

When Money Just Doesn't Make Sense

A friend picked up the March 2009 *Rolling Stone* magazine from an op shop recently, and lent it to me to read a great article about LETS. The article, *When Money Just Doesn't Make Sense*, by Mark White is a fantastic read. I've chosen some excerpts below to share with you...

"The creamy garlic-and-herb cheese I am spreading on to a bread stick is not just tasty, it's downright subversive. It could bring down banks and threaten governments. It could keep us working when the economy tanks. It could build communities and stop us plundering the earth's resources.

"And this miracle cheese was sold to me without my having to swipe a card or hand over money. It was priced in Operas, a currency that exists alongside the Australian dollar—it is the currency of the Sydney and Illawarra Local Energy Trading System (LETS).

"That five-Opera transaction exists on a computer server that keeps track of trading within the SydLETS system. My current personal balance is minus-five Operas, which would mean I am in debt, only LETS folk don't use the term debt, finding it mean and unhelpful. I am "in commitment" for five Operas, which means I am expected to make some kind of trade with someone else, either by goods or labour, which will in turn credit my account with Operas.

"It sounds like the money doesn't exist, and it doesn't, but the Australian dollar doesn't really exist either. It's just bits of paper and metal that people agree to use to exchange goods and services. In the real world, I can take out a loan and be in debt and pay interest, or I can work, work, work and build up savings and be paid interest. In LETS-world, for the most part, I can't go into commitment for more than 1000 Operas, and I can't build up a positive balance of more than 1000 Operas. I don't get paid interest, but that's fine because I don't owe a bank anything either. The debt is to the community as a whole, only it's not a debt, it's a commitment, and you don't need to have a dollar in your pocket to trade.

"Instead of being slugged with bank fees to use dollar money or "centralized currency", the people in LETS agree between themselves to trade in Operas, and in doing so illuminate some little-known facts about dollar cash, something so pervasive in our lives that we don't give it a second thought. The way our economy is structured is rotten and broken. It's like the Matrix, something that only exists because enough people believe in it. The slow-motion seizure of the global economy with no end in sight that will see thousands of Aussies thrown out of work, losing their homes, their lives derailed, isn't unpredictable—it's entirely predictable, and it will happen again unless we find a different way to do business. But there is a way to survive the bad times, and the way the cheese was traded helps show how.

"The problem the world economies face right now is money, or the lack of it. That's what a credit crunch is. Companies need to borrow money to pay day-to-day bills, but because of a truly colossal pyramid scheme of bad debts built up by banks worldwide, the money tap has been turned off. And if there is not enough money in the economy, then people can't trade—money's most important function. But centralized currency is not designed with trading in mind."

The article goes on to explain what LETS is about. The author says there's at least 90 LETS groups in Australia, with most using an online system (eg: CES). There are interviews with members who are using LETS to help pay for a wedding, integrate into a new community, afford luxuries such as cleaners and gardeners on a low dollar income and buy food.

There's more details about our flawed money system, and then some history about "complimentary currencies". And to sum up the author's opinion of LETS...

"The centralised system may limp along for a few more years, but it's best to know what the alternatives are before they become necessary. And there is something freeing about the thought of trading without a banker getting rich of your own actions."