglomerate corporations dedicated to what they call *world class* styles and economies. Joyce Nelson aptly notes that this is simply a replication of nineteenth century Europe on a global scale.

Behind all the platitudes and rationalizations of modern world (trade and market) development, there is still the same need to expand and extract, to abstract and alienate, to alienate and concentrate, that stood behind the old-style enforced world trade and the colonization of empires. Force, coercion, persuasion and seduction are merely different methods of bringing in ever more people and ever more resources to the "market" and "capital" economies and centralizing that conjoined economic system in fewer and particular hands. The world of the "market" and "capital" economies requires and achieves our enlistment, one way and another, brutally or subtly, in the same old process. It is now identified as the expansion of trade in the "market" economy and called *development*, but it still sustains itself by consuming our substance, no matter

how great or how small a portion of it is theoretically returned to us to keep us viable.

### The Futility of Local Economic Development

In an article entitled *Bio-regions as Econo-regions*, published in *Planet Drum Review*, Peter B. Meyer, an associate professor at the University of Pennsylvania, addresses the issue of regional economic autonomy as opposed to central economic control.

*"Efforts to increase regional self-sufficiency and to upgrade an area's economic conditions through 'bootstrapping' (local self-help) invariably bump into the brick wall of a massive concentration of productive capital in an ever-shrinking number of major corporations and banks. These large organizations have no commitment to, or interest in, 'place'... (in) the physical/biological locales in which they operate, or in people, the tools with which, and on whom, they work..."*

*"Without commitment to place, the distribution system for capital resources sends funds where the greatest (short term) profits can be realized and then moves the funds as soon as better opportunities arise elsewhere. Centralized capital and economic power thus create instability in the economic environment..."* 36

Meyer's claim, and his solution to the problem, rest on believing that it is those who send money elsewhere, the *managers* of the game, who ignore or are hostile to community, and so are (or cause) the problem. He assumes that it is possible to manage money in more community-supportive ways. To some extent that is true, and what Meyer argues for is certainly possible. There are such efforts as *ethical investment* funds, which put *moral restraints* on money, and they are successful. Meyer, in essence, is arguing for *regional restraints* on money. But the hope for *ethical investments* lies in the fact that they are proving, in the main, to be *more profitable* than general investment portfolios, and the hope for the *regional conscience* of money (and of the money managers) in this familiar Local Economic Development model, must also rely fully on the greatest value that that money can chase lying in its investment

36 Meyer, *Bio-regions as Econo-regions*, *Raise the Stakes: The Planet Drum Review*, No. 11, Summer, 1986.

within the community or econo-region, and that presents a constant problem in financial (and political) artifice. Such might be the case in some communities, or the case in any community for some time, but I doubt that it would be constantly the case in all communities, or in the longer political run. It is not a matter of money being *sent* out of our communities: *it runs away all by itself*, always seeking its greatest possible increase. The problem is a *structural* one, not one of will or *management*.

### Money Runs Uphill

A rich community is one in which money stays to be re-spent six to eight times before it flows away up the hierarchical pyramid to some central location. A northern community of fifty families may have a welfare income of a million dollars a year, or \$20,000.00 per family, but, typically, that million bounces right out of the community, spelling *poverty*. If it was re-spent only three times among the members of the community, that would mean an average income of \$60,000.00 a year, and that community would be well off. <sup>37</sup> Nevertheless, *since money always goes where it will find its greatest increase, it will always leave sooner or later*. Any economic or political system which relies on money cannot avoid the centralizing influence of its structure, and political wills to the contrary are notoriously short, if not altogether lacking. Local economic self-determination in that case becomes entirely a matter of trying to attract at least as much money as that which escapes, and so, by definition, *self-determination* is lost to the determinants, and determinators, of the "market" and "capital" economies. These, by definition, are largely beyond any local, regional, and now even national, control. Braudel makes it clear that the structure and organization of our entire world-wide culture, society, politics and economy has, since 1600, been to the end of supporting and facilitating trans-border value exchange. Is mere local political will going to stand in the way of the trans-border out-migration of money? It never has.

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37 The example is Red Sucker Lake in Northern Ontario: the source of the statistics, private conversation with workers for the Mennonite Central Committee in Winnipeg.

*"Economies know no borders". 38*

*"The global marketplace generates a terrible dependence that further impoverishes the already destitute and leads rich countries like Canada to sell off energy and forests that should be retained for future generations... all for the immediate benefit of dollars".39*

*"Traditional ways of measuring the economy have treated each country as a separate entity. But with the rise of the global marketplace, things have changed in ways that economic theorists are just beginning to understand, let alone measure.*

*"How can (national) central bankers control the supply of money and credit when so much of it has escaped beyond their borders to the free-wheeling, and unregulated, Euro-market?" 40*

*"(People today are) looking for institutions where they can put their money and the money will stay within the community and be cycled and re-cycled from investment to consumer goods and back again. Right now we put our money into institutions and it could be down in Argentina buying guns or something like that because the bottom line says you can get eighteen percent down there or twenty-two percent and only twelve percent in Canada. So much money haemorrhages out of the country...." 41*

Such haemorrhaging is not new. The modern world has been built upon a trade and commerce that has always been world wide in scope. It has always fed upon its constituent economies and economic regions, and was very early driven by a money which was universally moveable. It has always functioned, and now functions, always and everywhere, to abstract real value, alienate it from the people and regions who create it, and transport it out of their communities to some centrality under the control of a very few people. The present day transnational corporate manifestation of this centralization of value and control is merely the phenomenon of nations now experiencing what has been happening to the "root" economies of tribes, villages, communities and

38 Advertisement for Manufacturer's Life Insurance Company, *McLeans's Magazine*, Toronto, April 11, 1988, p 20.

39 David Suzuki, *If You Love This Country*, p 66.

40 Dianne Maley, *New Wave Economics Good News*, *The Winnipeg Free Press*, April 28, 1988.

41 Eric Kierans, a former Canadian Minister of Finance, on the CBC-TV Documentary Series *Venture*, April, 1986, in a documentary on the LETSystem then functioning in Courtenay, B.C..

regions for half a millennium. I find it simply not credible that the destructive *structural* affects of the system - any system - can be alleviated through efforts undertaken within, and using the methods and structures of, that same system. And the problems of the money system, the "capital-market" economy, *are structural*.

### **Honey Bees and Money Bats**

This new thing, liquid value, or *commodified abstract money*, is to us and to our communities as the honey bee to the flower. The honey-bee alienates nectar from the flower and hives it up in a honey-store to nurture the hive's increase. Capital alienated from communities does also come in to communities as currency, credit and cash, as *new capital* that can be used to stimulate new economic growth, rather as the bee serves the flower in order for the flower to become fruit. But *honey-bee money* has a sting. The symbiosis is not necessarily balanced, as is the exchange between the flower and the honey-bee. There is no guarantee that the capital alienated from any one community will return to that community and not to another. And the decisions that would see it return to its originating community are not that community's to make.

There may be such a thing as healthy competition among contributing communities in any region, and between the satellite communities and some central core community. Local Economic Development finds its field here. But logic dictates that there has to be an unfavourable trade balance for all satellite communities with respect to the larger central core community that they relate to. All the satellites will lose in competition with the central community, which is why it is central. And there will always be some among the satellites who lose out also to other satellites, and wither. If the alienation of value endemic to an unfavourable trade balance is to be avoided, the model that must be invoked is that of the network - of autonomous and approximately equal communities - and not the pyramid of superior and inferior communities. And the movement of such goods as do move between self reliant communities - which would only be

of prudent surplus production - would have to be between or among communities directly, not by means of an interposing superior central community trading our exports in and our imports out.

Developing any community economically within the money system *goes against the fundamental imperatives of our economic system*. No national or international chain outlet in any of our communities, for example, will be there for long if the value it takes out of the community is not, overall, greater than the value it puts in. Your national or international merchandising chain store or franchise operation uses goods to get money, not money to provide goods. *Consumer City* is not an outlet, it is an intake. Some of my associates prefer the analogy of the vampire bat to that of the honey bee. Or, to return to my original metaphor, using money, we willingly impale ourselves on an extractive spit, and all our politics and all our vaunted economic freedoms can deal only with who turns the handle, and how fast, and where the fat, juice and gravy runs to.



## CHAPTER FOUR

### HOME AGAIN, HOME AGAIN

#### How We Lost Our Sense of Home, and What We Need to Do to Regain It

##### The Co-development of Money, Markets and Cities

The world "market" economy and its facilitator, "money" developed *together*, part of a single historical phenomenon which also includes our nearly universal urbanization.

*"A world economy always has an urban centre of gravity. News, merchandise, capital, credit, people, instructions, correspondence all flow into and out of the city. Its powerful merchants lay down the law, sometimes becoming extraordinarily wealthy."* 42

The market and money created a new kind of wealth for the *Bourgeois*, the middle-class burghers engaged in trade, whose influence soon rivalled and finally eclipsed that of monarchs. The power of money wealth was much more democratic than the power of divine right and inheritance, or that seized by concentrated military power. It is this that gave rise to the old German proverb "*City air makes you free*", which recognized both the growing independence of cities against the older power of landed gentry, and that the new money wealth conferred power on any who could get hold of some. But its democracy does not change its structure and its effects.

Market and money together mandated the development of modern western European towns and cities after the Middle Ages, and the evolution of their modern appearance, physical structure, functioning and character as the centres of a new order.

*"Urban growth did not happen simply because our grandparents decided that they would like to live together. Nor was it the result of rational social planning. Rather, some places grew into cities because they were more successful economic*

42 Braudel, Vol. 3, p 27.

*units than other places. That is (in the North American context), they were better located for the realization of profits."* 43

The development of modern cities cannot be considered apart from that of money and the world market. Modern *commodity money*, the world "market" economy, and cities co-developed.

### **Cities as Distinct from Towns**

Jane Jacobs claims, however, that mere market trading was not enough for the development of our modern cities.

*"The great Mediaeval fairs of the twelfth century were, of course, immense centres of trade where great numbers of merchants gathered. But the fairs did not become manufacturing centers and they did not become cities either. They proved to be ephemeral. Today they are deader than Troy; even their names - Thourout, Messines, Bar-sur-aube, Lagny - are hardly remembered. Yet such Mediaeval cities as London, Paris and Hamburg, which started several centuries earlier than the fairs as smaller trading centers and perhaps as centers of seasonal trade at that, early became centers of general craft manufacturing too...."* 44

The first evolutionary difference from the fairs was probably in the element of permanence and protection supplied by the walled town as fortress, which permitted the establishment of production as well as trade in the same place: a greater concentration and depth of economic activity, and the control of it. Contrast this reality with our present urban reality, where very little of what we purchase for ourselves is made in the places where we live. Is our world market returning our cities to the hollow and relatively powerless economic status of the Mediaeval trade fair? Is that the true sub-text of our modern urban malls, with their festival marketing? If our cities are only places in which to reside and to shop, and lack primary local production of the necessities of life for those who live there, then the answer is, *yes*.

The second, *qualitative* difference that evolved between life in the tenth century cities (as Jane Jacobs defines cities) and life in the earlier, self-

43 Barker, Penney & Seccombe, *Highrise and Superprofits*, Dumont Press Graphix, Kitchener, Ont., 1973, p 3.

44 Jane Jacobs, *The Economy of Cities*, Random House, N. Y. (Vintage Books), 1970, p 131.

sufficient agricultural towns lies in having added to *first-level* local self-sufficiency the local manufacture and local provision of those *additional* amenities necessary to the *good life*. This essential nature of a *city* seemed, to the self sufficient peasants or natives, a matter of *luxuries* - that *higher standard of living* which we now accept as the normal standard of urban life. Their wonder, and generally negative moral opinion, are both recorded in folk tales like *The City Mouse and The Country Mouse*. Import replacement by local industry is, of course, nothing more than self-sufficiency at the more luxurious *urban* levels. Local industry providing for local needs and wants is, then, along with "market" and "money", also a necessary concomitant of the development of our modern cities. But there are further evolutionary steps.

As self-reliant communities, virtually city-states, the transformed and transforming little cities of Europe were probably at their most free, autonomous, self sufficient and democratic peak about 1000, the beginning of the eleventh century. That was before they began to expand from merely replacing their imports with local production to producing, in their turn, goods for export to non-self-reliant towns. That was the road which led both to urban greatness and to the eventual loss of self-determining autonomy through a greater and more widespread integration of communities into the "money-market" world economy as the social disease of *industrialism* seized us all by the markets. It was that competition for import resources, markets and comparative trade advantage that led to the apocalyptic and suicidal competition for *greatness* which we have known as the European tribal, national, colonial and world wars.

The third step that set the cities that did manage the local self-provision of former luxury imports onto the growth curve to *greatness*, then, was the *additional* capacity to begin to *export* their import-replacing manufactures (of both necessities and luxuries) first to their own hinterlands and then to other centres. They became also *suppliers to*, rather than only *recipients from*, the world "market" economy. This is beyond industry, into what we today would call *marketing*. It probably represents some trip-wire of *decline*, for the exports of *great* cities must be the debilitating imports of *lesser* cities, importing which

they compromise their own self-reliance and stunt or retard their development. Such compromises, for reasons of trade, were and are often *enforced* by some sort of direct or indirect coercive power. It is in this context that we find the Industrial Revolution, fueled by *mass production* and *mass consumption*; that is, production beyond what the producers themselves can consume. Perhaps the Industrial Revolution is mis-named: it ought to be recognized as The Market Revolution. That market revolution continues to be advanced today as *competitive world-class development*. Once into this stage, the cities become mutual competitors on the larger economic stage, and the battle over power and decline is joined. We begin to see what Jane Jacobs calls *transactions of decline*. These are the artificial supports of non-productive activities, areas and regions with which power centres seek to retain dis-affected people in a state of engagement with their larger, unitary polity or trading block. But, with such *transactions of decline*, she says, centralized empires seeking to shore themselves up sow the seeds of their own destruction as their resources are drained in non-productive uses, like armies. 45

### **Capital Cities and the Urban Lifestyle**

What made the local manufacture of import replacements affordable was the new urban *money wealth* available for investment in local production, which facilitated the development of the *great city*. By the sixteenth century (1700's) some cities had undergone a fourth evolutionary transformation, according to Braudel. Not only had they become the competitive centres of economic strength in a world-wide market network, they rivalled, with their economic power and influence, the monarchs and their courts. The Royal Courts of Europe (Versailles in France and Westminster in Britain, for example) had been attracted to those new principal cities (Paris and London) that had grown up within their political dominions. They were attracted for essentially the same reason that every other element in the developing nations had been attracted to

45 Jane Jacobs, *Cities and The Wealth of Nations*, Random House, New York, 1984, pp 182-2-3 (Chapter 12).

them: economic influence and money wealth. And the combination of King and Court with the newly rich large towns, the combination of political legitimacy and power with the new economic power and influence, created something else again:

*"In the sixteenth century, demographic growth had still favoured all the towns indiscriminately whatever their size - large or small. In the seventeenth, political success was concentrated on a few towns to the exclusion of others. Despite the depressing economic situation they grew unceasingly, and continually attracted people and privileges.*

*"These (capital) towns... represented enormous expenditure. Their economy was only balanced by outside resources; others had to pay for their luxury." 46*

Can you hear the busy buzz of honey bees and the rustle and squeak of money bats?

*"What use were they, therefore...? The answer is that they produced the modern states.... They mark a turning point in world history. They produced the national markets, without which the modern state would be pure fiction. The British market was... primarily the result of the ebb and flow of merchandise to and from (the city of) London...." 47*

Braudel does not explore whether the new "capital" cities may have contributed to "the depressing economic situation" that seems to have accompanied their development, although his thesis supports that notion. Self sufficiency went out the window as some of Jane Jacob's *transactions of decline* entered, and even trade fortified with manufacture was not enough.

*"Trade was obviously one of the driving forces behind the monstrous agglomeration (that was London), but... taken all together, profits did not add up to the civil list allocation granted to William III, 700,000 pounds. London, in fact, lived primarily off the Crown, off the high, middle-grade and minor officials it maintained.... It also lived off the nobility and gentry who settled in the town, representatives to the House of Commons who had been in the habit of staying in London with their wives and children since Queen Anne's reign (1702-1714), and from the presence of holders of government bonds whose numbers grew as years went by.... The same thing happened to Paris.... These wealthy classes and reluctant spendthrifts supported 'a multitude of merchants, craftsmen, servants, unskilled labourers' and 'many ecclesiastics and tonsured clerics!' " 48*

46 Braudel, Vol. I, pp 525-528.

47 IBID

The new *capital* cities also created a new man, perhaps the necessary forerunner of Adam Smith's *rational economic man: modern urban man*. Europe's monarchs, not about to bow readily off the stages of power in favour of those who possessed and created this new wealth, provided the final essential elements that created the modern city: the marriage of legitimized politics to economic power. Perhaps even more important in the long run, they created the urban life-style and culture which we now consider our normal due. The Royal Style, the mystique of Royal Power and Eminence, the notion of *Great Culture*, of *urbanity*, became the essential feature of *The City*, adding to its commercial viability, and to its attraction to all levels of society, bourgeois, trade, labour and servant class alike.

### The Urban Consumer-kings

A Canadian National Film Board documentary called *Mobility*, suggests that, by the year 2000, most of the world's population will reside in twenty megalopolises of some ten million inhabitants each. Most of those will exist (or subsist) in third world suburban shantytowns.

*"A town would probably cease to exist without its supply of new people. It has to attract them. But they often come of their own accord towards its lights, its real or apparent freedom, and its higher wages. They come too because they have already been rejected first by the countryside, then by other towns".* 49

The movement to the city is ancient. The old Greek for that phrase is eis ten polin, which is the recognizable root of the city name *Istanbul*. But Braudel says that that migration accelerated, and took on a new character, with the modern development of the world "market" and "capital" economies, and the development of our *great* capital-mercantile cities, and the increasing use of *money*. Braudel describes Naples in the 17th and 18th centuries.

*"... the poor... were so crowded that their life encroached and overflowed onto the streets. The majority of beggars (did) not have houses (but found) nocturnal asylum in a few caves, stables, or ruined houses... Next to them an undeveloped petty-bourgeoisie of half starved artisans scraped a bare living.*

48 Braudel, Vol. 1, pp 528-53.

49 Braudel, Vol. I, pp 489-490.

*"Above this totally deprived mass let us imagine a super-society of courtiers, great landed nobility, high-ranking ecclesiastics, obstructive officials, judges, advocates, and litigants. These privileged people did not always receive rich livings. A little money was enough to move a man into the ranks of the nobles."* 50

One social critic at the time wrote, no doubt hyperbolically, but aptly...

*"Our former butcher no longer practices his trade except through his assistants since becoming a duke'."* 51

People will do just about anything for the magic elixir, *commodified money*, because it permits us to *rise above our ordinary material life*. This is what we all come to the cities, and stay in them, for. The urbanized, consumerist life that most of us live now, even on our farms and in our towns and villages, derives not from our peasant and native forebears' life in country *towns*, but, by means of the magic of *money*, of *value extracted, abstracted, alienated and re-commodified*, from that parasitical and profligate life-style of the royal or ducal courts that annexed themselves to the wealthy, independent, European merchant trading towns of the Middle Ages and turned them into *great capital cities*. The Royal Symbols of power and affluence, the Royal Culture of essentially non-productive luxurious exploitation, became the life-style model for the newly rich and powerful and, subsequently, for all those of us below who aspired to it and now take it as our minimal social and economic right.

### **The Unbalanced Life**

Our consumer society, with its belief in leisure pastimes, its expectation of entertainment and spectacle, and its central concern with the provision and consumption of exotic material goods, is something quite apart from the *ordinary material life* of most people in most places throughout most of human history. Yet, just a generation or two from the rural peasant turnip field or the forest or grassland hunt, we now have come to think of that regal lifestyle as ordinary. *Urbanization*, which is at once effect, facilitation and support of the "market" economy, according to Braudel, is the name by which we all,

50 Braudel, Vol. I, pp 532-533.

51 Braudel, Vol. I, pp 533.

merchant, worker and moneycrat alike, have grown accustomed to living as hangers-on at the court of a vanished king. It is a regal abstraction that feeds compulsively and coercively off "*outside resources*". It is precisely this life that is no longer *sustainable* as we mine ever farther-flung commercial empires, or try to add them to our courts of abstraction.

All of us who are employed at jobs within, or who otherwise get our necessary support from, the urbanized and far-flung "money-market" economy are part of the circular MGM-GMG game, <sup>52</sup> rewarded more or less for our part in the generation of more *capital* and our legitimization of the game without much thought as to whether our own productivity is ultimately *real*, in the sense of being *primarily*, rather than *secondarily*, productive. For the *capitalists*, the money itself is the object of the game: MGM. For those of us *employed* by the capitalists, the object is the regal consumerist lifestyle: GMG. It is a velvet trap, seductive and destructive. George McRobie in his book *Small is Possible* says:

*"One of the principal characteristics of industrialization... is its over-riding tendency to create a more and more dependent population. This dependence, this external direction of people's lives, is most evident in the case of their employment, over which they have virtually no control, either as regards its availability or its quality. It also applies to other aspects of daily life."* <sup>53</sup>

The problem addressed by Community Economic Development, one of the "*other aspects*", is the autonomy, self-reliance and sustainability of local peoples - *re-empowerment*. However, the effect that arises from economists not perceiving or dealing with the difference between two distinct economic cycles has been the internalization by the market (and us) of the interests of capital power - interests fundamentally at odds with ours and a free market - in order to retain our regal privileges. We have willingly disempowered ourselves. Local Economic Development does not address this empowerment issue except through the discourse of money, and the discourse of money, we have seen, is other-directed.

<sup>52</sup> Braudel, Vol. 2, p 64, or see above, chapter two, *Money and Power*.

<sup>53</sup> George McRobie, *Small is Possible*, (Jonathan Cope, Great Britain, 1981). Sphere Books, Ltd., London, 1982, p 188.



*"... orthodox, conventional economics, technology and applied science, and administration, are designed to serve an efficient system of production and consumption and not to develop the capacity for people to look after themselves. The conventional structures are those that support a system of economics whose starting point is the production of goods, and for which purpose labour is (merely) a factor of production.*

*"A structure that supported an economic system whose starting point was people - economics as if people mattered - and regarded goods as the natural and inevitable result of making everyone productive, would look very different". 54*

It would not, for one, have either the form GMG or the form MGM but the form PGP - people creating goods for people, and doing so directly, for their own purposes. The form would be that of a *real-goods* economy, the "root" that gives rise to and supports all else, an *unorthodoxy*, *apart* from the world market economy, which those who operate and apologize for the "capital" and "market" economies dare not let us contemplate.

The "root" is not very far from any of us. It was only by the Education Act of 1870, allied with agricultural depression and urban puritanism, that the imaginative cultural life of the British tribal system was finally broken, completing the deculturation process that began with the Romans and continued through the Holy Roman Empire and the witch hunts of the Middle Ages that destroyed the tribes' spiritual and political leaders. 55 The tribal-village ethic is not yet quite out of reach, however. It persists, if only in our nursery tales, as a *golden age* memory. Many things are being remembered as golden. Caring, self reliance and autonomy are high among them. The golden memory often shows up in TV commercials that extol the *natural* way of life. It persists in the handing down of traditional cultural gardening and craft habits and skills. The new feminists are reaching back for parts of its spirituality to support their struggle for the re-empowerment of women. I believe we can reach back for the non-monetary, self-reliant economic style as well, and use it to liberate our communities from the same oppression.

54 George McRobie, *Small is Possible*, (Jonathan Cope, Great Britain, 1981). Sphere Books, Ltd., London, 1982, p 185.

55 R. G. Collingwood, *The Principles of Art*, Oxford University Press, 1979, p 101.

## Re-balancing

It takes very little ground to feed one person for one year - about an acre, and in some places and for some people, even less. It takes much in the way of imagination and cultural knowledge. We have lost much of that knowledge, but we can regain it, and there is more of it to be had from modern research and technology. There is a living to be had on the fringes. Food can be grown in sewage, often solving two problems at the same time. Small technologies can re-cycle the detritus of our consumerism, for a start.

Any community with any sort of land base and available labour can *begin* to become self-reliant. A community could provide its own essential goods and services for people who remain also partly connected to the "market" economy and still enjoying some of its advantages when they need or want them. There is already a comprehensive body of work and experience on community development, and even specifically how to develop local self-reliant economies in urban and rural settings. The work of David Morris and his Washington-based *Institute for Self Reliance* is notable.

*"The city is becoming an ecological nation. As such, the city maximizes the long term value of its finite piece of land by creating elegant, biologically-based systems. Local self-reliance is the goal. The term 'local self reliance' is defined in various ways by different disciplines. To the ecologist, local self-reliance means 'closed loop systems' where the wastes of one process become the raw materials of another. To the economist, local self-reliance means capturing for the benefit of the local community the greatest amount of 'value added' to the original raw material through processing and marketing. Local self-reliance, to the biologist Russell Anderson, is 'a type of development which stimulates the ability to satisfy needs locally.' It is 'the capacity for self-sufficiency, but not self-sufficiency itself'. Self-reliance represents a new balance, not a new absolute". 56*

Community Economic Development seeks, along with *economic* development, the re-establishment of the ecological sense of *kinship* with one another and with place which must underlie the concept of *community*. We are

56 David Morris, *The New City States*, The Institute for Self Reliance, Washington, 1981, p 5. Descriptions of Morris' work are also published in *Self-Reliant Cities: Energy and the Transformation of Urban America*, Sierra Club Books, San Francisco, 1982

presently making our cities, and us in them, *commodities* to feed the corporate golem.<sup>57</sup> Our challenge is to begin to make of them natural places that will feed and sustain ourselves and our cultural, social and economic lives. I am aware of two responses that seek to redress this imbalance. One is the view of Pat Mooney, a co-director of the Rural Advancement Fund International, of Brandon Manitoba, whom I interviewed for City Magazine. The other is the view of Peter Berg, director of Planet Drum Foundation, of San Francisco, California. Both call for a re-activation of our vital and organic links with the places that sustain us. Pat Mooney thinks it is time we re-peopled the country. Peter Berg (like David Morris) thinks it is time we re-naturalized our cities.

*"No large urban area in North America is sustainable at present.... Cities aren't sustainable because they have become dependent on distant, rapidly shrinking sources for the basic essentials of food, water, energy and materials. At the same time they have severely damaged the health of local systems upon which any sensible notion of sustainability must ultimately depend. Water courses have become dumps for everything from petrochemicals to sewage, nearby farmland is continually lost to housing developments, soil and water tables are poisoned by seepage wastes from garbage buried in landfills, fossil fuel emissions increasingly mar the purity of air, and the small refuges for wildlife and native vegetation that still remain are constantly reduced or threatened.*"<sup>58</sup>

Peter Berg and the *Green Cities* movement accept our nearly universal urbanization, and propose that we work within our cities to make them *natural*.

Pat Mooney and his colleagues want to change the urban-rural imbalance.

*"Ultimately, city people are going to have to move to the country (and) repopulate rural areas. There's got to be industrial strategies, taxation policies, wage and employment strategies, the whole gamut, to actually encourage more small-holdings out in the countryside... the fact is that you need voters, you need neighbours out there if you want to keep the school buses running, if you want to keep the schools running, if you want to*

57 A yiddish word meaning an artificially created life-form, made by man, not God, from lifeless matter. The creation usually runs amok, in cautionary tales, destroying its maker. Frankenstein's monster, although made of human parts, not clay, is a golem. Mary Shelley was criticizing the hubris of science. The same criticism is apt, I think, for the hubris of the apologists for *rational economic man*. So does Tolkein, the author of *The Lord of the Ring*. He used a transliteration of the word as the name for his greed-imprisoned cave-creature, *Golum*.

58 Peter Berg, Beryl Magilavy and Seth Zuckerman, *A Green Cities Program for San Francisco Bay Area Cities and Towns*, Planet Drum Books, San Francisco, 1989, p. xii.

*have any shopping at all, then you need folks, and the tax base has got to be altered to reflect that need. And I think that, for a lot of people, it's a very viable way to live, an increasingly viable way to live".* 59

I believe that Pat Mooney and Peter Berg would agree that, whether we live in the city or in the country, we all must learn to think and act in land-connected ways again. There is a living model which we can learn from in the economic and community life of the *Old Amish* communities in the United States, the *Hutterites* in Canada.

*"Where Amish are active, countryside and town are full of bustling shops and small businesses, neat homes, solid schools and churches, scores of roadside stands and cheese factories. East Central Ohio even has a small woollen mill, one of the few remaining in the country. Compare this region with the decaying towns and empty farmsteads of the land dominated by large-scale agri-business. The Amish economy spills out to affect the whole local economy".* 60

Braudel seems to say that, historically, in the confrontation of community and centralization, the abstraction of value we know as *money* has always carried the day for the forces of alienation and central control. The cultural, political and economic dislocations here and in the third world which serve market ideology are tragic enough. Even more so, however, in my estimation, is the commitment of those who would assist people, supposedly in their own best interests, toward an irreversible enlistment in the "job-money-market" world economy. The usual goal of local economic development, working within the dominant economic system, is like introducing the suckling pig to the rendering pot.

All of our customary efforts to develop communities economically and socially cash out as fitting people into the royal life of the trading, manufacturing, capital city.

*1. Job training is to help the former peasant/native to learn skills to replace skills no longer thought to be relevant, and so to be suitable*

59 Ross Dobson, "Sustainable City, Sustainable Country", *City Magazine*, Polis Publishers, Winnipeg, Vol 10, No. 3, Winter, 1988.

60 "Amish Economics", published in *The New Catalyst*, Lillooet, British Columbia, Fall, 1987 (a shortened version of an account that previously appeared in *Whole Earth Review*, ("Not Man Apart") and *Fourth World Review*.

*for employment in the new order;*

2. *Local Economic development is to assist the aspiring and established townspeople or rural immigrants to set up shops and businesses as petit entrepreneurs within the world market system;*
3. *Social development is to educate and aculturate the newcomers to the practices and ethics of the market economy, and the royal tastes of our vacant monarchical court.*

Such goals, tied to an unsustainable economics, are also unsustainable. They are, fundamentally, culturally normalizing, and, therefore, at base, a political agenda, particularly with respect to aboriginal populations. This kind of development effort is a political agenda, also, if it refuses to consider, and add to its tool kit, alternative development possibilities that are congruent with, for example, the existing social norms of aboriginal reserves, or the alternative tastes of others who are not comfortable with the money-market ethic and morality, or who are suffering debilitation from its operations. It is a political agenda, also, if it addresses the needs of those of our rural villages and towns suffering job loss and depopulation only within the economics of the world market that has brought about their job loss and depopulation.

We can counter the forces of alienation and central control with local value retention and locally autonomous economic management, and do so with other than *market* ethics and morality. To develop *communities*, I submit, *demands* that different ethic. We need to expand and re-invent our *ordinary material life* in both its ethical and practical dimensions. Capitalist and consumer alike, the money-market-dependency game, a forced and artificial cycle of production-consumption, is now threatening fatally the world's resources and bio-sphere, as well as the social fabric and general well-being of our society. Murray Bookchin writes:

*"... capitalism has transformed itself from an economy surrounded by many pre-capitalist social and political formations into a society that itself has become 'economized'. Terms like consumerism and industrialism are merely obscurantist euphemisms for an all-pervasive embourgeoisement that involves not simply an appetite for commodities and sophisticated*

*technologies but the expansion of commodity relationships - of market relationships - into areas of life and social movements that once offered some degree of resistance to, if not a refuge from, utterly amoral, accumulative, and competitive forms of human interaction. Marketplace values have increasingly percolated into familial, educational, personal, and even spiritual relationships and have largely edged out the pre-capitalist traditions that made for mutual aid, idealism, and moral responsibility in contrast to businesslike norms of behaviour."* 61

I think Bookchin would agree that we must go home again. But where is home now? Where your heart is, or where your hat hangs? Where you live, or where you work? And why are they separated? Alvin Tofler suggests the answer.

*"... The very word 'economy' was defined to exclude all forms of work or production not intended for the market, and the prosumer became invisible.*

*"This meant, for example, that all the unpaid work done by women in the home... was contemptuously dismissed as 'non-economic', even though... the visible economy... could not have existed without the goods and services produced in the... invisible economy."* 62

Home means home.

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61 Murray Bookchin, *City Magazine*, Polis Publishing, Inc., Winnipeg, Manitoba, Vol. 11, No. 2, first quarter, 1990 (re-printed from *Green Perspectives*, The Green Program Project, Burlington, Vermont, No. 18, Nov., 1989).

62 Alvin Tofler, *The Third Wave*, Bantam Books, Toronto, 1981, pp 266-267.

## CHAPTER FIVE

### LADYBUG, JIG!

#### Parsing the Invisible Root Economy to Identify the Alternatives

##### The Home Economy

*Ordinary material life* - the life of *home*, where the *hearth* is - is much more complex than Braudel takes time and space to describe. There have always been within it distinct and separate internal economies of trade and of gifting, and further internal divisions of quite distinct and separate value exchange vectors, significance and moral effect. The word *economy* comes from the ancient Greek word for household, ekos, and nomos, the word for steward or, in its feminine form, housewife. The ekonomos was the household manager. The "root" economies identified by Braudel are still the non-monetary economies with which most families function, or that which operates between friends and neighbours. This is the economy of family, of friends, of charity and not the bargain. This is our *primitive* economy, in the non-pejorative sense of that word, our *first* economy. Some think of it as a *feminine* economy: the *hearth* is a symbol of both female and of home. But, however characterized, this is the economy in which those who need, receive, and those who can, give, without close reckoning. It is the economy in which people simply do the necessary things for themselves and one another, and get on with living.

Long before the ancient Greeks, most tribal economies functioned structurally that way. They still do. Who can, does: who needs, receives. Riane Eisler suggests that there was a long neolithic period in Europe which seems to have had no war and in which people seemed to have lived co-operatively and co-equally in what she calls a *partnership* society.<sup>63</sup> Karl Marx did not invent the formula *from each according to capacity, and to each according to need*. It describes the primitive economy of most of human history, like that native to North America, as described by Howard Adams:

<sup>63</sup> Riane Eisler, *The Chalice and The Blade*, Harper and Rowe, San Francisco, 1987.

*"There were no poor and needy by comparison with other members, and likewise no wealthy and privileged; as a result, on the prairies there were no classes and no class antagonism among the people. Members of the community were bound to give each other assistance, protection, and support, not only as part of their economics, but as part of their religion as well. Sharing was a natural characteristic of their way of life. Each member recognized his or her responsibility for contributing to the tribe's welfare when required, and individual profit-making was unknown. Everyone was equal in rights and benefits. Some native communities still function communally in this manner, particularly in poor areas. Very few members set themselves apart from the community and attempted to accumulate material wealth for themselves."* 64

### **The Gift Economy**

Marx's compassionate formula failed in the gigantic and bureaucratic, detached, objective central economy that claims to be Marx's inheritor, and it simply is not appropriate to the "market-money" economy, where it is as oil to water. Lewis Hyde writes:

*"Tribal peoples usually distinguish between gifts and capital. One man's gift', they say, 'must not be another man's capital'.... A gift... should be consumed, and not invested for growth. If such transferred wealth is added to (a) clan's capital and kept for growth and investment, the subclan is regarded as being in an immoral relation of debt to the donors of the original gift... and something horrible will happen."*

*"What happens in fact to most tribal groups (who capitalize gifts in the European way is that) the social fabric of the group is invariably destroyed".* 65

It is important to consider this separation of economies. The economy of the gift has a sacral function of validating and verifying community. The gift is given in the expectation that it will not be hoarded by any individual. The gift, or the value or energy it represents, must be passed on, not back: it can neither be kept nor reciprocated. Thus, it affirms relationship. Given without the expectation of reciprocity, it is given without regard for the recipient's ability to

64 Howard Adams, *Prison of Grass: Canada From a Native Point of View*, Fifth House Publishers, Saskatoon, Saskatchewan, 1987, p 22.

65 Lewis Hyde, "A Theory of Gifts", *The Gift: Imagination and the Erotic Life of Property*, Vintage Books, Random House, N.Y., 1979, p 9.



pay for or return the gift. Thus it affirms each person's inclusion in community, his or her *rights* as a member of that community. The gift does return; but it returns along the long circuitous route that goes around the whole community before it comes back. It celebrates and solidifies *community*.

We still have the gift economy: we still have a remnant of the sacral ethic of the gift in our vague discomfort with the morality of *accounting* for a gift monetarily. It's the *thought* that counts. A market exchange is different. It is reciprocal, and reciprocity is immediate and direct or, at least, *secured* by some instrument or other.

*"A market exchange has an equilibrium or stasis: you pay to balance the scale. But when you give a gift there is momentum, and the weight (or energy - like in colliding billiard balls) shifts from body to body."* 66

The gift celebrates the fact of relationship, the reality of community. There is significance in the fact that the same bassinet has been used by three or four generations of related infants, that my grandchild sleeps where I was, as an infant, laid. The gift exchange, on both sides, belies the kind of *alienation* that is endemic to the idea of *ownership*. Questions of the distribution of wealth and ownership (of means of production or of anything else) are irrelevant. Who owns the bassinet? Who cares, or even remembers? Surely what is important is that the infant is sleeping in it. Usership, not ownership, is what is important. The gift affirms other realities, other processes and other measures and styles of relationship within a community, and, above all, the *fact* of community, the reality of *shared belonging*.

### **Male and Female Economies**

The most primitive of societies are the *hunter-gatherers*, those who live on what they can catch and kill or find and dig up. The name suggests, again, two economies. In a hunter-gatherer society, the *gatherers* (mostly women and children) feed most of the tribe most of the time with a natural harvest of roots, berries, fruits, vegetables and small game. Gathering is a regular, close-to-

66 Lewis Hyde, "A Theory of Gifts", *The Gift: Imagination and the Erotic Life of Property*, Vintage Books, Random House, N.Y., 1979, p 9.

home activity with a necessarily steady, immanently present sedentary, conservation ethic and morality of repetitive tasks. I see in this the prototype of Braudel's *ordinary material life*. It is significantly what we have characterized as *female*. The *hunters* (mostly older boys and men) provide important dietary protein supplement, but not, in most cases, the dietary staple. Hunting is an erratic, ceremonial affair necessitating an ethic and morality of risk-taking that is part of an activity pattern characterized by long absences from home and long periods of waiting or careful tracking punctuated by short periods of violent and exhilarating activity. I see in this the prototype of the "market" economy. It is significantly what we have characterized as *male*.

The ascription of gender to these activities, however, is not necessary to differentiate the two sets of human endeavor and economic styles: the activities alone characterize them. One, the competitive economy of the hunt, herding, trade and war, is *outer-directed*, and the other, the co-operative economy of the hearth, planting and gathering, is *inner-directed*. Our general "market-money" based capital-driven "world-class" economy of competition would seem to grow from the primitive outer-directed economy of the hunt, herding, trade and war. But the internal economy of the hearth, planting and gathering, in which the sustaining, sacral flow of *the gift* can function day by day rather than as a rare *charity*, seems still to be with us, although in a devalued state. And the two distinct economies still comprise very different and distinct behaviour patterns and substance, and foster and require diametrically different ethics, morality and values.

### **Home and Market Morality**

We know what the ethics of our market-place economy are. They are clearly based on a competition mythology of *domination* deriving from the hunt. We may like to imagine what the ethics of a generalized economy based on the internal co-operative community economy of the egalitarian *partnership* society Riane Eisler describes might have been like. That would necessarily be the project of those who speak of *feminizing* the economy, using the short-

hand gender-code words to refer to the internal economy of hearth, home and community. But it might be that this inner-directed economy must *remain* inner-directed to remain a *partnership* economy, and that any outer-directed economy must be accomplished with the outer-directed *dominator* ethic and morality of the hunt and of trade.

Jane Jacobs makes a similar point in *Cities and the Wealth of Nations*:

*"Military arts derive from the hunting and raiding life, economics from the making and trading life. Many assumptions, intuitions and virtues that work very well in the one serve badly in the other..."*<sup>67</sup>

The products and values of the internally-directed *partnership* economy are not comfortably monetized or capitalized: they cannot properly be taken *to market*. You cannot operate with the open morality of the family in the hard world of the marketplace. The reverse may also be true for the market products and values of the *dominator* economy. You cannot healthily operate the dynamics of a family with the values of the market-place or military camp. If one believes in the necessity of a *Yin/Yang* balance between the so-called masculine and feminine forces of life, then we each must become skilled at both kinds of ethics and morality. What we must become very skilled at is recognizing, with respect to time, place and purpose, which is the more appropriate.

### **Re-inventing Ordinary Material Life**

Three facts about the "market" and "capital" economies are significant. The first is that they are separate and distinct economies. The second is that they function in tandem to form our present economic system. The third is that they are still linked to, and dependent upon, the "root" economy. And of that, it is significant that none of us, even the affluent, ever leaves the "root" economy of *ordinary material life* absolutely. We all give and receive non-monetary resources daily in this largely forgotten and overlooked economy, within our families and our neighbourhoods and among our network of friends, associates

<sup>67</sup> Jane Jacobs, *Cities and the Wealth of Nations*, Random House, New York, 1984, p 218.

and colleagues. These are the *gifts* that sustain us. We pay them too little attention.

This "root" economy is still the economy that people live in when they fall through the floor of the "market-job-money" economy, and still acts as the essential support base for the "market" economy, contracting and stretching itself as the "market" economy waxes and wanes. It is the ultimate socio-economic safety net that is fundamentally necessary to keep home and hearth together, maintaining ourselves and our families and our communities, so that we can even *have* a market economy. There is, in addition, a whole range of economic activity still within the economy of home and hearth that is available to us. We can contemplate building upon these realities, and the shadow memories from our tribal and village past, to re-structure the inner-directed activities into an expanded local *internal-partnership* economy that re-invents our *ordinary material life*. There are also other economic activities that originally were found in the *inner-directed* economy of the home-place, but which have now been industrialized and co-opted into the *external-dominator* economy of industry, trade and commerce. Starting with the home and moving out from there, we can hope to re-capture some of these for the homely economy we are building. I believe this to be the necessary re-balancing that we must do in order to counter our excessive reliance on the market, and on its ethics and morality of aggression and competition.

### **A Matter of Choice**

The American "*New Economist*" Hazel Henderson said on C.B.C. Radio's *Ideas* series *Citizens at the Summit*:

*"An economy is simply a set of rules that is devised by a culture in order to promote its cultural norms and what that culture thinks is valuable (what they are 'optimizing' for)... Every grand economic theorist... wrote (about), described and rationalized a system that was already in place...."* 68

We have a clear and simple choice to make. If we wish to function according to

68 David Cayley, ed., "Citizens at the Summit: Part iii", *Ideas*, The Canadian Broadcasting Corporation (Radio), Toronto, 1988.

a different ethic and morality we must function in a different economy. That has to be what we are saying when we say that we need to develop the *community* as well as the *economy* of that community. It also has to be what we must mean when we talk about a sustainable economy of restraint. We need to write the economic theory of the home-place. That that theory will be different from that of the "market" economy should not be surprising. There is a great deal about it that we can deliberately *choose*: its ethics and morality, its products, and even - now - its currency of exchange.

*"... what I think is that the new economic theories are going to grow out of what's happening now in every country, and what's happening is a resurgence of local level initiatives and they are, many of them, entrepreneurial. And they include self-employment, small business, the growth of co-ops, the growth of alternative limited purpose currencies to make up for the deficit when the national currency is not available to a local community to complete the trades they need to make with each other".* 69

Clearly, what also is required is that these new economies be developed in practice before they are described in theory. In a money-mediated economy, we see clearly - from the evidence of practice - that the idea of what constitutes wealth is distorted by its focus on the abstraction rather than on the reality. Alan Watts, a pop-religious writer of the 1960's, called the great depression of the 1930's not so much tragic as absurd. All the same materials, all the same factories, all the same farms, all the same people, all the same skills, were all still available, and all still in place. There were stockpiles of food and goods and raw materials available. But the economy was paralyzed, and people could not get even necessary things, because there was no money. But money is not value, it is only the measure of value. To say that people cannot exchange value with one another because there is no money is like saying you cannot build a house because you have no feet and inches. We can choose to develop a more rational system.

*"All history - as well as all current experience - points to the fact that it is man, not nature, who provides the primary resource: that the key factor of all economic development comes out of the mind of man."* 70

69 IBID.

70 E. F. Schumacher, *Small is Beautiful: Economics as if People Mattered*, Harper and Rowe, New York, 1975 (Bland and Briggs Ltd., London, 1973) p 79.

We can call the "root" economy the primitive economy, the tribal economy, the neighbourhood economy, the community economy, the prosumer or the family or the inner-directed or partnership economy. It is all of these; but I choose here to understand them as *pre-money* economies. The "*cultural norm being optimized*" here, the "*set of rules being devised*" to facilitate that cultural norm, need have nothing to do with *money*. Even when we use money in these homely economies, it tends not to be accounted in quite the same way or to quite the same degree that it is accounted in the money economy. That is what is meant by *informal*. In an informal economy, formal accounting is uncomfortably held to be, somehow, inappropriate. And that is exactly correct, even if largely unconscious. "*That's close enough*", or "*we'll call that even*", we say. The essence of these "root" economies is neither wealth nor money, it is *survival*, for which *sustainability* is now another word. Neither word can apply, I suggest, to the money-market system of economic organization, nor, I suggest, to local economic or community development efforts undertaken within that system.

### Poverty and Affluence

In the foreword to Volume Two of his work, Fernand Braudel uses the phrase "*release from the prison of self reliance*" in referring to ordinary material life, and release from this *prison* into the *economic life* of the market is one of the changes that money and the "market" economy wrought on peasant societies. 71 It is the generally accepted view of western industrialist society that *self sufficiency* is a lamentable state in which the individual, family, community, village or region has *only* their own resources to live on. But we need not accept that view uncritically. Vandana Shiva says it is an extremely biased view.

*"Culturally perceived poverty need not be real material poverty: subsistence economies which satisfy basic needs through self-provisioning are not poor in the sense of being deprived. Yet the ideology of development declares them so*

71 Braudel, Vol. 2, p 21.

*because they do not participate overwhelmingly in the market economy, and do not consume commodities produced for and distributed through the market even though they might be satisfying those needs through self-provisioning mechanisms.*

*"This cultural perception of prudent subsistence living as poverty has provided the legitimization for the development process as removing poverty...."*

*"... Traditional economies are not advanced in the matter of nonvital needs satisfaction, but as far as the satisfaction of basic and vital needs is concerned, they are often what Marshall Sahlins has called 'the original affluent society'." 72*

The "market" or "money" economy, with the access it provides us outward to regional, national and world trade (and the access it provides those forces in to us), has provided us with a release from the "prison" which Braudel saw (with some justification) as limiting human economic and material life, in comparison with the modern world "market" economy and with the variety and freedoms (local dislocation and destruction notwithstanding) that it affords. But *development* into the world "market-money" economy does not remove *poverty* (except as the culture of development self-interestedly describes it), it removes *self-reliance*, replacing it with *dependence*. Such development also removes self-determination, replacing it with a paternal colonialism that becomes internalized by the nations, by the people, which it subsumes. The anti-communitarian practices and values of the money system are encoded in our concepts, our methods, our technology and our politics. We have internalized them into our very style and manner of being. It will be difficult to put that process into reverse, but it is practical - and perhaps necessary - that we do so.

### **The Dual Economy**

David Pell and Susan Wismer (Guelph, Ontario planning and development consultants) in writing about community-based economics, advocate a dual economic approach, allying a local, home-grown economy to the national economy. 73 The practice can be seen in natural operation in Papua-New

72 Vandana Shiva, "Development, Ecology and Women," pp 88-89, in *Healing The Wounds*, ed. Judith Plant, published by Between The Lines, Toronto, 1989.

73 "The Role and Limitations of Community-based Economic Development in Canada's North",

offered for barter for other goods: that is, participants first put goods into the system for a *credit*, subsequently spending that credit for other goods offered in the system. They effectively by-pass temporary *shortages* of money, but they are still firmly embedded in the "money-market" economy. They function essentially as *credit grantors* just like finance companies, but with the credit guaranteed, not by the operating company, but by other participants. This is an advance on money reliance, but, still functioning within the dollar economy, it retains all its disadvantages to local development.

Barter goods used in such a fashion are, in fact, a *money* according to classical economists <sup>76</sup> (although not a *common money* in Galbraith's definition) and can (unless subject to strict rules and regulations, and strict enforcement of them) exhibit all the essential characteristics of money - including inflation and devaluation, hoarding and limitation of supply, and the artificial increase known as interest or usury. I would argue, however, that there can be very important differences between Galbraith's common *money as we know it* and other forms of exchange mediation which classical economists would still call money. I will argue that difference in Part two of this submission as we set aside the common *money as we know it*, in favour of a method of facilitating production, distribution and exchange in a cashless, *real-goods* economy.

Establishing a cashless real-goods economy could be managed in any locality in a manner similar to that of the commercial barter clubs, but it would have to be done with a different ethic. The different ethic would have to permit balancing the needs that exist within the community with the resources that it possesses and the capacity of that community to fill those needs from those resources. That is simply a matter of matching basic local employment capacities, skills and resources with local needs to produce and distribute basic goods and services locally, and according to local need. In such an exercise, there will be considerable overlap and needs and resources can be quickly

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<sup>76</sup> See Part Two, Chapter Five of this submission, the section titled *Schumpeter's Equation*. See also Braudel, Vol. 2, p 21. See also footnote 70.



matched. Where there is no overlap indicates where you need to find or develop resources or, perhaps, to modify needs. Imports may be replaced. Those that cannot be replaced can continue to be imported but, in at least the first instance, only those that *cannot* be replaced. This is the sustainable economy, the *new system* economy of the twenty-first century, asked for by E. F. Schumacher.

*"The economics of giantism and automation is a left-over of nineteenth century conditions and nineteenth-century thinking and it is totally incapable of solving any of the real problems of today. An entirely new system of thought is needed, a system based on attention to people, and not primarily attention to goods (the goods will look after themselves!) It could be summed up in the phrase, 'production by the masses, rather than mass production'". 77*

We begin this *new system* economy simply by paying attention to peoples' needs in *real* goods and services, and their capacities within their communities to fill those needs from their own resources. We need, absolutely, however, to focus on the *real* needs, capacities and resources, and by-pass the *demand* ethic embedded in the *money* system. Demand in the *money* system is something that can be expressed *only* with money: no money or equivalent, no *demand*, no matter what *need* may exist. Money only serves to obscure the true economic picture of needs and the capacities to fill those needs, and it must be abandoned in this community economic development model. Once need and capacity are identified, irrespective of money demand, the next step is to organize productivity and consumption by the collective choices and decisions of individuals within the community so as to meet the specific identified needs of both the community and the individuals in it. All that is lacking is the means to facilitate exchange. We may not be ready to simply produce and exchange according to capacity and need. But this lack is the simplest of all to remedy. We simply write new rules, as Hazel Henderson suggests, to authenticate what we have already chosen to do. There is more to say on that later.

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77 E. F. Schumacher, *Small is Beautiful: Economics as if People Mattered*, Harper and Rowe, New York, 1975 (Bland and Briggs Ltd., London, 1973) p 74.

## The Economy of Enough

Such a *new system* local economics could - if an environmentally conservationist ethic is also brought into play - also be what Bob Goudzwaard, an economist with the Free University of Amsterdam, called the *economy of enough*.<sup>78</sup> I suppose it might be possible to mandate both a *local* economy, and a *real goods* economy within our dollar economy by the exercise of regulation and continued political will. But such *command economies* have spectacularly failed in Eastern Europe. The better approach would seem to be to re-create a truly *free* market economy at the local level by the kind of special surrency Hazel Henderson notes. By drawing a local boundary around such a *community* economy by means of a special local currency, we might make it relatively easy as well as useful and ethical for local resources to fill local needs. We would make it *easy* by not requiring people to have available sums of our *universal commodity money* to pay for that needs-fulfillment, but enabling them to do so with the personal resources of time, labour and skills - *the natural money* - which we all already possess.<sup>79</sup> We would make it *useful*, by ensuring that there is a wide range of needed goods and services available for the *spending* of this *natural money*, a means to spend it, and a market to spend it in. This would free people from the bottle-neck of money, which now gets in the way of our capacity to spend our *natural money* until some employer requires it and so permits its translation into our *universal commodity money*. It would also remove local primary sustainability from the anti-communitarian manipulations of the capital economy. These goods and services, market and means of exchange, since they are all local, could be managed and operated according to whatever ethic and morality, economic, environmental and social, that the people within the community have or care to work out.

Being *needs-based* rather than *demand-based*, and removing from the

78 "Building The Economy of Enough From Within", *Catalyst*, Citizens for Public Justice, Calgary and Toronto, Sept., 1983, Vol. 6, No. 8

79 See Part Two, Chapter Five of this submission, the section titled *Schumpeter's Equation*. See also Braudel, Vol. 2, p 21.

economic equation *commodity money*, with its drive for non-productive increase through *interest*, the drive for excessive exploitation of resources might more easily be removed. *Competition* in production might also be discouraged in favour of *complementation*. None of this would necessarily do away with the spectre of over-consumption of resources if needs out-run them. But over-use would, at least, not be a built-in foundation of the economic support system.

### **The Spanish Anarchist Collectives**

Such economies, outside the money-market economy and based both on the concept of filling *need* with *enough* and not *excess*, and on primitive communitarian *ethics*, have existed successfully in this century and in an industrial context. In my lifetime (I was two years old in 1936), the anarchist collectives of Spain functioned in just that manner.<sup>80</sup> The industrial workers who formed the anarchist collectives (in the midst of revolution) were barely-transplanted village peasants. They still had, and valued, their communitarian, near-tribal culture and values, and their social and economic systems. They carried them, relatively intact, from their villages into the industrial towns as they migrated in neighbourhood groups into the industrial age. That is significant in the context of this thesis.

It is also significant that, where these peasants did form governments, they frequently tended to burn the money they found. I would say they recognized its function and role in the destruction of their former lives. But the most significant fact of all is that their economic structure worked very well, both at local levels and between localities. They proved, at least until they were destroyed militarily by both the communists and the fascists, that an economy could be managed in something like a tribal or peasant village communitarian, non-monetary style in a modern, industrial context.

I submit that something like these Spanish anarchist collectives ought to be the model for Community Economic Development, not for political, but for purely

<sup>80</sup> Sam Dolgof, *The Anarchist Collectives: Workers' Self-Management in the Spanish Revolution, 1936-1939*, Black Rose Books, Montreal-N.Y., 1990.

functional, environmental and economic reasons. It makes no sense to me to try to build a newly self-sufficient, supportive and non-market-oriented community economy upon an economics that is structured for a purpose and end that is just the opposite of what Community Economic Development wants to achieve. It makes every sense to build it upon the systems, values and procedures that, at one time, did define the self-reliant, autonomous communities which transferable money destroyed. So, *money* has to be set aside - at least money that functions as our money does in the matters of alienating and transporting value across our local borders and as the sole arbiter of *supply* through *demand*. It has to be set aside in favour of a system which focuses attention and meaning on the production, distribution and exchange of the *real* goods and services that are required by a population, and upon defining those requirements according to *need* rather than *demand*. We need to do for *community* what John Friedmann suggests we must do for *families*. That is to selectively *de-link* from what he calls the "exchange" economy, what I am calling the "market-money" economy, and what Braudel calls the "market" and "capital" economies:

*"Selective de-linking is portrayed here as a voluntary act. But for many workers it may present itself as a choice that is forced, for instance, when their jobs are suddenly declared redundant.*

*"... with the prospect of further industrial decline, social polarization, economic stress and hyper-inflation, it is not unreasonable to suppose that households (ed: or read "communities") will become increasingly self-reliant, using from the economy what they need for the self-production of their lives, and little more. The trend is already underway." 81*

Along with money, we will also be able to set aside its internal demand for constant increase and the profit motive, both of which drive resource depletion in the *economy of excess*. In fact, we can't do that *until* we set *money* aside. Setting aside *money* and *demand* we can also set aside the concept of *payment*, with its requirement for advance or immediate and exact reciprocity, and replace it with something like the familial ethic of mutual support. The

81 John Friedmann, *Planning in the Public Domain: From Knowledge to Action*, Princeton University Press, p 359, 1987.

functioning of a nurturing relationship among members of a convivial community could also make more possible a nurturing relationship between the individuals in it and the environment that sustains them. In an economy that lived off local resources, it would be evident that the life of both individuals and community is directly sustained the health and productivity of that environment. Establishing a sustainable Community Economic Development on this model, we might establish communities which can be economically, ethically and morally, and environmentally more sustainable.

### **Sustainable C.E.D.**

It is now quite possible for us to accomplish such a de-linking on a community basis. Those non-monetary communities of the heart, sentiment, emotion and memory can be re-constituted to form a significant part of a new, modern *dual* approach to economic life. It cannot be done in its old, primitive fashion, of course. We are too de-cultured to return successfully to a circumscribed tribal communitarian life. We are also too aculturated to a life of individuated freedoms - which are usually expressed as freedom *from* domination by smothering *tribal* communities and families - and to the Royal Urban Lifestyle. Even in our family life, we are extremely individuated. For most of us any extended family life exists only at funerals, weddings, christenings and bar-mitzvahs. But I believe that those cashless communities of self-defined and indigenous cultures, whose economies were based on productivity for use and on the tribal *family-support* ethical model, can be re-created in the modern, individuated urban context.

To re-establish community and a communitarian economics, we need a form or fashion in which to re-establish the ethic and practices of the tribal economy that yet recognizes our modern individuation and does not close off all of the advantages and pleasures of our urban, courtly life which the market economy brings us. Fortunately, with our present statistical and information techniques, our modern computer technology, and our modern communications technology, such a method of re-organizing our basic economic life locally is eminently

possible once again. It can be done as a practical rather than an ideological pursuit, still using our money-habits of exchange facilitation, but in a convivial rather than a competitive way and without seriously compromising our larger, market-oriented life-style. It can even be done without requiring *community* to be a homogenous geographical entity. But those considerations are for Part two of this submission.

## CHAPTER SIX

### CONCLUSION TO PART ONE Money Doesn't do it, People do

#### Loosening The Tie That Binds

It is our *universally transferable commodity money* that is the major tie that binds us and our communities into the extractive "market" and "capital" economies. Money is the major instrument of the colonialist control and extraction functions which militate against *community*. And entrenching our *universally transferable commodity money* as the principal medium of exchange tends to deny people free and un-mediated access to the direct realization of their own skills, labour, time and resources - their *natural money*. It requires that *natural money* to be translated first, through formal employment, into our *universally transferable commodity money*, where it is subject to simple and easy alienation from both individuals and community. A community development effort which honestly seeks the real economic betterment of any community, therefore, should avoid the use of *money as we know it*.

It is possible to do that in an acceptable modern form, connected to community instead of to the world "money-market" economy, by mediating our local *real value* exchanges on an *information* basis and not on a *money* basis. The advantage of *real* goods and services is that, locally produced, they are readily available and (what is their *disadvantage* on a national or world market) they are harder (than money) to move very far. They are, therefore, harder to alienate into, and do not bind us so fully within, the national and world market economy. And mediating their exchange with simple information makes our *natural money* directly available to us all. That would be a valuable counterpoint and balance to the international "money-market" *cash-mediated* economy.

Easy and efficient direct information mediation of our local economy is available to us through an application of computer technology. Banks are perfectly capable now of keeping track, world wide, of the exchange and flow of *money*, recording that information with computers. But if, as Alan Watts suggests, money is only the measure of value - which is to say, information about value and not really value at all - then what banks are doing with their computers is recording information about the information about value. We could now so easily drop one of those redundant steps. With it, we could also drop the false concept that an abstract representation of value is also a *commodity*, and return to dealing in real goods and services directly. Modern technology permits us to return to dealing directly in our own individual and collective *natural money* of time, labour, skills and resources. With computers and fast communication, it is *practical* now to replace the mediation of money with the mediation of pure information. According to local option, it is also possible to replace the concept of *money demand* as the arbiter of production and supply with that of *basic need*, and replace the concept of direct immediate reciprocity, or *payment*, as the chief mode of exchange facilitation, with the morality of *community right and the gift*.

### **The Information Mediated Economy**

It is readily available to us to keep a local community *needs-production-consumption* data-base fresh with constantly up-dating information inputs. That would be a simple, straight-forward exercise. And it should be quite straight-forward to manage thereafter. Because the data base is strictly local, reflecting local needs and capacities, it can respond very quickly to the continuous changes impacting upon it, and so remain dynamic and not stagnate. We can easily know who needs what in our local communities, and also who can, or could, supply that locally. There are then only two more problems: how to get it produced if it is not already being produced locally (which may require some business development help) and how to facilitate its distribution. That means freeing up people's capacity to respond to need with



their own *natural money* of time, labour, skills and personal resources, irrespective of the *money demand* system and our artificial commodity money, with its built-in endemic problems of scarcity, poverty and inflation..

Only a small extension of the local *needs-production-consumption* database would be required to record, as pure information, the patterns and flows of individual *exchange* within the local economy, as well as needs, production and consumption. That *exchange information* - who provided what and who received what - also *itself* provides the *facilitation medium* by means of which we can manage and direct the exchange of goods and services produced. We can react directly and immediately to the changing dynamics of our local economy, without having to determine that by watching - and guessing at - the behaviour of a money. In a sense, we would be replacing our *universal commodified money* with our *natural money*. These information records, of course, like the goods and services offered for exchange for other goods and services in the commercial barter club-businesses, also become - according to classical economics - a *money*. They *re-present* our natural skills, time, money and personal resources. But, unlike the *commodity money* of dollars, such an information record, used as information only and not a *commodity money*, would be free of the restrictions of money *scarcity* because it would *follow* real economic activity, and not prefigure or *determine* it.

### **The Communitarian Ethic**

Such a system would have to be informed and directed by a different ethic, one that assumes a right to sustenance. The local community economy would function most easily with the ethic of the *gift* economy and the morality of providing according to need and giving according to capacity. A system that uses computer information records as a kind of substitute for money, and which has a predilection for functioning with a communitarian ethic - at least functioning according to a locally devised and administered value system - is now in use in about a hundred places in the world. It is called the LETSystem - The Local Employment and Trading System. It is an extended bartering system

which allows its members to function in market-familiar styles to manage what is essentially *moneyless* exchange in the familiar *money* style, but with a more humane and communitarian distribution ethic. <sup>82</sup> LETSystem users are not troubled by shortages of a currency to mediate their economic exchanges.

82 That the structure of our money is problematic, and in what way, is the claim of Michael Linton, the designer of the LETSystem of economic exchange. Theory and information on the LETSystem in this submission has been derived from personal conversation with Linton, and in his writing on the LETSystem. (See Michael Linton, "Money and Community Economics", Creation July/August 1986; The Whole Earth Review, Summer, 1987 (with Thomas Greco); or "Is Bartering Back?", Canadian Living Magazine, April, 1988, and other articles in Appendix I of this submission). The particular formulation and expression here of the problem with *commodity money as we know it*, and the uses of the LETSystem as a tool for facilitating the exchange of goods and services in what I call a *real-goods*, rather than a *money* economy, are my own.

The LETSystem exchange medium is, by most classical definitions and in the opinion of economists (and Revenue Canada) a *money*. Economists' definition of money insists that such value-records, or credits and debits, is *money*. The LETS currency is, however, a post facto money which is brought into being only by the economic activity which it facilitates and which is founded upon the collective skills, resources, time and labour availability of the community - what I have called above our own *natural money*. It is a record, merely, of the spending of that *natural money*. It is that *natural money* which is the *money* that should get our economic attention, not the artificial currency it creates as a by-product of its realization. The LETS currency, as a medium of exchange created by whatever level of economic activity exists, uniquely permits us to monitor our economy in this way, whereas our present system of *commodity money*, in which the economic activity possible depends on the supply of money and its availability, displaces attention away from "*real*" goods and services onto the artificial commodity. I submit, the LETS currency is radically different from any other *created* money, and true to what I have called our *natural money* in being "*real*", and is, therefore, uniquely useful in enabling us to manage a local economy.

A LETS economy depends totally on people's needs and the capacity to meet those needs, and so can be dedicated to those ends rather than the vacillations of an external, somewhat arbitrary and totally artificial measure. Controlling economic activity through money supply, *commodity money* engenders recession and poverty, and by seeking its own increase artificially through interest, it engenders inflation and excess resource extraction, and it tends to drain wealth from the communities that create it. A LETS economy, simply by using a differently structured and engendered exchange medium, is proof from these effects of money, depending totally on need and the capacity to fill that need, and retaining created wealth within the community.

I maintain that the LETS currency is not *money as we know it*, or what I have called, in this submission, *commodity money*, since it bears no interest. Linton agrees that it is a money *differently structured*, and describes it as a money *created by its users*. Again, I differ, since the LETS money has no existence prior to the exchange which brings it into being as a money, and so cannot be arbitrarily created by anyone. I think its essential structural difference is not that it is created by individuals as they "need" it, but because it comes into being only *after* the fact of an economic exchange. In any case, the LETS currency, being structured very differently from our *commodity money*, has a very different character which is an additional benefit. It is what Linton calls *convivial*, meaning both co-operative and life-affirming: affirming *the life of community* as well as the empowerment of the individuals within that community.

Since money is merely notional in any case, I prefer, and choose, to think of the LETS currency not as a *money*, but *merely* as a record, and adopt the position that *there is no money in a LETSystem*, no matter what the classical economists - or Michael Linton - claim.

Their facilitating currency is brought into being according to need by their exchanges themselves. It is an *after-the-fact* information record only. It is based, if base be needed, upon the *natural money* of time, skill and labour possessed and pledged by each individual, collectively. Thus, they get around the *demand* problem. Nor do they need to pay heed to the concerns that arise from using *commodity money*, such as the need for that immediate, direct reciprocity in trades which we call *payment*. Their only limitations are those of their time, skills, labour and, of course, *resources*.

In a generalized local economy functioning in this way, a few simple rules would be required to balance individual in-put and out-take, production, distribution and exchange. Such rules would need to be or become a local *societal norm* just like those in the money economy which now internalize the morality of *paying your debts* or that *good fences make good neighbours*. They would be rules adapted - not merely adopted - from the primitive ethic that members of the family, or tribe - in this case, the community - have inalienable rights to basic sustenance. If such rights are not already endemic to the community - as in the case of families or existing tribal communities, where they are *natural* - they could be, as with the LETSsystem, *defined* by a reciprocal membership commitment or formal contract that is entirely voluntary, since the "market-money" economy is still available for those who choose not to participate.

The ratio of consumption and productivity must balance, generally, over the long run and over the whole community involved, but no individual's consumption and production would necessarily have to balance at any given time, either as a matter of necessity or as a function of the mediation medium or its structure. Perhaps not ever. Some individuals, indeed, such as the very young, the very old or the infirm, might constantly receive more than they give, balanced by others' preponderance of giving over taking. Every individual's reciprocation pattern, however, can be known, and even can be subject to public commentary, but the *system itself* does *not* require immediate individual reciprocal balance. Any such requirement, or lack thereof, is a matter

of collective decision-making within each LETS community. Taking our *commodity money* out of the system in favour of freely exercising the innate power of our own *natural money* so that we can replace *demand* response with *needs* response and distribute production according to that need, we may even eliminate *want*.

To go that far, we probably need a different *faith*, like that invoked by Michael Ignatieff in *The Needs of Strangers*, where he speaks of the *mediated* quality of the relationship, in our modern welfare state, between those who need and those who, like himself, support them: "*responsible for each other, but not responsible to each other...*" It is this...

*"... solidarity among strangers, this transformation through the division of labour of needs into rights and rights into care that gives us whatever fragile basis we have for saying we live in a moral community."* <sup>83</sup>

The LETSsystem provides a way to move toward re-establishing that *responsibility to* one another, but without requiring that anyone *necessarily* give over the comfortable distancing of *responsibility for*. It lets us do that without the concomitant loss of human respect and dignity - non quantifiable needs - which, Ignatieff notes, accompanies the administration and delivery of the unearned satisfaction of needs - *rights* - in our welfare state. It offers an answer to Adam Smith's "*ruthless demolition of the illusions of utopian economics... that a republic could isolate itself from foreign luxury, the international market and the division of labour.*" <sup>84</sup> It provides a way for a society - an urban society, at least - to become "*master of its own needs within an open international economy*" <sup>85</sup> by choosing its domain, not as nation or the world, but at the level of community, and eschewing the macro-economics of the world trading system in favour of the micro-economics of local need. There is no technical barrier to accomplishing this now. Any barriers are ideological: that is, devolving, finally, into a question of faith and belief. Just as with money, according to Lewis H. Lapham.

<sup>83</sup> Michael Ignatieff, *The Needs of Strangers*, Penguin Books, New York, 1984, p 10.

<sup>84</sup> IBID

<sup>85</sup> IBID

*"The complex mechanisms of the modern world depend as certainly on faith in money as the structures of the medieval world depended upon faith in God".* 86

### **The Re-constructed and Visible Root**

I suspect that a vigorous, consciously devised and re-structured "root" economy, based on a more directly *real* belief system and founded in the relatively familiar *money-style* but *money-less* exchange medium of the LETSsystem, could reclaim a large part of the "market" economy that is not necessarily, or perhaps even properly, a part of the "market" economy. It could reclaim those relations and products, to different degrees, perhaps, but to similar effect, within the urban-rural neighbourhoods of re-naturalized cities or in smaller communities, in towns, reserves and villages. We can certainly reclaim most of our local manifestations of trade and commerce into what might actually be a *truly free* market economy. The immediate goal is:

1. *To identify and organize whatever productive capacity is available locally, including minor cash capitalization along with organization of the major production components of people, material, labour, skills, land and other resources;*
2. *To establish networks of local evaluation and values that will facilitate the local moneyless exchange of that local productivity;*
3. *To expand that local productivity in both quantity and variety;*
4. *To extend that productivity to support appropriate inter-community trade of prudent surpluses in order to secure what cannot be had locally;*
5. *To manage a system of exchange that does not bear the money system's imperative for a money demand, but functions according only to capacity and need.*

As I read Braudel, he makes it plain that merely *tinkering with the features* of our world economy will have only minor or temporary effect. If we are to change our world fundamentally, and it seems that we must, then we cannot

86 Lewis H. Lapham, *Money and Class in America: Notes and Observations on the Civil Religion*, Ballantine Books, N.Y., 1988.

just turn it top for bottom in some distributive revolution within the existing system. It is *that system* that functions fundamentally to *alienate* our created *real* value and destroy community. We have to re-make the home-places of our world in a different, older image:

*"Finally, if we are prepared to make an unequivocal distinction between the market economy and capitalism, might this offer us a way of avoiding that 'all or nothing' which politicians are constantly putting to us, as if it were impossible to retain the market economy without giving the monopolies a free hand, or impossible to get rid of monopolies without nationalizing everything in sight?"*

*"If people set about looking for them, seriously and honestly, economic solutions could be found which would extend the area of the market and... put at its disposal the economic advantages so far kept to itself by one dominant group in society."* 87

Sauce for the goose being also sauce for the gander, we can "... *make an unequivocal distinction between*" the "capital" and "market" economies and the "root" economy as well, to "... *put at its disposal the economic advantages so far kept...*" by the other two economies.

Our local "root" economy has the capacity to recognize and put our own particular local or regional valuation on the *invisible work*, that large range of fundamental home and community activities which we all must do for ourselves and each other, day by day, but which are degraded, devalued, or simply not recognized as *economic* by the *money demand* system of our macho-market economy. Properly valued, those under-valued activities can form the active base in productivity for a newly sustainable local economy. Our modern information technology has given us a simple and easy method of exchange facilitation convivial to the co-operative ethic of those activities and their locus.

### **The Rescue of our Cities**

Are we concerned with cities and towns as anything more than agglomerations of population, jobs, services, accommodation and trade? Are we content for them to be, like the Mediaeval fairs that did *not* become cities, essentially venues for trade? And by trade, do we mean the alienation, through

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87 Braudel, Vol 3, p 632.

the devices of *festival marketing* and the uses of *universal commodity money*, of value created in our various home-places? Are we satisfied to live in cities that are essentially trans-national machines for the extraction, abstraction and alienation of our vital resources beyond our control? If we are not, then we should be looking to radically different tools, forms, patterns and facilitation methods upon which to base our primary economic life. Such a change may well be necessary to re-establish our cities as the sources of economic life *for their inhabitants* that they originally were. It will be necessary to rescue them from becoming dis-empowered adjuncts to a life that is ordered from some different and wholly artificial, if not inimical, plane, and restore their holistic sense of *community*.

The best that can be hoped for Local or Community Economic Development within the dollar-driven national or world trade systems is to reach some kind of balance of trade in which value imports are not exceeded by value exports. No such statistics are usually kept for municipal jurisdictions as they are for provincial or federal ones: cities are not seen by our economics as economic units - partly because they are not self reliant in our economic system. If those statistics were kept, however, maintaining a local balance of trade level would be no easier and no different from the same attempt on the national level, where we are now witnessing the general surrender of national self-determination to international trading blocs. Our political choices are now moving in the direction opposed to national, let alone regional or community, self reliance. Community Economic Development needs a radical method to bring about the revitalization it pretends to.

Part two of this thesis describes in more detail the LETSsystem, as a simple and practical way to initiate this revitalization. The LETSsystem is not central to a new local, real-goods "root" economy. What is central is the conscious development of primary production capacity and the balancing and structuring of the inputs and relations of the economy to cover, as completely as possible, the full range of human and community necessities - at least the fundamental necessities of food, clothing, shelter and culture. But something like the

LETSystem is the necessary key to *unlocking our addiction to commodity money*, and the destruction that follows upon that addiction, and to *unlocking the restrictions that universal money use* has placed upon the *natural money* we all possess in our learned and innate skills, and in our time and labour. It helps to make whatever physical resources we may possess freely available to serve *us* once again. The LETSystem provides the conceptual breakthrough that shows us that we *can* disconnect from our uncritical assumption that the money system is the only possible way to organize an economy. It permits us to imagine *another way* to make a living, to facilitate exchange, or to conduct Community Economic Development, and it provides us with a simple and practical way to begin to do that.



PART TWO  
**THE WINNIPEG LETSYSTEM**

**AN ALTERNATE ECONOMIC MODEL**

## DEDICATION

*I wish to thank most profoundly the hundred-plus Winnipeggers who have, over three years, joined and taken part in the Winnipeg LETSystem, demonstrating, proving and disproving, by their participation in and rejections of our local LETSystem, various theories and ideas about the possibilities of a non-monetary local economics and a very special kind of Community Economic Development.*

*I wish to thank especially those who have helped in its development and direction over many discussions, such as Laura Anne Holden and Bryan Hammond, early directors of Community Circle, Janine Gibson who became treasurer, Ruth Fletcher who became president, and Robin Faye, Jason Loughhead and Marion Chyzy who have done invaluable telephone research for the organization which I have also used in this submission.*

*I wish to pay tribute also to Dory Preston, a vigorous supporter and contributor to the Community Circle Barter Credit Network, who died as this treatise reached completion, taken by cancer in her mid-forties, and to all those who die too young from the the consumptive un-natural life style our modern consumerist market economy promotes and the pernicious life-styles, legacies and attitudes of our techno-militarist society.*

*And I wish to thank my partner, Roberta Simpson, for hours of proof-reading, spell-checking and constructive criticism, and for her generous support - material, emotional and intellectual - for what often must have seemed to be a hare-brained project.*

*Ross Dobson,  
Winnipeg, Manitoba,  
July, 1991.*

## CHAPTER ONE

### INTRODUCTION TO PART TWO Discovering the LETSystem

#### Initial Exposure

My first exposure to the LETSystem - The Local Employment and Trading System devised by Michael Linton of Courtenay B.C. in the early 1980's - was through a documentary on the Sunday evening C.B.C. Television business program *Venture*,<sup>88</sup> which was broadcast (for the second time) in the fall of 1986. I was already a graduate student in the School of City Planning, Faculty of Architecture, at the University of Manitoba. I was also reading Jane Jacobs book *Cities and The Wealth of Nations*.<sup>89</sup> In that book, Jane Jacobs claims that it is cities and their regions, not nations, that are our true economic units and the actual generators of our wealth. Since information about an economy's true health comes from the demand and value fluctuations of that economy's currency, Jane Jacobs claims that we cannot get accurate feedback information about our true economic health when we use national currencies based on the false 18th century assumption of Adam Smith, in his book *The Wealth of Nations*, that nations are our basic economic units. *Urban currencies*, she says, are required in order to get accurate readings about the economic activity going on in what are the true economic generators of our economy, and enable any sensible economic planning at all. *Regional disparities*, so called, would disappear and be recognized as the differences in wealth between separate economies, and solutions might be sought in more practical forms. It was immediately apparent to me that a LETSystem economy, creating what is effectively a local, bounded currency, might fulfill that minimum requirement Jane Jacobs insists is necessary to the development of a city, and the accurate measuring of its - and our - economic development.

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88 A video-tape copy of the documentary, and a subsequent similar documentary done in 1991 by the C.B.C. program *Marketplace*, describing the Ottawa LETSystem, are available from Community Circle, Inc.

89 Jane Jacobs, *Cities and The Wealth of Nations*, Random House, New York, 1984.

I was part of a class that was researching alternative economic models for the City of Winnipeg on behalf of a short-lived effort by a collection of grass-roots organizations: The Winnipeg Initiative. This was an economic development initiative that was organizationally assisted by the office of Cyril Keeper, then an N.D.P. Member of Parliament. In September of 1986, as part of our research for *The Winnipeg Initiative*, the class invited Michael Linton, the designer of the LETSystem, and manager of the system operating in Courtenay, British Columbia, to make a presentation to us in Winnipeg.

Linton briefly explained to the class the LETSystem's genesis, theoretical basis, development, how it worked, and how he went about presenting it to public meetings. Such presentations relied principally upon learning and playing a Monopoly-style game which enables a group to experience how a LETSystem functions. The class decided to ask Linton to present an academic seminar on November 3, 1986 on campus for the university community, and an evening game demonstration and discussion open to the public at a central location, sponsored by *The Winnipeg Initiative*.<sup>90</sup> About twenty people attended the afternoon university session, mostly from The School of City Planning. About thirty people with avowed economic development interests attended the evening session.<sup>91</sup>

### **LETS Theoretical Background**

At the afternoon university session, Linton detailed the theoretical background and practical experience of the LETSystem:

*That our customary "official" currency has no substantial value, but is only a "re-presentation" or measure of value;*

*That using a centrally distributed measure of value of limited and scarce supply to mediate all our socio-economic relations limits those relations;*

<sup>90</sup> Appendix 2-a is a bulletin posted within the university community publicizing the event. 2-b is a similar poster mailed to *The Winnipeg Initiatives* mailing list of interested individuals for the evening event at The Indian Family Centre, 470 Selkirk Avenue, *The Winnipeg Initiative* bearing the cost.

<sup>91</sup> A video tape of the seminar with the class is available from Community Circle, Inc., Winnipeg.

*That our potential for prosperity is limited according to the local or individual supply of the exchange medium we use as a value measure;*

*That permitting economic relations to lapse simply for want of the measure of value rather than the substance of value is fundamentally absurd and not necessary;*

*That many of our society's ills, including personal and regional poverty and both economic depression and economic depravity, are caused by the limitations of our money system and its structure;*

*That a system which records value and value exchanges between people directly can replace scarce money in the exchange of goods and services possessed and needed by people in any community;*

*That such a system has the effect of creating a nominal local or personal currency which is created by each individual as he or she needs it to facilitate economic transactions;*

*That such a nominal local currency can be supported by individual commitment to the community to return equal value to that community, into and through the system, at a future date;*

*That such a self-created, self-reliant and self-serving economic system can be both convenient, secure, and safely self-managed to the local advantage of any community, and could protect it from the vagaries of the general money system;*

*That such a direct system, by-passing centrally issued, distributed, limited money, overcomes structural problems of our customary monetary system with a currency of markedly different structure and morality that also has salubrious moral effect. 92*

## **Money Theory and Community Economic Development**

As may be seen from the poster advertising the event, which I prepared according to Linton's description of the system and which he later exuberantly approved, <sup>93</sup> the designer of the LETSsystem presents the system as a way in which individuals can create their own currency, legally claiming for themselves the empowerment now restricted to governments and what are called *credit*

92 For a detailed description of how a LETSsystem functions day to day, please refer to the various published LETS descriptions in Appendix 1, and to the pamphlet *Building Community With Barter Credit*, which is Part three of this submission.

93 See Appendix 2-a for descriptions of the ethical background of the LETSsystem, and also 1-a & 1-b.

*grantors*, usually meaning the centres of economic power that govern our economy. Each individual, Linton claims, creates - in the event of an economic transaction - the necessary amount of currency to facilitate that transaction. Each individual backs his or her *personal* currency by means of the commitment to return into the system equal value in the future. The aggregate of *personal* currency backed by individual commitment becomes, in effect, a *community* currency backed by the community's collective capacity to create value. Linton calls this *personal* currency *green dollars*. He claims, with some justification, to have designed the first significant advance in money theory in 2000 years. While personal money systems have been known before, it is not likely they have enjoyed the LETSsystem's simplicity and sophistication. They have certainly not enjoyed the ease of operation made possible by modern computer technology.

I found, eventually, that presenting the LETSsystem as an alternate or personal *money* system was not an easy task. Prospective seminar attendees reacted with suspicion to the notion of creating their own money. It sounded vaguely illegal to them. They feared a breach of the Federal Government's monopoly on money creation. It is not, of course, illegal, since private credit grantors create money and merchandise coupons are a limited and bounded currency. Some looked for a scam, especially when the matter of membership fees was broached. I later met such fears and suspicions generally myself in promoting the LETSsystem in Winnipeg. They derive, I think, from presenting LETS as a *money* system, from the mere fact of talking about another way to get *money*. While Linton presents it so in order to provide a familiar format in which people can begin to function in a new way, I ultimately decided to choose a less troublesome descriptive format - that of the very familiar barter exchange.

Linton makes the further claim that the LETSsystem itself, because of its structure, improves the economy of any community by increasing trade and keeping wealth at home and so builds up a community economically. Because

it does that, he feels that it should be welcomed by merchants in any community, and that a community's merchants can be a source of financial support for operating the system. In fact, to date it has never been so welcomed, merchants being not overtly interested in non-monetary trade.

Linton also claims that the two basic functions of a LETSsystem are sufficient to achieve the effects of both community and economic improvement. The LETSsystem enables and requires the members of a community to deal directly with one another economically - to *communicate* at a *practical* level. He believes that the necessary inter-personal communication together with the economic advantages of dealing with one another instead of with value alienating forces are sufficient for both social and economic development. The LETSsystem does require people to deal with *one another* in community relations, as well as to *deal* with one another in economic relations. It generates social contact and the community solidarity that comes from that. It requires of its participants no special knowledge of, or even concern with, social or economic theory or matters of ethics and morality in order to achieve what he calls a *convivial* rather than a *competitive* community. It has not, however, proven *sufficient* in itself to achieve community economic development. Linton has later said to me (as his own established system falters <sup>94</sup>) that if people find it of use, they will use it, and if they do not, they will not, and either is O.K. In other words, he believes that the *system itself* is its own best advocate and that active, *hands-on* promotion and internal development of a LETSsystem is not, or should not, be necessary.

### **LETS Hands-off Style**

Linton's approach is very much a *hands-off* one, and his LETSsystem is organized to function with an absolute minimum of human administrative effort and involvement. Trades are arranged between members who find each other by means of a want-ads style publication and who then come to their own terms on valuation. The person in the position of a buyer then uses the telephone to record the trading information on a telephone recording machine at a central

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94 See Appendix 11-a

location. That information is regularly transcribed in writing and entered into a computer data-base program. Subsequently, regular records, invoices, receipts and statements of members accounts are issued and delivered. All of this works very well, except that many people still need and desire - and miss in all of this technological communication - human contact and confirmation of even commercial relations. The technology makes it *simple*, but it also seems to militate against the building of *community*.

Linton also believes that the system, once understood through the playing of the simple game he has designed called *LETSPLAY*,<sup>95</sup> can be initiated and operated by anyone, and that anyone, understanding it, will also wish to initiate, operate and use it. I found neither to be necessarily the case. He also believes that its general application as an alternative economy among a generalized middle class population is its future. I found that ideologically disquieting, for those who need rescue most from our money system are the poor.

Reservations were expressed privately to me, after the seminars, by several people<sup>96</sup> that the LETSsystem was, indeed, ideal for the self-employed, least useful to the employed middle class who might best understand and be able to operate it, and most difficult to explain to the habitual and very poor who would find it most useful. All these reservations, I discovered, were justified. The self-employed can sell their products or services for a combination of the normal currency of the country and the LETSsystem's nominal currency, covering their costs with "hard" money and taking their profit in the nominal currency, and find the LETSsystem very useful indeed. The middle-class employed find the time they need to produce goods and services for their neighbours in the LETSsystem is taken up with earning money at their jobs. The unemployed and the very poor, who need alternate sources of support and who have the time to spend doing tasks within the system, have their attention focused intensely on acquiring money or jobs and are little amenable to ideological or theoretical

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95 See Appendix 3.

96 These include British economist and writer Guy Dauncey, author of the book *After The Crash*, which has some chapters on the LETSsystem, who is familiar with the LETSsystem in B.C. and appears in the C.B.C. - TV *Venture* documentary.



exhortation.

Guy Dauncey <sup>97</sup> suggested to me during a week of seminars he presented at The School of City Planning that he believes that active and continuing leadership is required both to begin a LETSsystem *and* to bring it to successful operation. That leadership has to be local. Operating at long distance, Linton is unable to supply that leadership to other localities which he organizes. Subsequent experience proved also that detailed and prolonged instruction in the LETS accounting and data management computer program <sup>98</sup> is more necessary than Linton supposes. These are merely logistical problems, but they do interfere with the simple self-start of a LETSsystem following from a purely theoretical understanding of it and a simple game-playing familiarity with it.

### The LETS Presentation

The participants in the seminar were polite and attentive as Linton presented his arguments and played a copy of the *Venture* TV documentary about the LETSsystem in Courtenay, B.C. Such skepticism as there was among the attendees was expressed principally through a lengthy and unresolved discussion around the possibility that an individual might make purchases with the self-created LETS nominal currency and then subsequently renege on the commitment which backs the internal currency by failing to return value equal to that which had been received. The group could agree that any and every purchase was *paid for* up front in the nominal currency, and that that currency thereafter continued circulating in the system with undiminished value. Yet they also insisted that the defaulter got something for nothing, even if he was subsequently barred from the LETSsystem for default, and should be materially punished in some form. That he or she would not be so punished, or otherwise materially deprived, was taken by many to indicate that the system would not

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<sup>97</sup> See immediately previous footnote.

<sup>98</sup> The LETS computer program is written in Microsoft's dBase by Michael Linton. It is available in Freeware supplied by Landsman Community Services, Inc., of Courtenay, B.C. Later versions are now available that are free-standing and do not require the user to have a copy of dBase.

work, notwithstanding that others continued to use the system quite undeterred and unaffected by the default, and notwithstanding that the money system has its failures and defaults too, known as theft and bankruptcy. 99

This example of cleaving to two mutually exclusive opinions illustrates the difficulty people have accomplishing a *paradigm shift* on the subject of money theory. We have so internalized the imperatives of our now customary money system that we cannot easily conceptualize a system which functions with a different set of assumptions. People find it difficult to conceive that a currency so easily self-made is really a money, even if they can acquire things by using it, and so they discredit it. They require such rationalizations as that the defaulted value is absorbed as a loss by the community as a whole, like self-insurance paid for after the fact. In fact, defaults do not, unless they are extensive, interfere with the success of the system. 100

The second part of the afternoon seminar was taken up with a discussion of

99 In fact, a defaulter does "get something for nothing", by virtue of the fact that he has failed to support his own self-created currency. This has happened to governments in the money system of course, and happens frequently to other "money creators" such as trust, savings and loan companies, who can default on their obligations to depositors, who then lose their deposits. That's what deposit insurance is about. Absorbing such losses (a kind of self-insurance) is automatic in the LETSystem as long as it keeps functioning and honouring the defaulter's (indistinguishable) "currency" already entered into the system. In fact, a default is inconsequential. Only a general default by large numbers of account holders would result in the system, or its currency, collapsing. For this, and not for moral reasons, defaulting is discouraged.

100 In my opinion, part of the difficulty people have in accomplishing the necessary *paradigm shift* to internalize an understanding of the LETSystem derives from the presentation of the LETSystem nominal currency as a *money*, which leads us to hang onto the concepts of *buying and selling*, as we consider the LETSystem, rather than crediting the alternate terminology which Linton promotes, which is *acknowledging and providing*.

I eventually found it preferable to abandon the money terminology altogether and concentrate on the reality of the relationships within the LETSystem suggested by the Linton terms and the essential mutuality of embedded community relationships, or to move to the notion of *gifting* and to the concept of the mutuality of the right to consume and the responsibility to produce.

It should be noted that it has taken me about two years of theorizing and writing to purge (even imperfectly) money thinking from the vocabulary with which I describe the LETSystem and its functions. Our indoctrination into the money system and its imperatives is terribly deep.

I have (reluctantly) returned to the notion that LETS users do use a money because classical economics sets its definition of money so wide that everything is money, but I insist now that, in the LETSystem, it is the *natural money* of our own skills, time, labour and resources which we spend, and which are available at the personal and community levels to all of us, usually visualized as *barter* or *working for kind* not *wages*. This *natural money* is limited only by availability of skills, time, labour and resources and their usefulness (the *need* for them) and is not limited by the supply of some arbitrary and artificial exchange facilitating medium.

special applications of the LETSystem in a City Planning context. Apart from application for specific short-term development enterprises, such as a co-operative housing project or the construction of a church or community building or other physical development project, <sup>101</sup> most of the applications germane to City Planning centred around the development of community empowerment through increased control of personal and community economic activity (and, therefore, development) and the enhancement, through necessarily increased interaction within the community, of the sense of community itself.

The evening workshop was attended by eight students from City Planning and sixteen people reached through the Winnipeg Initiatives mail-out and an announcement at a meeting of one hundred and fifty economic, community and social development workers. It covered much the same ground as the afternoon academic seminar, but also included the playing of the money-game *LETSPLAY*. <sup>102</sup> In the game, attendees go through a process of mock economic exchanges, as in the game of Monopoly, using a list of items which vary in to price and the percentage of their price demanded in our customary currency (Canadian Dollars) and the LETSystem's internal nominal currency *Green Dollars*. Monopoly money was used to stand in for real money, and the *Green Dollar* transactions were recorded on a graph as plus or minus positions relative to a zero vertical axis. Linton considers *LETSPLAY* the principal tool for introducing and teaching the LETSystem. Once the game is learned, he says, people know how to function within a LETSystem and anyone can set up and operate one.

### Initial Reactions to LETS

The reactions of the seminar group and the evening workshop were typical.

<sup>101</sup> The LETSystem, like money, can be used to translate effort of one sort into effort of another sort. For example, construction workers can be *paid* in the internal nominal currency for the work that they do out of a supply donated by others who earn it through volunteering other sorts of activity of which they are capable. So a hairdresser can charge customers in the internal nominal currency and donate that to the LETS building fund, from which it is used to *pay* construction workers: hairdressing is thereby translated into carpentry, without the intervention of cash money. Such *translation of volunteer effort* is applicable to any group project, and can be a valuable function of the LETSystem in Community Development. This is a function of any money, and LETS does it well.

<sup>102</sup> See Appendix 3-a.

I later noticed a fairly consistent division of reaction among groups to which I presented the LETSystem. <sup>103</sup> A small percentage (about 10%) of any sizeable group immediately and enthusiastically recognized both the nature and the benefits of the system. The majority receive the notion open-mindedly and are prepared to be convinced after serious examination of the answers to their questions. Another small percentage (about 10%) reacted with an almost panic-stricken negation of the concept.

This latter minority refuses to credit any reasonable answers to objections raised. The objections are usually the one about defaulters and about legal recourse to remedy for unacceptable work or goods, but also about government opposition and income tax problems and bank and big business opposition. One might add legitimate organized labour and union objections, and ideological opposition from the *self-made* business successes of the money paradigm, which I have encountered in other forums. All these objections are readily answerable. But the answers were not usually credited.

Legal recourse for contract performance is the same as in the money system, with an earlier and accessible arbitration possible within the administration of the system. There are no taxation problems: Revenue Canada accepts the nominal currency. Taxation on transactions using it follow the same rules as for money, and so do tax deductions and tax credits. Bank and big business opposition is more probable, since money-dealing is their bread and butter. But the LETSystem largely avoids banks and big businesses. Small and local businesses should be able to see the benefits to them, once they identify their real interests as being other than those of banks and big business. Of course, that is the usual *class interest* argument familiar to leftist apologetics, and it never has worked very well in general. It is also quite reasonable for organized labour, particularly in the service industries, to be suspicious of the LETSystem. *Green dollars* might readily be substituted for real dollar earnings in small scale operations. Old ideology remains a problem.

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<sup>103</sup> It must be noted that my presentations were to groups whose leadership had expressed interest in advance, presumably on the basis that the group would be sympathetic to the notion.

In Linton's own community, he reports, most local merchants do not support the LETS system: he says they consider it to be a *communist plot*. It has also been described as right-wing economics like Social Credit.<sup>104</sup> Of course, the ultimate value of *green dollars* in any application depends on how readily they can be spent.

### Undertaking LETS in Winnipeg

After hearing Linton and observing and recording the seminar and workshop, I undertook to associate myself with *LANDSMAN* - the LETS parent organization - and the LETS system for three reasons.

1. *I was ideologically convinced of its value as a more moral, democratic and socially responsible means of facilitating economic activity and organizing our socio-economic relations than is our present centralized money-capital system;*
2. *I saw in it the potential for generating a community planning and development thrust owned by the members of the community itself and independent alike of any government approval process and of any private commercial encroachment, which, when fully operational, could provide self-directed employment for anyone in an independent and self-managed community development establishment;*
3. *Its unique private-democratic community development approach and community power ethic was an appropriate subject for study toward a degree in the Community Economic Development field of City Planning.*

In the end, the idea did sell itself, as Linton suggests, but only to the minority and a small portion of the majority. I undertook to organize and operate a

<sup>104</sup> Guy Dauncey, *After The Crash*, Green Print, The Merlin Press, Ltd., London, 1988. Some people describe LETS as a form of *social credit*, apparently, because the creation of its internal currency follows, and does not precede, the economic activity that it facilitates. The amount of currency, then, depends on the trading going on. This is similar to the money-supply theories of Social Credit in which money, as a gratuitous credit, is issued to every person, the amount, shared equally, depending on the actual economic activity of the period immediately preceding the issue. Social Credit, however, is a centrally controlled and administered *money system*, and LETS is neither. And, of course, the LETS currency - if you insist that there is one - is *created by the exchange itself* and is not an *issue*. The mistaken identification with Social Credit comes from insisting on using the *money paradigm* to describe LETS.

LETSystem in Winnipeg and study it in practice and in theory as a thesis in Community Economic Development, in partial fulfillment of the requirements for a degree of Master of City Planning. Linton had at that time recently formed *Landsman Community Development Services, Inc.*, a private (shares) corporation registered in British Columbia and operating in a non-profit (non-share) mode. *LANDSMAN* has been held distinct from the LETSystem itself as a vehicle to be used to promote the development and external proliferation of LETSystems, gain assistance and funding for that purpose, and to administer community development trust funds that might be generated (in official currency) by LETSystems. Such dollar funds he anticipated generating through higher membership fees to commercial members such as retail stores, professionals, etc., and making available to members for community and business development by means of a development fund. <sup>105</sup> I advised Linton that I would represent *LANDSMAN* in Manitoba, developing and overseeing LETSystems in this province, to which he agreed.

The formal association with *LANDSMAN* began with the registration with them of LETSWIN, a Winnipeg LETSystem, based on a nucleus of six participants in the academic seminar and the evening workshop, plus myself. Late joiners from those participants plus family, friends and acquaintances brought the total membership to fourteen by the end of the first quarter of 1987, six months after the first decision to contact Linton. LETSWIN published its first bulletin of wants and offers in December of 1986, to the initial seven members, produced on my own CPM based computer, before the *LANDSMAN* accounts and data management program had been received. The LETSystem was underway, in Winnipeg, in a fashion, by January, 1987. <sup>106</sup>

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105 To date, no such general embrace of the LETSystem by business has occurred in any of the 100 communities in which LETSystems have been established, and no such development funds have been established.

106 See Appendix 2-b.

## CHAPTER TWO

### GETTING STARTED

#### Establishing the Winnipeg LETSystem

##### Getting LETSWIN Started

*LETSWIN*, (LETSystem, Winnipeg) was in place and operating in January, 1987, but on a very tentative basis. The name was registered as a business name, accounts established and bulletins issued. It was, in at least two respects (operating the system, and using the system) a disaster: I had not been adequately prepared for operating the computer program which manages the system, and, more important, even though I hurried out and bought a telephone answering machine in anticipation of calls with trading information, no one used the system for trading.

During his presentations, Linton had described the *LANDSMAN* LETSystem data management program, which he has written, as simple to operate. So it is. But only after it is sufficiently explained and demonstrated in a hands-on workshop. This I was not able to get during Linton's quick visits, and I was unable to travel to Vancouver for proper workshopping. While a computer-managed data base is not necessary for operating a LETSystem, it functions most easily with that facility. I had a computer, but not one compatible with the IBM MS/DOS system the LETS data base program it uses is written in, and, while I was competent in operating a word processing application, I was otherwise computer-illiterate.

Linton had given me a brief demonstration of the LETSystem computer program, written in Microsoft Corporation's dBase II for use on an IBM compatible MS/DOS computer. I anticipated relying initially upon IBM machines at the university being available to me. Linton's demonstration included setting up a dummy membership list, entering new members, entering advertising (want and offer) requests for a circular or bulletin, entering

acknowledgements of transactions (payments made in the internal nominal currency), performing the daily routines that interconnect the membership list, members' accounts, their acknowledgements, and their ads in the bulletin (and acknowledgement or payment to the local LETSystem for those ads) and record the continual changes in the information data-base, and then performing the month-end routines that produce the bulletin, a membership list, and members' account statements. 107

Still, after I received a copy of the LETSystem program from *LANDSMAN*, and using IBM-MS/DOS computers available at the university, it took me several days of head-banging to sort out the procedures. Richard Perron, in charge of the Faculty of Architecture computer facilities, showed me the basic procedures for using the IBM compatible computers and made himself available for troubleshooting. I was able, with Richard Perron's help, to extract Linton's texts from the computer disks and set up and begin to file data in the LETS program.

Establishing the initial accounts was simple enough, and the first balances were of accounts starting at zero and without changes. Recording subsequent changes in them (after the first statements there were transactions to enter concerning membership fees, etc., although not yet any inter-member trading), and then closing and re-opening them with changed balances, was a more mystifying procedure. The February month-end balances were wrong. After a number of long-distance consultations with Linton in British Columbia, I re-did the whole procedure and still failed to do it correctly. I finally mailed out the February month-end bulletin, promising a double-header account statement at the end of March, and mailed my problem back to Linton.

I have recorded this digression to illustrate that setting up and operating a LETSystem and using the *LANDSMAN* computer program successfully are not necessarily either simple or automatic. It requires a good deal of familiarity with both book-keeping or banking procedures and the use of computers (for self-

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107 The computer-driven data base is not necessary to operate a LETSystem: all the entries and transfers necessary are simple recording transactions can be done by hand. The system operates most easily and with least time spent, however, using computer technology.



starting), or detailed and specific *hands-on* training by someone familiar with the system and its program. It also illustrates the folly of promoting processes or procedures that have not been sufficiently tested and perfected. Perceiving the program as one that *does not work* (in fact, it does) has disaffected people in other localities who were initially enthusiastic about the LETSystem. My experience with organizing LETSWIN also underscores the necessity for a continuous, experienced development presence rather than trusting to a *fly-in and muddle-through* approach. Eventually, Linton produced a detailed manual for the computer program, and the problem was solved, but that was a year later, and demonstrates the impracticability of starting a project before you have thought it through and prepared it adequately, no matter what the pressures - a lesson applicable to both Linton and myself and, I suspect, to Community Economic Development generally.

At this point I abandoned the LETS program and devised a simple system using my own computer for keeping the exchange records: essentially, keeping the records by hand, although a spread-sheet program was useful. That this is even possible speaks for the LETSystem's fundamental simplicity.

### **Sorting Out What To Do**

In 1987, *LETSWIN* existed as a core group, expanded slightly by isolated and individual proselytizing and recruiting, with the LETSystem being presented as Linton presented it - an alternative money system. From this core group, as required by the LETSystem practices and procedures, a board of advisors fundamentally interested in the LETSystem sorted itself out. From these people, in rather infrequent meetings, ideas and approaches for developing and introducing the LETSystem in Winnipeg were forthcoming. During the first quarter of 1987, two key notions developed from these interchanges, and from the needs and possibilities perceived by those who had been attracted to the LETS idea, their challenges and their questions.

Henk DeBruyn, the director of the Indian Family Centre at 470 Selkirk Avenue (a facility owned by the Christian Reform Church and serving a native

community of some fifty families) asked how a non-profit corporation like the I.F.C. could be integrated into a LETS community. He wanted to know how his organization could earn *green dollars* to pass to its clients, employees and volunteers as wages in a general, alternate economic system involving a full community like that of the North End, which includes a full mix of retail, wholesale and manufacturing establishments.

Brian Emond, a social worker with Child and Family Services, Province of Manitoba, asked how the LETSsystem could benefit the clients of his agency. During the same period I came into contact with Eric Rempel, of the Mennonite Central Committee's Committee on Native Affairs, re-directed to me by Linton after an enquiry to him in B.C. Mr. Rempel wanted to know how LETS could be used around a locally-owned grocery store on an Indian Reserve in Northern Ontario, to break a near-complete welfare dependency.

A basic dichotomy was evident from these questions. LETS is a self-managed economic and monetary system. Its very ethic is centred on the notions of people doing things by themselves and for themselves, including co-operative management and operation of the LETSsystem. The whole LETS concept is one of being freed from reliance on outside agencies, and of its participants being enabled to manage their own economic lives. The DeBruyn and Emond questions seemed to be infected with the fundamental assumption, rooted in the *charity* aspect of our present economic model, that the facilities to combat poverty are to be provided by some central agency. This is a paternalistic notion which can, I think, only perpetuate dependency and which is incongruent with the purposes and style of a LETSsystem. This became strongly evident to me when presenting the LETSsystem to an inter-agency meeting arranged by Emond - not from anything coming from the social service agency representatives at the agency, but from my sudden awareness that I was speaking to a group of people whose careers are bound up with servicing *the poor* and dependent upon *the poor* being *always with us*.

While I am sure that all the people at that meeting, and Rempel and DeBruyn and their associates, are sincere in wanting *the poor* to become self-sufficient, I

am equally sure that bureaucracy itself is powerful enough to eventually put insurmountable blocks in the way of any effort to *deliver* the LETS system through government social service agencies. I fear that paternalism is endemic to the social service bureaucracy, much as it may be condemned and eschewed by social service practitioners. It is no doubt structural, and pervades everything that is done despite the best wishes of those doing it.

Eric Rempel's question about how to use LETS to *break* welfare dependency, and Guy Dauncey's comments on leadership, provided the framework for addressing this issue. A central agency or agencies would have to undertake the leadership role in a LETS system and consciously lead their clients toward their own economic self-determination, ultimately to phasing out the agency's participation and passing leadership to the clients or members. DeBruyn's approach, while I had imagined it (with its strong fundamentalist church base) to be paternalistic, also centrally and strongly espoused the notions of his agency's clients eventually paying, *if only* (SIC!) in *green dollars*, for all the services they now get for nothing. Rempel saw his task as *breaking the welfare dependency* of the native community in question. Both saw the task as eventually achieving the economic independence of their clients, from any agency. Both were attached to private, rather than government, social service agencies.

These private workers seemed to best express, in a practical way, the necessary route to take. Even so, private agencies are not immune from bureaucracy, and I believe I detected an unexpressed assumption that even their expressed end still included a role for the sponsoring agency. It should be noted that their careers, too, are dependent on the poor being poor, although I hasten to add that I am also sure that they - like their government-employed colleagues - would only *celebrate* an end to poverty. Bearing in mind that the LETS ethic is fundamentally inimical to what drives these agencies and their private or public bureaucracies, I proceeded to conceptualize my approach to introducing LETS in Winnipeg:

1. *It should be a community development tool first, rather than contingently, as Linton had expressed it, using a whole-community involvement approach rather than the simple trading approach;*
2. *It should be, not merely a trading club for the educated middle class, but a way to economically enfranchise the poor and disadvantaged;*
3. *It should be based in addressing the problems posed by DeBruyn, Emond and Rempel, and the similar but less sharply focused efforts of other (and community) economic and development outreach programs concerned with hard-core poor;*
4. *It should be a tool primarily for use by private, rather than government, community economic developers.*

### **Structural Decisions**

The product of wrestling with DeBruyn's question was a series of organizational charts <sup>108</sup> outlining the structure of possible LETS systems, from the simplest LETS *club* to a fully developed complete LETS community economy. <sup>109</sup> The structures could be taken even further, organizing communities of LETS communities through regional and up to national levels, encompassing all economic exchange, including taxation. The role of the non-profit organization, or N.P.O. (how it earns *green dollars*, to answer De Bruyn's question) is analogous to the position of a government. It would receive *green dollars* in tithes (like taxes) through the same mechanism by which the LETS system itself receives *green dollar* income as service charges. Ultimately, the N.P.O. might receive payment in *green dollars* for the services it renders, but I believe that would initially present a difficult conceptual threshold for its clients to cross.

The same model, answering Rempel's question, would serve the needs of an Indian Band Council, who literally are in the position of being a government. The *payment for services* would, in that case, take the form of *tithes* as *taxes*. This is only an indirect answer to Rempel's question, however, which was how ownership of a store would help remove the band from welfare dependency.

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<sup>108</sup> See Appendix 4.

<sup>109</sup> These charts are further developed in Part three of this submission, the handbook *Building Community With Barter Credit*.

The direct answer here is that simple ownership of the store would not achieve that removal. Band ownership of the store, especially as a co-operative, would improve the reserve's economic conditions and self-reliance somewhat, because profit from operating it would remain with the band. But it would not alter the fact that the *products sold* at the store would still have to be brought in from outside the reserve, and the band members' money would still bounce quickly out of the reserve and not circulate. The *provision or production* of products by the band members *for themselves* is the only thing that would fundamentally alter their economic status.

This *import replacement* is identified by Jane Jacobs as the initial step toward the development of independent cities in the Middle Ages.<sup>110</sup> This contrasts with the usual approach by Local Economic Development, which takes the form of investment in some industry to manufacture goods for export from the reserve, which is the second step identified by Jane Jacobs. But, where such short-cuts are successful, they, too, only provide *wages in lieu of welfare*, still firmly within the market economy, and much of the money would still eventually bounce out of the reserve. Such measures provide money, but do not build an economy. As Jane Jacobs says: "*Golden eggs, being gold, do not hatch goslings*".<sup>111</sup>

Such projects, of course, are also still vulnerable to all the vagaries of our general economy, and organizing the capital investment to begin such projects is a problem, usually resulting in a debt load that hampers the development. The production of basic necessary products by members of a reserve (or any other small community) for use by, and exchange among, themselves, and not requiring large capital investment, would make a fundamental change in their economic status toward self-reliance. This active, local economy the LETSsystem can facilitate.

The DeBruyn and Rempel questions set the course for my approach to LETS as a development tool, and ultimately resulted in the research and findings of

110 Jane Jacobs, *Cities and The Wealth of Nations*, Random House, New York, 1984, Chapter two, especially pp 38-44.

111 IBID, p 110.

Part one of this submission. It became, in my mind, a matter of developing a community, complete with its own, independent economic structure, which is now what I mean by Community Economic Development. Dealing with Rempel's question gave me the goal, dealing with DeBruyn's question the form, with the LETSystem as method.

Ultimately, I came to think it advisable for any LETSystem to separate a governing body out from the LETS structure and charge it with the task of overseeing and delivering the LETS service - much as The Bank of Canada is separated from the Federal Government. *LANDSMAN* had separated itself generally from LETSystems as a promotional and development tool for LETSystems. Making that kind of separation in connection with each LETSystem would make the *leadership* that Guy Dauncy claims is required for successful implementation of the LETSystem something *separable* from the day-to-day functioning and operating of the system itself. Such considerations, I think, move the LETS concept considerably beyond its initial incarnation as, essentially, a *trading club*, and into the realm of a formal *tool* for Community Economic Development, available for use by any agency or group - even governments.

### **Allying With a Local Economic Development Initiative**

*LETSWIN* was accepted as a working group in the general Winnipeg Initiatives Community Economic Development project. As such it was embedded in a presumably sympathetic network which had provided some of its initial core membership. But W.I. supporters did not automatically take out memberships in *LETSWIN*, despite so-called *full* support. In hindsight, it seems to me that the error was in thinking of *LETSWIN* as one project of The Winnipeg Initiative, where it ought to have informed the whole project as a fundamentally different manner and method of Community Economic Development. That concept, however, would have been impossible to sell to a group centred on economic development within the present *money economy* structure. As an adjunct to a project committed to orthodox financial thinking,

albeit trying unorthodox *new-wave* methods and approaches. The LETSsystem could not be seriously considered, and it was not; not even properly by me, given my un-developed appreciation of the LETSsystem at the time.

This experience was echoed among my personal network of acquaintances, some of whom had joined *LETSWIN* even though they fell short of being convinced that it would really work for them, or that they really needed it. Their conceptualizing of (personal or community) economic development was centred on earning money or getting jobs, or organizing the opportunities for both within the dominant economy. I recognized from these experiences that it was going to take a considerable length of time for the new LETS idea to percolate through the public consciousness in Winnipeg even to the point where it might be merely *considered* by new groups and new individuals. It has taken about three years for that to begin to happen after constant operation and regular publicity. I now frequently and casually run into people in my daily life who have heard of Community Circle. It may now be possible to consider a program of expansion.

### **Looking For a Constituency**

The most frequent response to my early approaches to people about joining the LETSsystem was that the LETSsystem is a good idea (for some other, undefined *them* that is understood here) but prospects tend to feel that they would have a difficult time earning *green dollars* since their time and their skills were absorbed in full-time employment. Even detailed discussions about what they could do for *green dollars* (essentially, all the *uncommercialized* ordinary life skills most of us possess, do for ourselves and family, and could do for others) did not result in a desire or commitment to begin changing the patterns of their lives so as to begin doing those things and earning *green dollars* in those ways. The experience found its echo, too, in the fact that no trading had occurred by March, 1987 month-end.

I sought to gain the understanding and support of the *Church and The*

*Economy* committee of the Winnipeg Presbytery of the United Church of Canada. The committee chairman, Carl Ridd, a previous acquaintance, was enthusiastic in his reaction and did publicize the existence of LETS through his committee's projects and his contacts with other United Church ministers and congregations. Through this and a private source I became aware of a community outreach program conducted by Young United Church in the West Broadway/Maryland neighbourhood. Private contact informed me of a similar program in the same area operated by the Broadway Optimists (Community) Club. I learned of a Mennonite Church in the Wolseley district of Winnipeg which had an economic outreach program and an interest in housing development. I began to believe that a systematic approach to existing groups *already active* in some form of community or economic development was the way to proceed. This seemed to be a way around the short-fall from automatic commitment and use by nominal supporters of the system, including proponents of self-help among the disadvantaged.

As the end of March approached, I felt ready to begin presenting the LETS system to distinct community and economic development groups, and I had added to the groups for primary approach by contact with individuals that I met at a community economic development workshop: Francis Napinak, of Camperville, Manitoba, who told me that his community is searching for ways to keep their wealth at home, Lyle Longclaws, a native planning consultant teaching native children computer programming, and Geoffrey Chao, who is looking for ways to bring a united development thrust to the disparate and often disputing immigrant oriental community in Winnipeg.

### **What About Businesses?**

At the same time it began to seem necessary to me to approach merchants early in the process of establishing *LETSWIN*. In Courtenay, Michael Linton had approached merchants with a list of committed members who could provide new custom for them if they would accept *green dollars* for a portion of normal purchases. I reasoned, however, that involving merchants *first* would



provide a positive answer to the first question usually asked by any prospective member: *what can I get in the system?* With the hope of being able to attract membership by means of goods available in the system, at least for part of their price, and the thought of using merchants counters as a point of introduction for the LETSsystem, I approached the Riverborne Community Development Corporation in the Osborne Village Area. Osborne Village is a high profile, middle class, smart and trendy shopping district and living neighbourhood that generated itself, rather than being fostered by some special program. The merchants there are firmly connected to local development initiatives. I hoped to activate the Development Corporation in a leadership role with respect to the Osborne Village merchants. In the event, I spent a frustrating hour describing LETS to their executive director, whose primary aim seemed to be convincing me (or himself) that the system *could not work*. It should also be noted that one of the Osborne Village merchants of my acquaintance, a book store owner, reacted favourably to the LETSsystem idea when I approached him briefly. However, having failed to excite the Development Corporation, I did not pursue the project.

Feeling very strongly that the *general* participation of businesses in a community would be a key to success of LETS as a community development thrust, I also pursued the *100+ GROUP* organized in the Selkirk Avenue area. I found, to my dismay, that it had fallen apart, and that it had done so specifically because of the attempt, centering on the Indian Family Centre and Henk DeBruyn, to inject resident influence into the development of the area. My respondent in this was Tim Feduniw, who had been on staff with the *100+ GROUP*. He also informed me that the Selkirk merchants were in the process of forming a business development association. Merchants, Adam Smith devotees to a man, apparently tend to view resident influence as interference and viewed business development as the totality of community development. They want no interference from non-business sectors. On the face of it, that is a peculiar notion, since it is the non-business sectors who are the foundation of their businesses - if they see themselves as drawing their business from their

own locality, which, of course, may not always be the case.

That cast doubt upon the usefulness of approaching businesses at that time. Although I still felt - and feel - that the participation of the business community was - and is - essential, I was uneasy about getting off on the wrong foot and being misunderstood by the business community, as had happened in Courtenay. At a meeting of the *LETSWIN* advisory board on April 22, Henk DeBruyn stated his opinion that businesses would be interested only to the extent that they would recognize immediate financial gain from participating, such as targeted advertising, increased custom, tax advantage, and the capacity to realize hard goods and services from expenditure of *green dollars*. Others with business orientation, like Tim Feduniw, felt that businesses would have to be much more sure of *value pay-back*, possibly by means of a cash guarantee supporting their holdings of *green dollars*. Much later Linton in B.C. and the LETSystem in Ottawa addressed this same question by organizing a *LETSFUND* to do just that, guaranteeing payback in dollars of business members' unused *green dollar* holdings. <sup>112</sup> At that time, however, we found no solution to the problem of uniting producers, retailers and consumers in a convivial, alternative development effort, other than by slowly building confidence and trust.

I worked out, with the advice of a business consultant, an approach to the business mind, <sup>113</sup> but - with the exception of a later approach to a large independent neighbourhood supermarket (Reidegger's, in the North-end Logan neighbourhood) which produced no interest, I never did pursue the business contacts suggested. At this time, the board considered the choices between taking an initial business-like approach to business (ie, presenting *LETSWIN* as a business) and taking a populist co-operative approach. While I leaned to the former, the majority of the group favoured the latter. The choices presented themselves as merely different points of entry into what would, in any

<sup>112</sup> See Appendix 5-d. Other attempts to *solve* what money-paradigm thinkers view as a *problem* with the LETSystem have resulted in other distortions of it. Ironically, one of these is The Schumacher Project in Great Britain. See appendix 5-b.

<sup>113</sup> See Appendix 7-d.

case, become the same, complete, parallel economy with the usual four sectors: Private/Business, N.P.O./Public, Consumer, and Employment. The task I had set myself began to look very long and large, indeed.

## CHAPTER THREE

### TRIAL AND ERROR Casting About For A Community

#### **We Don't Have Communities**

To undertake a community development effort one must first have a community. There is no guarantee that our cities, towns, villages or neighbourhoods are communities any more. They tend to be agglomerations, districts (residential, commercial, business, industrial), developments, suburbs, conurbations and the like. When we were de-cultured by the market economy, we lost our sense of community, even our understanding of what community is. We tend now to *communicate* with other kinds of groupings - affinity groups, occupational groups, groups (even neighbourhoods) organized according to economic status, or around some industry. Our geographical communities tend to be artificial, shallow, and incomplete; mere vestiges of what used to be *community*.

I now firmly believe that our present social networks, neighbourhoods and affinity groups are, *definitively*, not communities. They lack a full-range and endemic *economic* life. I am now certain that an economic life of internal production, distribution and exchange, with all three elements present, is *fundamental* to community, what *defines* it. It was probably the most significant factor in defining a community, although not recognized as such, when communities were geographically isolated. I now *define* community *necessarily* as a self supporting, self-provisioning economic, social and political entity, with all three of *those* elements also requisite. On that definition, we have very few communities left in our modern North American society. I have said in Part one of this submission that we have the *elements* of community economies still with us, but nowhere do they cohere *consciously* as the core of any community above the family, and often not even there, except

perhaps in remote aboriginal reserves and a few villages.

Something like these conditions for community are described by David Pell and Susan Wismer (Wismer, Pell and Associates, Ltd., Consultants, of Guelph, Ontario), in writing about northern native communities.<sup>114</sup> They also identify the LETSsystem in that article in connection with expanding what they call the native *informal* economy. However, it would be impractical to suppose that we must re-organize our living space into small geographic units, the way that the '60s drop-outs and past Utopian intentional communities tried, in order to organize local economies and re-establish *community* as I am suggesting. We would do much better to define *community* as a self-reliant, self producing and consuming cultural unit. Jane Jacobs, defining what she calls an *errand unit* on the C.B.C. Radio morning program Morningside With Peter Gzowski (on Sept. 5, 1991), said:

*"I think that people make a mistake when they suppose that in some mechanical fashion you can draw borders and do a cookie cutter arrangement of communities that will suit everybody in them. One of the things that a city affords is lots of different kinds of opportunities and they may be in your errand unit, they may be somewhere else in the city, they may even be somewhere else in the city region and (they may even differ) for different family members. Forget about trying to circumscribe what a community must be in terms of all functions for all persons."*<sup>115</sup>

Some self reliant economic life, not a shared physical geography, is, I think, the *essential* definition of *community*. That definition can be achieved by any grouping of persons within our present conurbations, not necessarily living in the same neighbourhood - although being close could only enhance the sense of *community*. This the LETSsystem is uniquely able to do. Defining a small productive and self-reliant community within a larger urban entity has the added advantage of permitting us to retain the amenities of modern urban life, and access to the international *money-market* economy, while replicating the advantages of small community life. I think, also, that a shared cultural life will derive from a shared economic life. The *political* dimension of *community* as

114 David Pell and Susan Wismer, "The Role and Limitations of Community-based Economic Development in Canada's North", *Alternatives Magazine*.

115 Jane Jacobs, in an interview with Peter Gzowski, C.B.C. Radio *Morningside*, first hour, September 5, 1991.

defined from our borrowing from Friedmann may not be immediately satisfied within a non-contiguous economic community, but I am sure that, with *economic* self reliance, *political expression* of that self-reliance will not be long in following.

As Michael Linton proposes it, the LETSystem must create its own community, and the first attraction of it to me is the potential to do just that, irrespective of physical geography. It has the potential to establish its own *community* because it attracts members who are, first of all, like-minded, and who then can (or ought to) *communicate* and *deal with* one another with some regularity. It provides the *economic* dimension to what otherwise might be simply a social grouping, and, with its *communitarian* ethos, does so congruently. A second possibility is for it to inform an *existing* affinity group and turn it into a *community*, adding to its other ties those of home-grown relations of production and distribution. The third possibility, really a version of the second, still, of course, remains. That is to add that home-grown economic dimension to the geographical entities we now call communities, like villages and reserves or their urban equivalents, neighbourhoods, and turn them into true, self-reliant *economic and political communities* instead of the adjuncts (and often seriously side-lined adjuncts) of our national and international money-market economy that they now are.

### **Creating or Finding a Community**

After the April 22 advisory board meeting, I tossed and turned until 3AM throwing about ideas for names, titles, approaches, formats. The best idea seemed to be to establish a visible store-front operation, a Community Employment Exchange (*COMPLEX*) to be undertaken by existing agencies like the Indian Family Centre, which would match the skills of the unemployed with the unmet needs within a specific neighbourhood, with *LETSWIN* performing the facilitation function of bypassing absent money with *Work Credits (Green Dollars)* accounted by its computer program. Such a program

could operate in specific areas like Selkirk Avenue or West Broadway and also link participating neighbourhoods together through *LETSWIN*.

This format led me to consider doing essentially the same thing on a city-wide basis through the participation of a prominent radio station, to whom it could be a promotional venture and through whom what still seemed to me to be the important linkage to the existing business community could be achieved via their participating sponsors. In my haste for large-scale success, I imagined CJOB sponsoring *COMMUNITY JOB CREDITS*, in massive co-operation with city-wide church, business and labour groups.

I took the idea to CJOB's program director, Del Sexsmith, and was politely heard. Del asked what the attitude of organized labour might be. My contacts with labour groups thought it sounded OK so long as *JOB CREDITS* did not replace dollar wages. I asked for a meeting of the Winnipeg Labour Council to explore co-sponsorship of the idea, along with CJOB and The Chamber of Commerce, but no meeting materialized. Ultimately, after watching the CBC video about LETS in Courtenay, B. C. and having staff play a version of *LETSPLAY*, CJOB turned down the proposal. They claimed that the staff people and their families who attempted the game found it too complicated. They had insisted on doing it alone and without my participation. That was a tactical error, especially since the staff member asked to rule on the matter was Peter Warren, a notably conservative open-line host. My participation might have got them over some obstacles, and I would certainly have been able to advance counter arguments to objections, although probably not effectively, as I have noted, to minds unresponsive to radical ideas.

About this time I was invited by Carl Ridd to make a LETS presentation to an inter-denominational Christian Socialist group. I did so on June 4, 1988. The meeting sparked a considerable discussion, including observations by an elderly woman about similar attempts in the 1920s depression in which she had been involved. They issued a personal paper scrip for value rendered, but the system faltered because, although it could offer services, it could offer little in the way of goods - which was my reasoning for wanting to involve merchants

early. The *LETSPLAY* game could not be finished within the time allotted in their meeting schedule, so I invited them to continue it by telephone over the two weeks until their next meeting, at which time we would evaluate and comment on the results.

Unhappily, one of the members of the group died in those two weeks, and they never did proceed with finishing the game. Nevertheless, at their next meeting, the last before the summer break, we proceeded to evaluate. While I saw a number of yes-nodding heads while doing that, the sceptical and negative reaction of Anglican minister and social activist Tim Sale (immediate past director of the Social Planning Council of Winnipeg) at both the first and second meetings set the tone of the meeting's general reaction.

### **Unexpected Opposition**

Tim Sale could not believe the system could work. He found even the game *LETSPLAY* suspect, doubting that the results. The usual result of *LETSPLAY* is that participants find that more, and more expensive, items can be obtained through LETS than through the cash money system, and that people can continue to make purchases in *green dollars* even after they go bankrupt in real dollars. Tim suspected that these results were not real, but simply the result of a bias built into the game. His negativity disturbed me profoundly, because he is a leader in the general constituency from which I had expected support - the community of social concern and activism. But I keep running into similar objections from that community. Despite the sense one can make of the LETS idea, and despite the witness of practical experience, there is in some a flat unwillingness to believe that it can work. I can imagine only that this is a result of a deep internalization of money consciousness, intensely focused (by the usual absence of money) into an obsession with its power to "solve" problems like poverty and unemployment.

Money, of course, can solve neither of these problems. In fact, getting money to the poor - much as it alleviates their problems in the short run - really only affirms the kind of dependencies described in Part one of this submission.



The true path out of poverty is social, political and, above all, economic, *empowerment* - to which the LETS system is a ready access road. I now believe that my earlier, uncritical beliefs that leftists objected to capitalism were unfounded romanticism. In expounding the LETS idea, I find that leftists of my acquaintance are, for the most part, *ardent* capitalists, accepting quite uncritically the basic workings of the present money system and desiring, not the elimination of capitalism by a more egalitarian paradigm, but better management and re-direction of the status quo.

Some time was spent by some of the Christian Socialists at the second meeting sharing experience that suggests that the money system does, in fact, work very effectively and, in doing so, adversely affects general morality (acting in the world) through those workings - but cannot be changed. One participant talked about someone at a conference of University Chaplains wondering what The Church was doing in the University anyway, since Universities are no longer *serious* institutions in the world. Something similar was said of The Church, which led to the question of defining what are *serious* institutions. The answer seemed to be that *serious* institutions are those of institutionalized *power* in which people *believe* and which, therefore, *govern*. In our world, these are the institutions of business, industry and commerce. These are the institutions in which people believe. They are powerfully institutionalized now in trans-national capitalism. They are, in fact, the institutions which govern us, officially and unofficially. They govern our *economic* lives, and, through that, our *social and political* lives, since our governments are likely to be their creatures and, if they are not, are otherwise constrained by the economic realities that the trans-national corporate world does govern. Governing us, they also mediate our *morality* and our *ethics*.

I wonder if our economic structures, rather than our religious or educational ones, *always* mediated morality in our world? *Power* may well have always mediated morality. There have been ages in which power has aligned with religion to do so and ages in which religion has aligned with power, and found its morality and ethics influenced thereby. But, I think, no matter how political

the religion or religious the politics, morality was previously always, at least, *informed by idealism*, even if it was a perverted idealism or one that rationalized power and its uses and abuses. In our world, however, even among socialists, the Protestant Work Ethic, advanced philosophically by the empiricists and internalized by all of us in western society, has turned the previous ethic around and, in fact, made *economics* the mediator of *idealism*. The Protestant Work Ethic equates, for example, financial success with godliness. Existentialism - the foundation of which is that there is no *being* or *spirit* without *object* or *matter* - justifies materialism by conflating material and spirit. I think that what is really new in our modern market world is two things. One is that the drive for profit mediates morality now *to the exclusion of any other mediating force*, requiring *no* rationalization from idealism. That is what is really meant by *the bottom line*: what, after all other considerations, does the money say? The other is that that ethic is *generally internalized* right down to the individual level. I believe it is probable that the economic formulation preceded the philosophical one.

I do not, however, understand how either a Christian or a Socialist can recognize that economics - or money - mediates our morality, and then refuse to consider an alternative system that would mediate materialist morality to a more cooperative and less competitive end - even to the extent of doubting the instrument used rather than the readings rendered. That sounds very much like Galileo and The Pope. So far as I know and logic suggests, the prices set out in the game *LETSPLAY* reflect reality and are not rigged.

On the positive side, the evenings with the Christian Socialists sharpened my perception of LETS as an instrument for *achieving* some ends rather than as an end in itself. Facilitating self-directed economic functioning covers most of those ends: creation of employment, fulfilling unmet needs, expansion of personal money supplies. But even those purposes ought to have ends: what employment, what needs, and the expansion of one's personal money supply for what purposes? LETS is not enough by itself. It must be informed by

purpose and, I think, by very *particular* purposes. While establishing a general system may seem logical, perhaps it is not sufficiently *purposeful* to be attractive.

### **Finding the Right People**

A member of the Christian Socialist group (Ruth Fletcher), who became a *LETSWIN* member, shared my wonder that the group as a whole was not enthusiastic and went on to suggest that I might be talking to the wrong people. The group, she noted, consists principally of university, government and church employees, none of whom really want for money and all of whom have very busy lives. They lack, that is, both practical motive to embrace LETS and the free time to create for themselves the employment it demands. I noted that the original Courtenay LETS was developed in a time of great economic crisis for that community. Discussing this notion with others, one (Laura Holden) suggested taking the idea to the Society for Manitobans with Disabilities. This society represents people who have sharp and permanent economic disadvantage, which, despite a variety of skills, typically keeps them in permanent economic crisis. Further, it is possibly that they could, as a group, benefit from advertising and demonstrating the *abilities* of their members to the general public.

In my impatience, the approach for *LETSWIN* that seemed to me to be the most promising at this point was to identify existing groups that might be willing to adopt the LETS system to add to their group's cohesion, especially those who might find it a useful way to expand the economic lives of their members. Taking LETS to the Society for Manitobans with Disabilities (S.M.D.) seemed like a good prospect. I also determined to approach the Manitoba Anti-Poverty Association (M.A.P.O), The Unemployed Community Help Centre (U.C.H.C.) and the Indian Family Centre (I.F.C.) already engaged through Henk DeBruyn, developing a presentation tailored for each organization and offering LETS as a service that each organization could deliver to its members, thereby solving the *leadership* problem. I also thought to avoid the expense of monthly mail-

outs of account statements and bulletins by having these organizations include them with their existing mail-outs and newsletters. I recast LETS promotional material away from Linton's description of it as an alternative money system in favour of what it actually is - a sophisticated extended barter system which breaks the necessity of one-on-one bartering and extends the possibilities of barter. I reasoned that people would be less suspicious of a familiar model - barter - than of the unfamiliar, and somehow threatening, concept of creating their own money.

Initial response from all four organizations was good. SMD noted that they already were proposing to encourage their member groups (they are a federation) to begin to share services and a newsletter that would include a want-ads section of needs and offers of the disabled to one another. The remarkable parallel was most encouraging. MAPO, however, said they had just given up their newsletter for lack of funds, and a meeting with the then Executive Director, Olga Foltz, convinced me that an approach not tightly focused on getting dollar funds for the organization would be fruitless: indeed, MAPO itself is principally focused on getting dollar welfare payments and other welfare rights for its clients, and not oriented to their self-empowerment. UHC has no newsletter nor consistent clientele. IFC acting director Leo Beaulieu (DeBryun having just taken sabbatical leave for a year) was not forthcoming. A demonstration to IFC members was agreed upon, but it was not pursued.

A presentation went forward to the SMD board by Laura Holden and myself, consisting of a slide presentation describing the LETSsystem <sup>116</sup> and a presentation by Laura of applications for SMD. The usual questions and objections were raised and, although most board members were favourable to the concept, they declined to take it on as a project of SMD. They agreed to refer us to one of the Society's member groups, the Association for Independent Living, and similar presentations were undertaken there to board members and subsequently to society members. These presentations resulted in some individuals joining, but not in the Society or the Association adopting LETS

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116 See Appendix 6.

generally.

### **Opposition, Misunderstanding and Apathy**

One reaction I had not experienced before came from the executive director of SMD. He wondered if the term *green dollars* indicated that LETS was linked to the *Green Party*. I assured him it did not originate with that political movement, although its concept and philosophy was no doubt in tune with it. Partly to avoid such political confusion in future, and partly to move away from the Linton *alternative money* concept, I eventually determined to change the LETS currency nomenclature, settling on *Barter Credit* as an accurate description of what the LETS artificial currency actually is: barter extended by credit.

Early in July, at a demonstration table at The Winnipeg Folk Festival, I was approached by a funding officer with the Winnipeg Core Area Initiative, who suggested possible funding for LETS from CAI, and I spent the next month working out a detailed funding proposal, based on a highly optimistic financial plan.<sup>117</sup> During this period I also left behind the notion of finding an existing group to adopt and deliver LETS for its members, and moved toward the notion of creating an agency to deliver LETS. *Community Circle* was incorporated as a non-profit corporation for that purpose, and the CAI funding was sought under that name.

The key to the CAI funding proposal, apart from some staffing costs, the development of promotional material and the securing of our own computer, was using the Inner City Voice, a CAI-funded newspaper, as the principal medium for publishing *Community Circle's* LETS Want-ad Bulletins. To diversify funding, I also sought funds from The Kinsmen Club and The Winnipeg Foundation, to cover such things as mailing costs and the cost of demonstrations.

Ultimately, the Kinsmen Club proved uninterested, the Winnipeg Foundation was unable to even consider the application because Community Circle had no

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<sup>117</sup> See Appendix 2-e

tax number (charitable status), but the most disappointing of all was the experience with CAI. Despite early positive reaction by Patrick Falconer, who had originally approached me, and Kathy Auld, a CAI project officer, and approval by the appropriate CAI board, the project was turned down by the *community* board of core area residents because they could not see LETS as a *serious* project. After the experience with the Christian Socialists, I assume *serious* has to do with getting poor people either money or jobs. This has implications, also, I think, for the *charity* mode of thinking built into the legislation which organizations like The Winnipeg Foundation must work under, and indicates the extent to which very ordinary people are focused on *money*.

The CAI experience was another example of the presentation of the concept being taken out of the presenter's hands. CAI fund-seekers are not permitted to present their own requests to the approving boards. In the case of a novel concept, this is a distinct handicap.

### **Confounded by Development Assistance Styles**

It is worthwhile here to take note of what I can only call *development style*. Government support traditionally is divided into two types:

1. *Charitable non-profits, which, although supposed to be self-sustaining eventually, tend to continue to rely on government support;*
2. *Start-up support for business ventures.*

What LETS - and other futurist alternative thinking about Community Economic Development - is all about, falls between these two stools. Charitable support, and that includes the support delivered to all non-profits whether from government or private sources, and characterized by the Kinsmen and The Winnipeg Foundation, is *anathema* to the notion of self-reliance. Self-reliant community enterprises should move quickly to, and should prefer, self-sustaining measures. In other words, although of a non-profit nature, they should function in the business patterns. Nevertheless, that should not

automatically preclude charitable support from any source, government or private, especially in setting up. They should still be able to benefit from charitable funding even if they have a business intent. Alternatively, they should be perceived as businesses operating in a public-service rather than a profit-oriented manner, rather like a Crown Corporation.

We have no simple legal models available to private citizens for such a creature, and no such concept among the handlers of public and charitable money in Canada. Financial assistance in Canada is typically mandated either for charity or for business development and the twain are not allowed to meet. Funders who want to be helpful should avoid forcing them exclusively into one or the other pattern. Linton and his associates in B.C. have opted for the private sector format and made *LANDSMAN* non-profit in their by-laws. I am more comfortable with the non-profit format, probably because I am more familiar with it, but I recognize that it, too, needs adjustment to accommodate the business or self-reliant purpose. *Community Circle*, as a community development corporation is, in fact, an enterprise to do business - essentially, the combined business of banking and publication - in the public interest. But that is not perceived as a *charitable* activity, and cannot be funded for tax credit under our present tax laws.

All of the above took up the summer and fall of 1987.

## CHAPTER FOUR

### COMMUNITY CIRCLE Developing the LETS Community

#### Fall Back and Re-group

*Community Circle Services, Inc* was incorporated on November 25, 1987, by myself, Laura Holden and Ruth Fletcher. During the winter and spring of 1987, the functioning of the Winnipeg LETS System lapsed. Although Community Circle had been incorporated, more than a year after the initial LETS presentation in Winnipeg by Linton we still did not have a functioning LETS computer program. At least, I was unable to understand and operate it. We also had no exchanges to record in my own crude system for managing *LETSWIN*. The time was spent in refining the slide presentation, which had proven to be too long and theoretical, and in developing promotional pamphlets using art-work from the slides. <sup>118</sup> A great deal of time was taken up with rewriting the LETS promotional literature derived from Linton to purge the concept of the LETS currency as a money and produce our own promotional pamphlets.

It was a revelation how deeply embedded in our psyche is our money consciousness, and how much a part of our language, and therefore our thinking, it is. It is incredibly difficult, for example, to talk about economic transfers without using the terms *pay* and *buy*. In the end, I have returned to an understanding of LETS as using a *currency*, but not the currency that is *created* by its transactions - or, as Linton talks of it, created by its users - no matter what Revenue Canada and orthodox economics say. I now recognize that it is the *natural money* of our own time, labour skills and resources that is spent - our goods and services - and that it can be spent freely because simple records-keeping in positive and negative bank-like balances has replaced our *universal commodity money*, its *money demand* and its *scarcity* limitations.

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<sup>118</sup> See Appendix 7.



Thus we are able to put our attention where it belongs, on the actual level of need, and the capacity to fill that need, that are present in our community. We are able to act directly - unhindered by initial concerns about money - to match the two where they match or expand capacities (or reduce needs) where they do not: in short, we are able to freely engage in Community Economic Development.

During the summer of 1987, I visited B.C. to attend a couple of conferences and to holiday. One of the conferences was a LETS gathering at Duncan on Vancouver Island at which I met and shared notes with other LETS members and operators. They had invited LETS contacts across Canada, but I was the only off-island respondent. The gathering proved to be more social than conference-like, but a lot of education and experience sharing was achieved informally during the social time. This is a noteworthy model for solidifying the relations of any community.

For a few days after the LETS conference, I visited Linton at home in Courtenay and gained greater familiarity with the LETS program. Apparently the principal problem with the material I had lay in a mis-match between the early dBase II data-base utility in which it is written and later versions of Microsoft's disk operating system (DOS). When used with earlier DOS, the LETS program works well enough. That correction, plus my improved familiarity with the month-end closing procedures, the new promotional pamphlets, and secure access to an IBM compatible computer from a new member, put The Community Circle Barter Credit Network into operation in the fall of 1987.

The other conference I had attended in B.C. was a convention-gathering of The *Green Party of Canada*, and it resulted in a conceptual expansion of my thinking about LETS and its place and purpose. I recognized it as appropriate to the de-centralized and self-reliant ethic being advanced, along with and as an essential part of, *Green* political theory. When I discussed this later with Linton, he admitted to being very discouraged (as I had been by the socialists

reaction to LETS) by the reaction of American Greens to LETS. In summary, he had found yet another version of the *not serious* syndrome when trying to interest the American Greens in adopting the LETS system as their preferred economic model. American Greens are, apparently, as thoroughly wedded to capitalism as Canadian Socialists, and as unable to contemplate either a cashless society or a society without a centrally created and controlled money supply. These discussions in part launched me on the investigations which resulted in Part one of this submission.

### **Contact!**

It was, however, at a *Green Gathering* in Winnipeg where I began to make fruitful contacts to begin developing our LETS community through Community Circle. Janine Gibson, active in women's causes in Winnipeg, became an enthusiastic supporter and worker, as did Bryan Hammond, who had accompanied me to B.C. over the summer and whose computer was available for us to use. Both joined the Community Circle board. I began to produce the LETS system ad bulletins in a format more accessible than the LETS computer program printout, using computer facilities at the University of Manitoba and a Pagemaker desk-top publishing program. The LETS computer printout is judged by most to be confusing and hard of access, particularly to people not familiar with getting their information from close reading. <sup>119</sup>

Bryan Hammond's principal *Green* project was the creation of a magazine - *LINKS* - linking and accentuating the common cause between peace, environmental and social justice activists. I joined him in this, and Community Circle's LETS Bulletins became a section of *LINKS*. <sup>120</sup> Publication in the magazine seemed to touch the correct nerve. Requests for information and membership began in a slow but steady stream. Participation in *LINKS* also *alienated* what had begun as an active small neighbourhood group of members, whose fundamentalist Christian ethic was offended by an article in *LINKS* on Latin American Liberation Theology. The LETS community was

<sup>119</sup> Samples of LETS statements and bulletins are found in Appendix 8-b, and translations in 8-c and 8-d.

<sup>120</sup> See Appendix 9.

beginning to define itself. Community Circle also began to get attention from the media. <sup>121</sup> The press clipping by Bonnie Bridge is typical of the response received from radio as well. Main-stream television did not respond, but two public-access cable TV hosts did programs with us during 1988, and each generated additional response from the public. <sup>122</sup> The Community Circle membership grew to 46 in 1988, 128 in 1989 and to 138 in 1990. As of this writing it is 150 and rising. <sup>123</sup>

### **Slippage!**

In 1988, I was still taken with the notion of signing up whole groups of people, which accounts for a large part of the large 1988 increase in membership. We organized a demonstration evening at the central Winnipeg Public Library under the joint sponsorship of the Independent Learning Resource Centre. <sup>124</sup> We got several memberships from this effort, but no general commitment to membership and use from the Resource Centre. In the summer of 1988, with a *CAREERSTART* employment grant and the prior agreement with the Crossroads Family Centre board, Community Circle hired a student to proselytize among the Crossroads membership in the Logan district with a view to having the Centre *adopt* LETS. Again, while individual members of the Family Centre did join, the organization did not.

The Crossroads board, while sympathetic to and approving our summer experiment among their membership, eventually rejected the notion of any self-reliant relationship between itself and its clients, specifically because The Family Centre is a *charitable* project of its parent church organization. I find that the operators of such organizations, most of which are fully engaged with their own projects, are unable, as a board, for example, to take the time to understand LETS and its implications. Typically they afford under a half hour at a board meeting, which is insufficient time in which to present the LETS concept

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<sup>121</sup> See Appendix 1-e.

<sup>122</sup> The programs are available from Community Circle Services, Inc.

<sup>123</sup> See Appendix 8-d-4, the back of the January, 1991 Community Circle Bulletin. 1989 and 1990 membership statistics are reported there, as are trading statistics for 1989 and 1990.

<sup>124</sup> See Appendix 10.

convincingly.

Many of the Crossroads members also attended an adult literacy program called *JOURNEYS*. With this group there was a better result, possibly because its board is made up principally of its own members and not from "outside" or from some parent organization. *JOURNEYS* did open an account and offered some of its facilities to Community Circle Members, but it, too, rejected any leadership role or full participation - for example, the notion of acknowledging its volunteers with transfers of Barter Credit.

I opened accounts for all the *LINKS* workers in order to test the concept of acknowledging their volunteerism in Barter Credit. The concept worked well enough but most of the volunteers did not use their accumulated credits to trade for other goods or services available in the system. A number of them (it was a large and loose group before it settled down to a small number of regular volunteers) never actually became aware of their membership and soon were moved to dormant status. At this point I finally began to accept that the group membership idea was not working. Individual members of a group were not necessarily committed to or understanding the LETS idea, and group leadership - the boards - were not being convinced either. It was becoming evident that the members who were joining and using the system were *word-of-mouth* joiners, those who became interested through the membership of friends and neighbours, and joined from some level of personal conviction.

Membership growth has continued by word of mouth, encouraged by annual social gatherings which serve as annual meetings, and by trickles of enquiries through 1989 and 1990: growth in 1990 was from 128 to 138. Although the level of trade did not warrant monthly issuing of account statements, and we moved to quarterly regularity, the new members, although fewer, were better traders.<sup>125</sup> Partly due to efforts to sign up large groups of people (which falsely inflated the membership figures) and partly due to a continuing shortage of *hard goods* in the system, trading has been at a relatively low level compared to membership size and compared to claims for the initial months of the LETS

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125 See Appendix 8-d-4, the back of the January, 1991 Community Circle Bulletin.

system in Courtenay, although there, too, use has fallen off. I do not believe that the experience of the Winnipeg LETSsystem has been spectacularly out of line with the reality experienced by most LETSsystems from which I have direct reports (Courtenay and Duncan, B.C, Ottawa and Kitchener-Waterloo in Ontario). The literature from other systems - notably in New Zealand - is enthusiastic and reports rapid and sound growth (also best by example and word of mouth), but I have not spoken with participants there.

### **LETS makes a difference**

LETS in Winnipeg, imperfect as it is, has made a difference to people, like the shy, twenty-eight year old native woman on welfare who had at one time spent almost a full year in her apartment with the lights out because she was afraid of people, and who has become, with other help as well, an enthusiastic LETS supporter and interpreter, and a presenter of the LETS concept. The LETS community expanded her horizons and gave her another road out of her isolation. It became another vehicle through which she was able to realize her growing sense of self-worth and greater self-valuation.

There is the woman from the Logan district whose perogies, cabbage rolls and bannock generated such a demand that that she had to withdraw her offer, and the man who gained confidence in public presentation, as well as Barter Credits, as a performer of his music in the supportive atmosphere of our LETS socials. One couple who met over LETS exchanges are now engaged to be married. One couple engaged in providing personal development workshops found a venue available for Barter Credit when they would otherwise have found it difficult to present. One of the businesses in the system was helped in its cash-flow situation during its set-up period by being able to get its accounting services for Barter Credit.

### **Valuation**

LETS, as indicated in the example above, functions to increase individuals' self-valuation - especially those individuals who have been *devalued* by the

money system. It does so by freeing up their capacity to realize value from spending the *natural money* of time labour and skills that we all possess without having to push it through the restrictive bottleneck of *money supply* and *money-driven demand*. One of the constant questions from members and prospects, indicative of this lack of awareness of self-value, has been what people should ask for their goods and services - their *natural, personal money*. Answering that question is a problem, not because the answer is difficult, but because the *devaluation* of people by the money system is so complete and pervasive. We have fully internalized the concept that our skills, time and labour are worth nothing unless there is someone willing to *pay money* for them. Unless a value is *assigned* to what we have or can do by some *outside agency*, like an employer, we have difficulty *evaluating* our own labour, and, therefore, our own worth. If we cannot demand *money* for our *value*, we feel *worthless*. LETS is uniquely able to alter this internalized belief in our own disempowerment. People learn that they do have value, independent of their demand in the job market. Changing that belief in our own disempowerment is the route LETS offers out of the conceptual poverty that underlies material poverty in our society.

LETS, theoretically, restores a Free Market economy. Not imposing any central rules on participants, it leaves them free to set and sort out their own values for their goods and services according to classical economic rules, undistorted by capital and market controls. Also, any LETS system can operate on its own value system, replicating in economic life the values held by the members of the trading group. Art, and such social acts as neighbourly visiting, can, for example, be more highly valued than they tend to be in the money system. Within the LETS system, the Free Market Laws can operate to establish these kinds of different valuation according to, and reflecting, the shared value system of the LETS community. That would, of course, take considerable time, but a coherent and communicating community would, sooner or later, evolve its own valuation patterns from the practices of evaluating its members own goods

and services. Thus, LETS can inform the *cutlure* of a community.

In practice, however, I have found that people do not usually feel their valuation questions are adequately answered by *you decide, or you and your trading partner negotiate that*, or other Free Market answers. This is only to say, of course, that no community, even a homogenous one, is immune from the value system ingrained into us by the market and its dollar messenger, and people who ask about valuation are having difficulty switching away from that externally validated value system. As well, most LETS systems - especially one generalized, for example, to a whole city, as Community Circle is - will experience the normative cultural, ethical and moral influence of the general market-money economy. If it is felt that replicating the general market values within the LETS community is not desirable, and that one advantage of the LETS system is the capacity to value things and people differently, then some rules about valuation within the LETS system are probably desirable, although, theoretically, there should be none.

Discussions about such rules of valuation were frequent in the growing period of LETSWIN and Community Circle, and often got very complex. In general, it was evident that the principal target population - the poor and disadvantaged - tend to under-value themselves, although some, in reaction, perhaps, tended to over-value their services. Arriving at a valuation for what they do is not easy, hence the LETS desire not to legislate value. In addition to the problems noted above with under-valuation, it is the nature of value to be ephemeral. Value depends entirely upon who wants what, when, and how badly. Value changes constantly. What is valued today may not be valued tomorrow, because it is needed or wanted today and may not be tomorrow. What is valued by some is not valued by others, and so on.

Several solutions to the valuation problem presented themselves:

1. *Letting the Free Market decide, the preferred LETS solution;*
2. *Valuation at the economic level of the producer, replicating inequity;*

3. *Valuation at the economic level of the receiver, also replicating inequity;*
4. *Valuation parity, a fixed rate for labour which, added to resource and material costs, will result also in a predictable price for goods;*
5. *Valuation equity, pricing labour within a limited range (for example, a top rate that is no more than three times a bottom rate), also resulting in a relatively predictable price for goods.*

Compromising between the preferred LETS *hands-off* style and the valuation difficulties experienced by the disadvantaged is probably necessary, at least in the initial stages of a LETS system. The decision to do so has not yet been made by Community Circle.

### **Class Problems and Community Barriers**

There may be problems, also, with generalizing a LETS system over a whole city. The inclusion of a target population such as the comparatively larger welfare-dependent clientele at the Crossroads Family Centre together with the more educated, usually wealthier and activist population in the Wolseley-River Heights districts created something of a moral dilemma for me. While, on the surface of it, it seems to be a good match to pair people who have time to spare, basic skills and a need for greater amounts of spendable currency with people who have little spare time and who often need help with basic things like house and yard work and child care, I was bothered by the spectre of replicating classic class exploitation, and continuing the role of *the poor* as the domestic servants of the *middle class*, and that *not even* (!) for money.

I don't know if that was ever a legitimate concern - it may be an artifact of my own liberal guilt - but it did result in my not pursuing those linkages. And it raises the question of whether or not LETS works best within a homogeneous group, and whether small neighbourhood systems - one in Logan and a separate one in Wolseley, for example - might be a preferable organizational target. So far, Community Circle has not wrestled collectively with this question.



## Trust and Social Contact

One minor difficulty in preparing LETS promotional or explanatory information is that our target population includes people who do not - and some who can not - get their information from reading. A great deal of social interaction is necessary, therefore, to spread the LETS concept, and the how and why of using it. Personal explanations of how to use it are usually required. This is one of the reasons, having established and defined the system, I am working now to involve more individuals in the management and development of Community Circle. Frequent (much increased) social contact among Community Circle members is an absolute necessity.

LETS can engender contact through trading, one of the primary methods of Community Economic Development, but trading also devolves from social contact. While it seems evident that people will join and use the system according to what is available within it, merely leaving trading contacts to the want-ads in the Bulletin - which is to say, predicating contact on the basis of material needs - is not sufficient to develop actual use of the system. Conversely, face-to-face social contacts, we have found, lead people to discover things they have or can do that other people want. The social contact broadens people's awareness of their capacity for trade. Community Circle is now embarking on quarterly *LETS TRADE FAIRS*, at which Community Circle members may display and trade their goods and services. By inviting the public to also take part (using customary monetary exchanges) we hope to both extend the value of the fair to members and introduce the LETS idea to outsiders.

Social contact is also necessary to engender the *trust* which is basic to the the LETSsystem, although *trust* has not obviously been a problem so far. No one in the Winnipeg LETSsystem has yet complained of not receiving value and no concern has ever yet been expressed by providers of value about the possibility of their not realizing value in return - of those who received it not passing it on so that it *can* return. Still, I believe that, in a generalized system such as Community Circle, such problems will arise. While all LETS trades are

secured by the same laws that apply to trade in general, I look to such organizations as community mediation services to act in such cases to provide a more personal and congenial community problem-solving intermediary (or to the LETSystem itself providing such services) *before* invoking the legal system, with its confrontational context. Such services seem more appropriate to the convivial ethic of the LETSystem.

### **Habits Compromise Use**

The principal factor militating against the use of the LETSystem seems to be people's ingrained habits. Our trading habit of shopping at one-stop supermarkets interferes with our taking the time to deal with neighbours for individual items or even patronizing neighbourhood stores. And our habit of not accounting for the gifts of time and service that we do give to and receive from friends and neighbours - the gifts which LETS seeks to expand and generalize - results in some embarrassment when members are asked to acknowledge even such gifts with Barter Credit. It seems wrong to *pay for* such things. An intentional community in the interior of British Columbia rejected the LETS notion because they already shared their food and other resources freely among themselves. This is a reaction against our internalized *money thinking*, essentially an artifact of the money system itself. People are correct in resisting *monetizing* such exchanges. I believe this to be one of the problems generated by presenting LETS as an alternate money system which I have tried to avoid by de-emphasizing the LETS currency as a money.

In fact, in the LETSystem, it is *positive* to acknowledge gifts with notation in the internal *currency*. When that is done, the gift does not *die* after one exchange, but is symbolized, in the Barter Credit received in exchange for a gift, in a manner in which it can be made again to someone else - thus helping to fulfill one side of the necessary dynamic of the Gift Economy. And, as a negative notation in the account of the receiver of the gift, it serves as a reminder that the second half of the cycle - the *passing on* of concrete gifts - must be carried forward for the circle to be completed. This is an argument that,

to date, has usually fallen on unreceptive ears.

This is essentially a problem of belief. Our belief system is thoroughly informed - I would say contaminated - by the reductionist rational economic model of Adam Smith. It is easy to believe in humanity's avarice. It is less easy to believe in humanity's conviviality. But we do, overall, succeed in living together. To what extent our present belief system is an effect, rather than a cause, of Smith's philosophical formulation, would make an informative study. Until the case is disproven, I choose to believe that our institutions, like the money system or the LETS system, inform - or, at least, re-inform by the feedback of a dialectical process - the morality of our society. The success of LETS as a generalized way of conducting our economic life ultimately depends upon a belief in it at least as generalized as our ubiquitous belief in money. The objective of LETS organizers at this stage must be to establish and operate the living proof that such systems can be believed in.

### **LETS Future As A Tool for Community Economic Development**

As 1990 closed, the probable future course of the Winnipeg LETS system, as of most others, seemed to be as a continuing association of self-identified, like-minded individuals sharing services, much as Linton first proposed. But I now believe that its future as a *community development tool* will rest upon whether or not it can encourage the *production* of goods and services by members for members, imitating the *import replacement* function described by Jane Jacobs as essential for the development of early cities, and following the suggestions of Susan Pell and David Wismer that a community-based economic development ought to begin with local production of local goods for local use. I have taken the initial steps for Community Circle to set up a development fund in cash dollars through the intermediary of the LETS currency. To do that, Community Circle itself will exchange Barter Credit with dollar-contributing members, and encourage members undertaking LETS-oriented enterprises to use those funds for the necessary supply of materials for production. 126

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126 See part III of this submission, the pamphlet *Building Community With Barter Credit*.

I am presently entering into an association of Community Circle with a community development initiative originating in the Wolseley-West Broadway district (TASC - Toward A Sustainable Community). Unlike The Winnipeg Initiatives, TASC seems amenable to integrating the LETSsystem organically into its community development effort. I have had an enquiry from a United Church minister in Russell, Manitoba, whose Lenten Homilies reflect the same kind of economic-community thinking exemplified by LETS. It would be informative to see if one could undertake a general community development effort in a distinct community such as Russell, rather than limit oneself to carving out a borderless functioning community within an urban setting. One should also approach native communities - the LETSsystem is only a modern version of a tribal economy, after all. But I hesitate to approach any native community with the notion that this white man has the answer to their economic problems. In both cases, the town and the reserve, money thinking will be hard to get past, but I look forward to being able to undertake such projects, even if I cannot initiate them, as I gain confidence and ability in presenting and using LETS as a tool to engender and advance Community Economic Development.

### **Distortions and Adaptations**

At the time of writing (first quarter, 1991) LETS communities have grown to about 100 in number around the world. <sup>127</sup> They don't communicate at all well with one another, but efforts are going forward to improve that and, in North America, LETS has a bulletin board, where information and up-dated software are freely available, on the WEB computer network.

There are also a number of adaptations of the LETSsystem which fail to make the requisite full shift from reliance on the money paradigm to reliance on community productivity and so distort the concept. <sup>128</sup> One organizes community service work in the LETS style, one organizes community development using a LETS type of internal currency, one organizes barter

<sup>127</sup> Most are in English speaking countries. See Appendix 11-h.

<sup>128</sup> See Appendix 5.

among manufacturers and retailers. I would agree with Linton that these are, to varying degrees, *perversions* of the LETS concept, because they all seek to base the internal currency upon a dollar base - the social service model on a government guarantee of the value of the currency, the community development model on a bond issue, and the commercial barter model on the security of a firm's dollar credit and advance commitment of hard goods.

All of these adaptations fail to get beyond reliance upon our centrally issued official currencies, and so compromise the essential value of the LETS system. That is described by Linton as the decentralization of money supply to the field of individual action, responsibility and empowerment. I describe it as the bypassing of money in favour of dealing in the *natural money* of our *real* goods and services. In both cases the foundation of the economy is the willingness and capacity of its members to be productive. In either case its essential value is that that frees from dollar demand restraints our individual and community capacity to realize the natural money of the ordinary skills, labour, time and resources that we all possess, individually and as communities. To re-engage the dollar economy as a foundational guarantee for the LETS economy is a backward step.

Linton himself, as in the Ottawa LETS system, is now advocating something like these distortions in establishing dollar funds to guarantee *Green Dollars* to entice merchants to take part in LETS systems. Although it is a difficult concept to implement, given our deep and intense internalization of the money ethic and money system, *getting beyond money, getting beyond the need* for such a guarantee and accepting the *credit of the community itself*, and its capacity to produce, exchange and consume its own goods and services is, I submit, the essential element of the LETS system. The true LETS system bases its exchange facilitation on the true economy that can exist, or be brought into existence, within a community. It works within that community's own real capacities, and real economic activity, however large or small, and works to expand that capacity and activity. It neither needs nor seeks external foundation, support or justification.

## CHAPTER FIVE

### LETS AS AN ALTERNATIVE MONEY SYSTEM

#### Ethical and theoretical considerations

#### Money Problems

Our present *money* economy is based on values derived from the ethic and morality of the hunt, from Riane Eisler's *dominator* society. It is based on the values of competition, hierarchy and coercive power inherent in the ownership system. It is based in Adam Smith's *rational economics*, in which each person acting in his or her own selfish best ownership interest produces a collective effect that is supposedly best for all. It is possible to mount an argument that money is based on patriarchal Platonic Idealism, objectively reifying what is actually an abstract. And the concept of gaining a collective good from individual greed may even be a version of the Mediaeval belief that base matter can, by transmutation, become gold. The reality is that we are observing that the *functioning* of the *rational economic* system outlined by Smith is having very destructive side effects both for society and for the environment. Linton claims that its very *structure* causes problems.

1. *Money is created by fiat of some hierarchical central authority.*
2. *A "material" money, itself a "good", is traded as a commodity.*
3. *Increase in value abstraction (money) is the greatest good.*

The results of this structure are familiar to us, although we are not accustomed to thinking about them as *structural defects of money*.

4. *Control of our economy is vested in authority external to us.*
5. *The supply of this limited "money-good" must be competed for.*
6. *Commodity money depletes and displaces real resources.*

Much less do we consider the following *social* affects as defects in the structure of money.

7. *We lose both economic and political control of our daily life.*
8. *The price of money is always too great for some, hence poverty.*
9. *Increase in the abstraction itself is opted for, hence inflation.*

The demand to constantly increase the abstraction that *re-presents* the value found in the combination of labour with resources acts to drive resource depletion, and the *displacement imperative*, together with the imperative to *constantly increase the abstract value which money represents*, adds a tenth and major point: the *function* of modern money:

10. *Our money comes to us in response to the goods or services that we offer only for the added value that it can pick up and carry away: all other results are secondary or accidental.*

We have now, in our generally commodified trade-oriented world, internalized at the individual level the abstraction of *money as we know it* as a commodity valuable in itself, with the endemic problems of inflation and personal poverty that flow from that. But the principal trouble with money, with respect to Community Economic Development, is probably the far distant extent to which it can circulate when it is universal. Circulation in that case becomes so extended as to become dispersal and alienation of value. The result is the impoverishment of a locality. As detailed in Part one, our problem lies in the fact that we never shifted our currency model entirely away from using things of *real* value, like cattle or wheat, but went only part way, by way of precious metal specie, then money *good for* precious metal, in order to facilitate trans-border trade. Things of *real* value were used to *re-present* the value of other things also of *real* value: *grain=cattle=gold=money*. Money was accidentally imbued with the *semblance* of real value because it was equated with things of real value. That equation with things of real value came about because money was developed first in the early economies which were trying to *trade* things of real value with other economies. It was never needed *at home*.

### Schumpeter's Equation

The 17th century discovered that *money* could be created independently of *real* value in goods and services. Since money was then becoming accepted as *real* value, it *seemed* that wealth could grow upon itself. It was done through the phenomena of compound interest and the *issued* bank note or bill of exchange. Since it was to the advantage of the powerful, *seems* became *reality*. In the 18th century, the problem of how to *equate* real goods and services, bills of exchange, notes of credit, written cheques, precious metal *specie* and abstract paper money, so that they all could be freely translated into one another, began to be addressed. Bankers and money-men used to run about town with bags of gold and silver coins - objects considered to be of *real* value - on one day each year, the day of reckoning and reconciliation when all accounts for outstanding *paper* had to be settled. They began to recognize that reconciling debts with coin of real value that way was un-necessary, costly, dangerous, and ludicrous. Fernand Braudel cites J. A. Schumpeter <sup>129</sup> on the apparent border between money, credit, and *real* goods.

*"But if it is possible to claim that everything is money, it is just as possible to claim that everything is, on the contrary, credit.... As Schumpeter said, 'Money in turn is but a credit instrument, a claim to the only final means of payment, the consumer's good. By now (1954) this theory, which of course is capable of taking many forms and stands in need of many elaborations, can be said to prevail.' All in all, the brief can be legitimately argued either way"* <sup>130</sup>

In the 18th Century, *abstract money* became confirmed as a commodity in its

<sup>129</sup> Braudel, Vol. I, Chapter 7, "Money", pp 475-476. Braudel describes this as "*Schumpeter's Equation*". J. A. Schumpeter (1883-1950) was an Austrian economist who became a Harvard University professor after emmigration to the U.S.A. in 1932. He is known for his theory that the entrepreneur is the dynamic factor in the business cycle, and for a theory of the economic development of capitalism, Braudel's principal focus. Source: The Concise Columbia Encyclopedia, Avon Books, New York, 1983, p 756.

The equating referred to, which took a long time to evolve and was only understood in the 18th century (and not fully accepted until the 19th) moves toward money being considered *real*: getting it to that point was the *telic purpose* of the exercise, according to Braudel, and it is with this assumption that our money system now operates. But, as Braudel and Schumpeter, himself, point out, the equation also works in reverse: money is nothing but credit, a *note* denoting or representing a certain level of value, or, as Linton says, a *ticket of entitlement*.

<sup>130</sup> Braudel, Vol. I, pp 475-476.



own right. Credit instruments are *all* money. If that is so, of course, equally, money is *only* credit, a *ticket* entitling the bearer to *real* goods or services. We can add our time, labour and skills to that equation. In our fully commodified world, everything is money, and, equally, nothing is: it's all *credit*, which is to say, *belief* (in Latin, *credo*).

### **Money Not Needed at Home**

Money was never necessary *at home*, where *credibility* is not usually a problem and where real-goods transactions were possible and, unlike with dollar transactions, easily and plainly evident. It will advance Community Economic Development to return to this model and prevent local value - or *credit* - from being expressed in a form which is hard to see and which can escape from the community as easily as money does. One way to do that is to turn Schumpeter's equation on its head and think of community value in terms of the real goods and services which actually make up the economy, rather than in terms of the abstraction that we use to measure that *real* value within that economy - *money*. As *real* goods, value cannot easily cross outside the borders of a local economy. But - even here - on any scales above the family, exchange relations will become harder to track, and credibility will become a problem. Something like money does become a necessity. Exchange, and understanding the dynamics and results of exchange, ought to remain readily visible for the adequate management of a small local economy, even if an abstract exchange medium is employed. It is probable in our society that we *need* an abstraction, a re-presentation of our *real* value, in order to replicate the form of money and money-exchange with which we are familiar and comfortable. The effect, however, of that abstraction must be the same as if our values were kept only *real*. In a locally mandated economy, it can readily be made so.

A system of economic exchange that is fully abstract would get beyond Schumpeter's equation (which essentially leaves our economic system in the eighteenth century) and moves to Schumpeter's insight that money, in any form,

is merely a ticket for, or measure of, the value of *real* goods. Working from that assumption, we can arrive at a form to mediate exchange that is convenient to use in our world yet open and visible. If we then resist the notion that such an abstraction is *money*, at least *money as we know it*, and if we can continue to recognize it as *merely* an abstraction and re-presentation of original value, we can focus our attention and trading where it belongs, on the *really* valuable goods and services which actually embody our economy. Michael Linton's LETSystem establishes an abstract form of exchange that is based firmly in solid, *real* goods and services - in the *real* economic potential of any community - but which has a modern, familiar, money-like form with which to mediate and facilitate exchange.

### **Discarding Money Thinking**

Once outmoded *money-as-value* thinking is discarded, the different ethic that flows from using a cashless system such as the LETSystem is worthy of examination. Whereas the money system is based on payment, on *money-as-value*, the LETSystem is based on credit - which is belief or trust - in turn based on the availability of *real* goods or services. Money apologists will argue as they are taught - that our money system runs on trust. That is true to some extent, but not structurally. Structurally, all exchanges in the money system must be balanced by *payments*. It only looks like trust or credit because of the variety of styles, forms and timing of *payment*. Value is always *secured*, up front, in the dollar system, by some *negotiable instrument*, which is to say, according to Schumpeter, *money*. It may look as though credit or trust is operating when credit is *granted*, but credit is never granted unless the grantor can find you and take away something of *real* value from you (as his *payment*) if you do not keep up *your* payments.

The LETSystem does run on a community of trust because goods and services *provided* are not *paid for* by any actual money transfer, although their transfer is securely recorded. A *record* is kept, expressed as a numerical quantity that is simultaneously added to the provider's account and deducted

from the receiver's, of the value of what the provider has provided and the receiver received. The provider and the receiver both receive this record in their computerized accounts. Economists and Revenue Canada call this record *nominal money*, because the positive record in the so-called seller's account is a ticket of his or her entitlement to other goods and services from other people, as is money. But the LETS record is not what is *commonly known* as a money to most of us. It is fundamentally different. It is different because nothing can be added and nothing can be taken away from those accounts. The positive record, the so-called *nominal money*, can go only into another account *within the system*. The total value of all accounts in a LETSsystem is *always zero* - for every positive entry there is an equal and opposite negative one. The receiver of a good or service, although he or she is quits with the person who gave it to him or her, is, by definition, *not* quits with his community, as he or she might well be in the money system. The receiver of a good or service in a LETSsystem incurs with that receipt the commitment to return value to someone else in the system. He or she is not free to take the value of what was received out of the community. Nevertheless, buyer and seller - more properly called receiver and provider - are quits in any LETS exchange *because the record is kept*. This may look like *payment* but it is not: it is *trust*. There is *no money of any kind* in a LETSsystem with which to pay anyone anything. The buyer *trusts* only in the freely given commitment of all other members that they will perform services of value, or provide goods of value, so that he or she can receive value in return, later, from the system. He or she trusts in the productive capacity and the productive will of the *community*. And that productivity can be *realized* only when, and if, the dynamic of trading in the community carries forward indefinitely, so that the *productivity* has a continuous outlet.

This is critical, so I shall describe it again in another way. Even if the provider of a good or service in a LETSsystem has received what Revenue Canada calls a *nominal currency*, and can use that credit record as *entitlement* for other goods and services from other people, he or she has

received *nothing of real value*. Every provider of value does get, up front and immediately, an information record indicating the extent of his *right to future considerations* of value, and this is analogous to having received *payment* - so there is no *debt* involved even though there is *credit*. But all of this is of relatively little importance for several reasons. By definition, every person in the system *already has the right to receive goods or services*, irrespective of the level of credit notations in his or her account, *by virtue of membership* in the community. It is not necessary to have positive sums of what economists insist on calling the LETS *nominal currency* in order to pay out (make acknowledgements in) the LETS *nominal currency*. So, even though the economists and Revenue Canada define the LETSsystem *nominal currency* as a money, such a currency, received, is not, of itself, very important *except as a record to guide community action to keep the system functioning*.

It is useful, however, to think of the LETSsystem's value markers (as Revenue Canada does) as a nominal currency as a way to match peoples' present ingrained economic habits of exchange, which are based on the *money-payment* system. Classical economic thinkers - and that is all of us - need to reason out the LETSsystem within the rational economic vocabulary Adam Smith and his successors have developed. But that vocabulary - and that reasoning - is severely limited by classical economics' artificially limited assumptions, particularly its discarding of what it calls *externalities*. Externalities are, in short, all the things that don't fit classical economic theory and which we know as most of the things that make for a good community life - culture, non-economic values and environment included. But to address LETS with the concepts of classical economics is to make an *incomplete paradigm shift*. It is important to discuss LETS within its own paradigm and with its own vocabulary. A different ethic and a different reality prevails in which matters of debt and payment are not germane. In fact, I am coming to see the LETSsystem as only *an interim step* in a move to a communitarian society in which money is no longer used at all. But that interim, like the *money* aberration, may be half a millennium long.

### **No Individual Gains in a LETSystem**

There is further ethical fallout from viewing LETS as doing away with money. Only the *receiver* of a good or service has received value in a LETSystem. The *provider* does *not* receive value as a result of any one exchange: the provider's receipt of value depends upon further exchange or exchanges, usually with other partners. At the same time, since anyone *receiving* any good or service in a LETSystem has, necessarily and by definition of his or her membership, an equal and opposite commitment to *provide* substance of materially equal value later, *no one ever experiences an absolute increase in material substance*, no matter how much of the *nominal currency* he or she receives.

At the moment, LETSystems function, for taxation purposes, within the money paradigm accepted by Revenue Canada and the taxation assumptions that derive from that. However, there are more profound taxation implications here that may be explored in the future. If no one receives a *money* in return for goods or work, and if no one experiences an absolute increase in value because of any LETS transaction, in a LETS economy, no one has an income to be taxed. If there is nothing but a *transfer* of goods or services, all taxes would have to be on the transfers themselves. That would be a taxing of economic activity - the tax on spending that a sales tax is supposed to be. But who would pay it, if no one experienced an absolute increase in substance? The answer is, neither participant, or both, or the community at large - all of which make no sense.

A taxing of overall economic activity would mean a so-called taxation level dictated by the number, value and amount of actual exchanges. That is why some people describe LETS as a form of *social credit*. Social Credit, however, is a centrally controlled and administered *money system*, and LETS is neither. The mistaken identification with Social Credit comes from insisting on using the *money paradigm* to describe LETS. The fact is that a fully LETS community would have no need for taxes. The taxation authority, government or otherwise,

is as free as anyone to create and spend the LETS currency. As with anyone else, the only limitation to that would be its capacity to deliver services to its constituents that are valued by them - which they, in turn, would acknowledge freely as they use them. Taxation itself may be as outmoded an idea as money, another artifact of an awkward and aberrant paradigm.

More interesting, perhaps, is the question of whether anyone in a fully mature and universally applied LETS system would *own* anything. The question, like that of taxation, may be relevant only to the *money* system: the question in a LETS system would not be about *ownership* but about *usership*. The relevant questions in a LETS system are *all* about whether a good or service is available and whether it is needed, and whether it can be provided and can be used. The question is never about whether it can be *afforded*. The questions themselves are *real*. The LETS system has implications that are most profound. It represents, in fact, a return to the ethic of pre-money communities: that each should produce according to his or her capacity and receive - and use - only according to his or her need. It subscribes also to the ethic of the *gift* economy: as sure as you possess something now and have the right to use it, in a LETS system it will, someday, circulate onward.

### **The Ethical Structure of the LETS Economy**

Here is a quick and tentative list of characteristics that we might expect of such an economy. We can all modify it or make up our own. But it should not be surprising that the opposite of an economy based on the competitive, so-called *masculine* values of *money* will be an economy based on co-operative, so-called *feminine* values, nor that the opposite of an economy based on greed should be one based on generosity.

<i>locality</i>	<i>not</i>	<i>generality</i>
<i>circularity</i>	<i>not</i>	<i>reciprocity</i>
<i>reality</i>	<i>not</i>	<i>abstraction</i>
<i>sustenance</i>	<i>not</i>	<i>power</i>
<i>cooperation</i>	<i>not</i>	<i>competition</i>
<i>caring</i>	<i>not</i>	<i>getting</i>

<i>inclusion</i>	<i>not</i>	<i>exclusion</i>
<i>community</i>	<i>not</i>	<i>isolation</i>
<i>sharing</i>	<i>not</i>	<i>alienation</i>
<i>pragmatism</i>	<i>not</i>	<i>idealism</i>
<i>choice</i>	<i>not</i>	<i>coercion</i>
<i>enrichment</i>	<i>not</i>	<i>impoverishment</i>
<i>contribution</i>	<i>not</i>	<i>extraction</i>
<i>conservation</i>	<i>not</i>	<i>exploitation</i>
<i>function</i>	<i>not</i>	<i>status</i>
<i>rights</i>	<i>not</i>	<i>privileges</i>
<i>giving</i>	<i>not</i>	<i>taking</i>
<i>usership</i>	<i>not</i>	<i>ownership</i>
<i>gift</i>	<i>not</i>	<i>commerce</i>
<i>home values</i>	<i>not</i>	<i>market values</i>
<i>family values</i>	<i>not</i>	<i>vendor values</i>

It remains to be proven whether an information-based, real-goods economy based on homely economics and barter would produce a nurturing, non-linear, non-hierarchical society with the ethic, morality and modality that could be called a *tribal, familial, internal-partnership economy of the community or of home*. It is arguable also whether such an economy can or should be characterized as *feminine*, although we tend to use that term to describe the values in the left-hand column above. But it seems necessary to me that we create a society in which such values predominate against, or at least balance, the more aggressive, outwardly directed qualities in the right hand column above, which we characterize as masculine. At the moment the right-hand list of values overbalance the more convivial ones. It seems to me likely to be worth the effort to achieve that re-balancing if a non-consumptive, sustainable and personally richer life could result.

### **LETS Solves the Money Problem**

Considering money to be real, we treat money as a commodity. It is competed for as a commodity, and its supply is limited. The supply is limited in an atmosphere of constantly excessive demand (nobody ever has enough money), so it is a scarce commodity. We know that the price of a scarce commodity always rises until some cannot afford it and demand falls off. We

must also know, therefore, that money as a commodity has poverty built into it. Money as abstract value made an essential to life in a competitive system becomes, also, the mis-placed focus of a bottom line ethic in which the money always has to be cared for first and cared about most. That ethic demands that money, above everything else, must always seek its own maximum increase, as if increasing the value or amount of the abstract representation of value could increase the real value that is represented. These *structural* problems of money start with the fact that its abstraction of value is *imperfect*. The LETS system is another form for *abstracting* our value, convenient for us to use but not universal. As a local currency, it would be just as difficult, or perhaps even more difficult, to transport across borders as the goods it represents. It is also a *structural* form, rather than merely a body of legislation. Legislated isolation of currencies merely creates a black market. It alters the *price* of an embargoed currency rather than *preventing* its circulation. The LETS currency is a form that is readily and easily available to us. Viewed as a currency, it simply follows the abstraction of value completely to its logical end, by finally surrendering the notion that money has any *real* value at all, which is a concept that can be derived from Schumpeter's Equation when you stand it on its head. The structural problems of money simply do not arise.

A community of LETS communities could be postulated, however; and if taken ad infinitum, it could restore the problem of the cross-border out-migration of created value. So, we must be careful to understand that the *real goods come first*, that *that* is what is being traded, and what *looks* like a currency comes *only after* the good or service is exchanged. It is information only, a record of a transaction that has already occurred. It cannot have a prior existence. It is entirely dependent and contingent, and not to be *viewed* as money. Our fully abstracted medium of facilitation is created by, and relates to, only the initial *transaction*, which itself occurs only if there is both a need and a capacity to fill that need. If you insist on thinking in money terms, then the economic activity creates the exchange medium. The activity is viewed



correctly, however, as economic activity *for its own necessary sake*, and *only for its own necessary sake*.

In a LETS system, it is always the goods that are moving, not an exchange medium. So there is no artificial impediment to exchange, no scarcity to create poverty and inflate currency values relative to goods. The medium itself is also never scarce, so it can't get priced out of anyone's reach. There is also no artificial de-valuation of the currency that can arise from currency speculation, so artificial inflation of the medium itself is not possible. The wealth created by the production and exchange of goods and services in a community whose economy was facilitated only by means of information, rather than by a pseudo-commodity like money, could consistently remain (which is to say that the community's productivity would remain) unalienated, within itself. In such a community, wealth would take on an entirely new meaning (or revert to its original meaning of *a sufficiency of real goods*) being not expressed in abstract money, but in *real* things. It properly would not even be expressed in the internal currency, but remain a matter of goods, circumstances, capacities, relationships and values. The true balance of needs and capacity in the community, and how they are matched, would become the way in which the concept *wealth* is expressed.

The fully abstracted currency would become, not a measure of wealth, but merely a community economic management tool. The system of recorded plus and minus balances, as people give to and receive from one another, would steadily reveal any disparities between need and capacity, and permit them to be addressed by measures either to decrease the *need* or to increase the *capacity* of the community. The community could not lose touch with itself in an abstraction beyond the reach and ken of the majority. There would probably be changes in patterns of economic and work activity as well. *Surplus* value would result, not in sterile capital accumulation, but either in *import replacement* exchanges, and so a richer and more diversified material life, or in increased *non-labour* time, and so a richer and more varied community and personal life. Given the known result of using *money*, such an approach is the

absolutely necessary minimal instrument of regional self-reliance and community economic self-development.

### **LETS Alternative Money Structure**

The exchange notation used by organizations founded by Michael Linton, using his LETS computer software program, has been accepted by Revenue Canada (apparently operating in the pre-1760 mode of economic thought) as a *nominal currency* which appropriately describes the values of the exchanges it records, and is the virtual equivalent of the dollar for the purposes of calculating taxable income, tax owed, tax deductions and tax credits. Since most people find it difficult to consider an economic paradigm not based on buying and selling, but on gifting and receiving, it is academically useful to examine the results of considering the LETS notation as a *nominal currency* in the money paradigm.

If our present *money* economy is based on values derived from the ethic and morality of the hunt, competition, hierarchy and coercive power, and these produce structural effects which are problematic, we should consider the structural elements of the LETS system's exchange medium, and how they might differ.

1. *Currency is created automatically by local economic activity.*
2. *A "non-material" currency is not tradeable as a commodity.*
3. *Equable production and distribution of real goods is facilitated.*

The ill affects of the structural defects of money are replaced by positive affects of a different structure.

4. *Control of our economy is vested internally in the community.*
5. *The exchange medium is always available to all as needed.*
6. *Resources are not depleted for profit but only for use.*

The socio-political affects of the different structure are likewise desirable.

7. *We retain locally both economic and political control of our lives.*
8. *Poverty can only result from lack of resources, not money.*
9. *Value changes in the currency reflect only goods availability.*

With no demand to constantly increase the abstraction that represents the value found in resources and with no *displacement imperative* or drive to *constantly increase the abstract value which money represents*, the tenth and major difference is the convivial functioning of our fully abstracted post-modern money:

10. *The value produced (or added) in our communities remains in our communities as a currency which continuously circulates at home, preserving and passing on among its members their own created wealth.*

The system using a currency with this structure is in place and functioning, in upwards of a hundred localities, world-wide, facilitating bottom up cashless trading, and it is available for use by any community group.

## CHAPTER SIX

### CONCLUSION TO PART TWO Using LETS as a Tool for C.E.D.

#### LETS Spreading

The LETSsystem of Michael Linton is now taking root in about a hundred localities world-wide. <sup>131</sup> Using the LETSsystem, we can begin right now to define an economy based on homely community production and non-monetary exchange. It gives us the method to realize the designs of E. F. Schumacher and George McRobie. It gives us the modern, individuated and familiarly *monetized* manner in which to re-create a tribal or village, *communitarian economics* within our present communities, within our present urban realities, and within our present economic structure.

On a small scale, practicing LETSsystems are building such economies, based on the ordinary survival activities that we all undertake daily. The next questions, and the more important ones, are whether those familial economic activities can be extended, conceptually and practically, to an entire community within our macho-economic world, as they were in a more primitive world, or, possibly, to what extent they are already so extended and whether that is necessarily with, or can be outside, market economy support.

Can we function with strangers as we function with friends? Can economic life itself become more *real* and less *abstract*? Can we bring something more personal into our exchanges than a snatch of hard coin and an automatic *have a nice day!*? Should we? Do we need a new ethical norm for our economic lives? Is this a foundation upon which to build a new Community Economic Development?

#### Alternate C.E.D. From the Roots Up

To develop such an economics, parallel to the market-money economy we

<sup>131</sup> Most are in English speaking countries. See Appendix 11-h.

are familiar with, we start with whatever ordinary skills and goods people, including the poor, already have to exchange with one another, and expand from that. We expand first by adding in the unmediated exchanges going on already between primary producers and final end users, such as the annual fall *tomato and zucchini* exchange among urban gardeners (a little economy that is already being harvested by imaginative food banks) and then, using familiar community economic development techniques and the system described above, we build it up from there.

With the LETSsystem, it is possible to create nominally *paid* employment in processing those back-yard surpluses and serve that *charity* market on a coordinated and orderly economic basis. On a slightly larger scale, our present urban structures might permit us to feed ourselves partly from backyard gardens, or from urban-rural alliances of producers and consumers. If we then have the capacity to see self-reliance, not as Braudel's "*prison*",<sup>132</sup> and not, as Vandana Shiva notes, a "*poverty that is a result of misery and deprivation*", but as "*subsistence economies which satisfy needs through self-provisioning*" and which "*are not poor in the sense of being deprived*",<sup>133</sup> then that kind of self-reliance will be our local community *freedom* from money poverty, its lack of choice, value alienation and debt enslavement, and from the manipulation of those who control and direct the "market" and "capital" economies. We can begin, and then work to expand.

### **Moving Volunteerism to Paid Employment**

With the LETSsystem, it is possible to create nominally *paid* employment in any function, and even organize resources for any kind of industry, including the resources of cash money supplies. We can now *begin* to turn away from complete integration and incorporation into the body of the exterior "market-money" economy, with all its negative ethics and destructive effects, by rebuilding our *real* economy, from our own resources, within our own

132 Braudel, Vol. 2, p 21.

133 Vandana Shiva, "Development, Ecology and Women," pp 87-89, in *Healing The Wounds*, ed. Judith Plant, published by Between The Lines, Toronto, 1989.

communities, even in the inner city. We can undertake this Community Economic Development in a simple practical way, starting *now*, by re-building upon our everyday skills and whatever resources can be mustered, the economy of the home-place in which we first flourished.

If we believe that an economic system based on the values and substance of family and community really could be extended outward from home and community (*how far?*), then the project would become merely a matter of organization, and the questions those about what kind of economic structures and practices could facilitate those activities - whether those structures and practices would produce the effects that we would like to see such a system bring about (the opposite of those of the "market" economy) and whether those structures would preserve the essential differences that we perceive as desirable.

### **The Immanent Sustainable Economy**

A LETS community functioning with a *real-goods* "root" economy that is self-reliant in providing for its own basic needs would live from immanent production realized at home. That is, it would not engage in *excess* production for profit, but produce only enough for its needs, now - and only those things that it needs. This might seem to be dangerous. What if productivity fails, or shortages develop? First, its economic production would have to be based on profound security of resources, which has environmental implications of sustainability. Second, immanent use must include prudent production stockpiling against shortages. Third, any local economy ought to be part of a larger regional economy in which several localities balance their local economies with prudent and appropriate inter-community exchanges of *surplus* local production, partly to forestall just such local shortages.

But remember also that our re-constituted "root" economies, as we are presently imagining them, are but strong local partners of the general "market" and "capital" economies, not a total replacement of them. In the case of local or

regional shortages, fourth, the community could fall back upon the "market" economy as a safety net. Prudence suggests that such a contingency should and could be planned for, and resorting to a cash economy in the event of local failures would be a last, not a first, resort - just the opposite of the present situation. So we might re-balance our economic life between the nurturing *Ying* and the aggressive *Yang*. So also we might protect ourselves from the problem that Jean Bodin observed in his sixteenth century France:

*"I find that the high prices we see today are due (principally to) the abundance of gold and silver...(as well as) monopolies, and scarcity caused partly by export and and partly by waste, by the pleasure of kings and great lords, and the price of money, debased from its former standard..."* 134

Bodin recognized that the prosperity of France in the couple of hundred years previous, before the influx of gold and silver from the Americas through Spain, had been brought about by France's isolation - because of politics and war - from most of the world and its trade. France had been forced to concentrate on agriculture and other basic subsistence strategies. The result, in a fundamentally fertile land, was an explosion of population propelled by its own self-generated economic activity. Bodin believed that that fundamental prosperity was being threatened by the influx of artificial riches through the new, freer connections with the world, and by the populace turning away from their own subsistence activities, and even from local trade, to become merchants and traders to the world, a much easier, but much more precarious, life.

*"It is true that the mechanical arts and merchandise would flourish much more, in my opinion, without being diminished by the traffic in money".* 135

The opening up of France to world trade in the fifteenth and sixteenth centuries hooked the French into the world marketplace and the money-market economy, but not to its basic benefit, according to Bodin. And not to the benefit of the majority of its people, according to Fernand Braudel. 136 And, while his

134 James Bruce Ross and Mary Martin McLaughlin, eds, Jean Bodin, "The Dearness of Things", *The Portable Renaissance Reader*, Penguin Books, 1977, pp 202-207. This reference, p 202.

135 IBID, p 207

136 Braudel's work, *Civilization and Capitalism, 15th to 18th Century*, is in three volumes, ed. Sian Reynolds: Volume I, "The Structures of Everyday Life"; Volume II, "The Wheels of Commerce"; Volume III, "The Perspective Of The World"; published by Fontana Press, 1985 (William Collins Sons

economic thinking is primitive, he is not wrong. Attention to the basics, to self-reliance, and a healthy reluctance to rely totally upon the market and its instrument, money, is the road to real wealth and sustainable security in the twenty-first century, just as it was before this world market race began over five hundred years ago. I submit that establishing immanent, parallel economies *outside* of the "money-market" cash economy, and as independent from it as possible - a straightforward and simple task with the LETSsystem, although not organizationally easy - is the essential step to be taken to initiate both Sustainability and a truly effective Community Economic Development.

### **Utopia: Smith, Rousseau and Marx**

Michael Ignatieff, in his small book *The Needs of Strangers*, writes:

*"Political utopias are a form of nostalgia for an imagined past projected onto the future as a wish. Whenever I try to imagine a future other than the one towards which we seem to be hurtling, I find myself dreaming a dream of the past. It is a vision of the classical polis - the city-state of ancient Greece and renaissance Italy - which beckons me backwards, as it were, into the future.*

*"Its human dimensions beckon us still: small enough so that each person would know his neighbour and could play his part in the governance of the city, large enough so that the city could feed itself and defend itself; a place of intimate bonding in which the private sphere of the home and family and the public sphere of civic democracy would be but one easy step apart; a community of equals in which each would have enough and no one would want more than enough; a co-operative venture in which work would be a form of collaboration among equals. Small, co-operative, egalitarian, self-governing and autarkic: these are the conditions of belonging that the dream of the polis has bequeathed to us."* 137

He has, of course, described the objectives I have ascribed to Community Economic Development and the essential characteristics - missing only the environmental aspects - which I have claimed are possible for a community using the LETSsystem of exchange facilitation. Is this a *utopian dream*, then, meaning an impossible one? I don't believe so. I believe the LETSsystem makes that *utopian dream* a practical proposition, and that it is much more than

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& Co., Ltd., London, and Harper and Rowe, Publishers, Inc., New York, 1984). They are referred to hereinafter as Braudel, Vols. I, II, & III.

137 Michael Ignatieff, *The Needs of Strangers: An Essay on Privacy, Solidarity and the Politics of Being Human*, Penguin Books, New York, 1985, p 107.



a dream, it is a necessity.

Ignatieff writes further on utopian thinking with reference to Adam Smith, Jean-Jacques Rousseau and Karl Marx. He notes that both Smith and Rousseau shared the philosophy of stoicism, in which human will is the predominant force. Rousseau believed that human will could keep man cooperative in a competitive world, that he could and would *choose* to overcome social and political and economic inequality. Smith believed that the natural result of the free competition of greed would result in the overall efficient provision of material goods that man would find adequate for the first time in history, and so enable an equality of plenty. Smith invoked his stoicism in the unfounded belief that humankind would, once enough was achieved, *choose* to resist excess. His *rational economics* was equally utopian, as we have discovered to our sorrow.

*"In the end, Smith had to make demands on the virtue of this utopia's participants as austere as Rousseau's. A market society could remain free and virtuous only if all its citizens were capable of stoic self-command. Without this self-command, competition would become a deluded scramble, politics a war of factions, and government a dictatorship of the rich. Smith was optimistic, but it was an optimism based on a stoic hope that the human will would prevail, and each individual would retain the capacity to know the difference between what he wants and what he needs."* <sup>138</sup>

Of course, Smith's *stoic hope* was unrealized, and we have the *scramble, war and dictatorship* that he feared. According to Ignatieff, Marx, seeking to address that, essentially tried, equally *stoically*, to reconcile Smith and Rousseau. He relied on the political will of Rousseau *plus* the productionist view of Smith to suggest that if inequality were overcome and the productivity of labour were raised, then "... *all men's relative and absolute needs for commodities could be satisfied.*" <sup>139</sup> But all of these utopias foundered on the limitations of both human behaviours and the capacity of the natural world. Most of us are not stoics, and are notoriously limited in our ability to distinguish between our needs and our desires. But the world is also now full of humanity. Its limits of forgiving resilience to our tendency to excess have been reached.

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138 IB ID, pp 124 & 125.

139 IBID, p 126.

The end of history has been proclaimed. The end of human society may be in sight. How, then, do we - constantly wanting - live? How do we limit human desire to human need, and our exploitation of the earth to its finite limitations, not as a matter of will, but structurally? I believe that the only possible circumstances in which we *may* find the answer to these questions lies in *making the attempt*, and making it in *small units* in which production, exchange and consumption are open and transparent to public view and in which people avail themselves of, and limit themselves primarily to, local resources. I suggest further that the built-in replication of empty growth that is endemic to the *money system* as we know it, and which Smith's disciples place at the centre of our being, must be abandoned, and that the only way to do that is to abandon that system. I also know that a practical alternative is readily at hand which can alter our economic ethic and morality by altering the structure of our economics.

I commend The Local Employment and Trading System to all those who wish to find a practical route to Utopia. I commend it especially to those who wish to practice Community Economic Development. I am sure that Community Economic Development is the best future for LETS. I am even more sure that LETS is the best future for Community Economic Development.