The Gift and the Market: Alternative Economic Relations in the Comox Valley Local Exchange Trading System

By

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Abstract

The Comox Valley Local Exchange Trading System (LETSystem) was a complementary community monetary system active in the Comox Valley on Vancouver Island during the 1980s and 1990s. Drawing on archival sources and ethnographic interviews, I argue that the LETSystem combined the individualized economic rationality of liberalism with the communalism and social embeddedness typically associated with non-monetary gift exchange. As a complementary system of money, the LETSystem was an economic alternative that did not seek to replace conventional money, but instead sought to carve out a distinctive space that was separate but still compatible. In so doing, it was exemplary of illiberal money in the sense that it conforms with key liberal principles such as market exchange, individualism, and the division of labour, while also consciously formulating a critique of liberal money in its rejection of the profit-generating capacity of money as well as the scarcity and competition that it can elicit. Illiberal money produces a specific morality where users encouraged one another to act according to an individually defined vision of responsible behaviour where one was expected to first contribute something before spending money. This act led to the perception of a greater degree of interpersonal connection than is typical of liberal markets while still allowing for the pursuit of individual gains, and therefore problematized the dichotomy between the gift and the market.

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Chapter 1
An Introduction to the Comox Valley LETSystem

The Comox Valley local exchange trading system (LETSystem) was a locally bounded complementary form of community money. As a complementary system, the LETSystem operated alongside the national currency and the money it featured took the form of credits stored in a central ledger which users either accumulated or disbursed by purchasing and selling goods and services to others. Although similar systems have since spread throughout the world, the first LETSystem of which scholars are aware was introduced in 1983 in Courtenay, British Columbia (Dodd 2005, 391; Hart 2001, 318; Maurer 2005, 45). The unit of account in the Comox Valley LETSystem was called the Green Dollar and was stated as equivalent in value to the Canadian dollar. One copy of the account holder's agreement notes both that "account holders shall be willing to trade in green dollars," and that "a green dollar shall be considered to represent a dollar."[1] Throughout the summer of 2022 I conducted research on the Comox Valley LETSystem through analysis of archival documents and by engaging in interviews with past users. Both of these research methods were implemented in order to better understand how the LETSystem functioned overall, as well as to gain an understanding of the experiences of its users, while avoiding making comments on whether or not the LETSystem succeeded or failed.

The archival documents were donated by Michael Linton, the founder of the LETSystem, and contain numerous records of operations of the system as well as correspondences and inspirational materials that together make a comprehensive account of how

[1] File 006, in box 6, Counter Currency Laboratory Archives, date accessed 2023-02-21.

the LETSystem worked and its theoretical background. The archive is now housed in the department of anthropology at the University of Victoria as part of the Counter Currency Lab, an interdisciplinary initiative that focused on research into money alternatives and the future of payment (Counter Currency Lab, n.d.). Physically, the archive contains boxes of documents generally grouped together in file folders, although it does contain some larger poster sized items as well as tapes and floppy disks. Concurrent with this archival work, I organized semi-structured interviews with people who had been users of the LETSystem while it was operational through a mix of in-person and virtual conversations. The goal of these conversations was to assess the views of former users and to bring an empirical perspective to complement the conceptual work I was doing.

Figure 1: Comox Valley LETSystem Archive

Community currencies such as the Comox Valley LETSystem question the opposition between social economies and liberal capitalist ones by presenting an alternative to dominant state money in the form of a locally bounded currency that both conforms with and contravenes economic liberalism. While the LETSystem was premised on a type of liberal individualism that is characteristic of capitalist markets, it also fostered sociality and interpersonal connections in contrast to the values of competition and self-interest espoused by free market advocates. Based on my analysis, I found that as an alternative currency, the LETSystem facilitated a non-capitalist market formation that challenged dominant capitalist markets without seeking to eradicate them completely. This was displayed in a type of morality that was explained to me by former LETS users which ultimately constrained the liberalism in the LETSystem. Furthermore, whereas in capitalism, money itself can be mobilized in the pursuit of profit, through charging interest for example, in the LETSystem, this was not possible. Money was strictly a unit of account and was meant to be used only for purposes of exchanging goods and services.

Conventional thinking about the economy is often characterized by a conflict between economic systems embedded in social relations and systems in which economic exchange is disembedded from such relations. In anthropology, this is seen in the conflict that tended to be emphasized between “traditional” societies and the disastrous results of the introduction of western money such as in Bohannan’s (1959) account of the breakdown of the Tiv spheres of exchange. In this hallmark case, Bohannan argued that the subsistence economy of the Tiv was not devoid of money in totality, but instead contained a non-universal form called special-purpose money which took the form of brass rods (Bohannan 1959, 492). This money was used alongside a system called the multi-centric economy made up of three spheres within which not all items could be exchanged in a market fashion, and not all items could be exchanged easily among different spheres (Bohannan 1959, 492-493). As he described it, the goal was often not to acquire wealth in a purely economic sense, thus displaying one's market luck, so much as it was to display one's "strong heart" (Bohannan 1959, 496). Therefore, exchange in the Tiv context, according to Bohannan, was not neutral but instead strong moral aspects embedded within it. Importantly, the brass rods used as special-purpose money, had very limited use as a form of currency within their sphere, and even less outside of it (Bohannan 1959, 498). His conclusion was that the introduction of universally acceptable money led to the collapse of this indigenous system of multicentric spheres, replacing it with a unicentric economy (Bohannan 1959, 502-503). One no longer needed to convert between spheres as a result of their heart once all items became available within one single sphere and attainable with money. This presents a rigid contrast between communally focused, social economies with self-interested and economically focused markets. Contemporary capitalist markets with an emphasis on competition and profit making are therefore seen to be antithetical to the relationship-based economies marked by moral considerations and motivations.

According to Polanyi, whereas in a market system with the motivations of truck and barter becoming paramount to the extent that society as a whole becomes an adjunct to them, reciprocity consists of symmetrically related communities in which the economic system is a function of social organization (2001, 51-60). In a market society, personal relations are supplanted by the market, and everything is produced for sale, including the fictitious commodities land, labour, and money, which in actuality are not produced at all, but rather commodified in the marketization process (Polanyi 2001, 75). Once these elements are commodified, so the argument goes, human beings become able to organize nature, human activity, and exchange according to the supply and demand feature of the market (Polanyi 2001, 78).

When it comes to markets, it is important to not conflate the market mode of exchange with capitalism. Capitalism is a distinct economic formation that is historically specific and features its own unique set of characteristics typically involving private ownership of the means of production. The free market is a major component of capitalism; however, it is not synonymous with it. For example, Estrin and Le Grand advocate for "decoupling" capitalism and markets on the grounds that while capitalism is necessarily dependent on markets to function, markets can be used to achieve a wide variety of ends that are not always capitalist (1989, 1). As Wallerstein (2004, 24) argues, what is specific to capitalism is the "endless accumulation of capital," in other words, obtaining profit for the purposes of obtaining more profits, or what Marx describes as "the valorization of value (1990, 253)." Furthermore, the capitalist system does not just allow this type of profit seeking, instead it requires it to the extent that it is structured to not only reward those who act accordingly, but also to penalize those who do not (Wallerstein 2004, 24).

Market exchange is facilitated by the use of money which can be backed up by either commodity or token theories of money. Commodity theories suggest that money is a thing, the physical embodiment of value, originating in spot exchanges and thereby naturalizing the market and the type of rational economic behaviour that goes along with it. This is exemplified by Adam Smith who declares the will to exchange in a market fashion to be a uniquely human attribute, "common to all men, and to be found in no other race of animals" (1976, 25).

Conversely, token theories of money posit that money is inherently a symbol, or a token, representing value rather than being a thing of value itself (Innes 2004, 51-52). Commodity theories of money have typically gone hand in hand with economic and political liberalism with an emphasis on individual freedom, market exchange, and private property. Typically, liberalism, is contrasted with forms of reciprocity which form the basis for alternative economic systems besides those dominated by the market (Hudson 2004, 102; Polanyi 2001, 64-65). These systems can generally be thought of as emphasizing obligation, gift exchange, and sociality.

These two conceptualizations elicit contrasting views of people as economic subjects. On the one hand, conventional economics based in liberalism presumes that humans posses innate tendencies as rational actors seeking to maximize utility through calculative choice (Smith 1976, 25). The use of conventional money is seen to uphold these views as an impersonal, calculating means of exchange. Economic anthropology, through research into reciprocity and gift exchange, has highlighted the ways in which value maximization and economic transactions are embedded in social relationships and are not necessarily the effect of a natural propensity for individual gain. For example, Polanyi argues that, rather than seeking to maximize individual interest as purported by Adam Smith, people in non-market societies acted instead to bolster their social standing rather than their material wealth since survival of the group depended largely on strong group cohesion (2001, 46-48). I found that the economy created through the exchange of LETS credits exemplified the embedding of wealth creation into social well-being.

Terminology

Local exchange trading systems using the acronym LETS, are found around the world, and may feature variations specific to their own contexts. Broadly speaking, a LETS is a system with virtual money in the form of credits, managed by a central institution. As was made clear to me on multiple occasions, the “LETSystem” is specific to the currency system that was active in the Comox Valley which adheres to the guidelines set out in the LETSystem Design Manual; a document published by the LETSystem founder Michael Linton and his collaborator Angus Soutar which lays out the conceptualization and practical operations of a LETSystem. It states that the five fundamental criteria of the LETSystem are its cost of service, consent, disclosure, equivalence to the national currency, and lack of interest financing (Linton and Soutar 1994). Therefore, the term "LETS" can be used rather broadly to refer to any system that organizes itself as a local exchange trading system, however, "LETSystem" refers specifically to the system that was implemented in the Comox Valley or that subscribes to the fundamentals of the Design Manual. There is also some discontinuity in the meaning of the acronym "LETS." While I have defined it as a local exchange trading system, others have used it to refer to "local exchange trading schemes" (North 1999, 69). As far as actual differences in operations, the descriptions of these systems are in line with one another meaning that the acronyms can be used interchangeably. However, there is a difference in connotation when it comes to using "scheme" versus "system." A scheme brings to mind something with an objective and may even carry negative sentiments, while a system is more neutral and less goal oriented.

Additionally, "community currency," "local currency," and "alternative currency," are used somewhat interchangeably. Maurer (2005, 25) provides a summary of the different terms, stating that while nothing is definitive, often "alternative currency" is the moniker chosen by those who seek to create an economy separate from the state, while "local currency" is often chosen by those who envision self-sufficient communities. "Complementary currency" is a further distinction that denotes a currency scheme that is explicitly meant to coexist with state money (Blanc 2017, 240). Additionally, while local currencies tend to be small-scale, projects such as the Community Exchange System seek to create global networks of LETS style exchange that facilitate inter-network trading (community-exchange.org). While the terms alternative, local, and complementary are preferred by certain advocates, they are often loosely used and are not necessarily attached to specific types of currencies (Maurer 2005, 25). There is also the possibility of overlap since none of the terms are mutually exclusive.

Capitalism and Socialism

Throughout this discussion of the Comox Valley LETSystem various references are made to both capitalism and socialism. Capitalism is the prevailing economic system to which the LETSystem operated within, therefore it is important to consider them in relation to one another. Socialism is also invoked and discussed; however, this is meant to show where opposition to capitalism has generally come from and to differentiate the LETSystem as an alternative movement. Standard definitions frequently rest on a difference in the ownership of means of production, with capitalism entailing private ownership and socialism based on public ownership. Nonetheless, my focus is on the social ramifications of these economic modes meaning that I chose to contrast capitalism, as a system that prioritizes the endless and ever-growing accumulation of capital, with socialism, defined as an economic system that prioritizes collective well-being and a more equitable distribution of goods and services.

What is crucial to understand is that the LETSystem is not perfectly aligned with either capitalism or socialism, nor does it address the ownership of means of production. However, it can be examined in relation to the profit making at the heart of the distinction between capitalist and socialist modes. While the pursuit of profit is possible in a LETSystem, certain forms of profit are limited. Specifically, the possibility of turning a profit on money itself is limited. Furthermore, a critical difference between the reciprocal market of the LETSystem and the non-reciprocal market of a capitalist economy is that the LETSystem emphasizes how money is earned and not just how it is spent. Economic transactions are a dynamic interplay between the individual and the community, both in drawing on the network and in contributing to it. In chapter 4 I introduce a concept that I call anthropological socialism which connects anthropological thinking on reciprocity with influential ideas in socialist thought. Expanding the concept in this way means that not only is socialism able to be compared to capitalism but it can also be compared to liberalism, of which capitalism is an important complement. This is useful because it helps to situate the LETSystem outside of an either/or comparison and mixes together a variety of ideas central to capitalism, socialism, liberalism, and reciprocity.

The Comox Valley LETSystem

The Comox Valley LETSystem, the product of a group led by Michael Linton in the early 1980s, arose during a time of particular economic hardship. Amidst a global rise in interest rates, one of the area's largest employers, the 409 Squadron, a Canadian air force unit located at Canadian Forces Base (CFB) Comox relocated to Alberta, taking with it a significant number of jobs, and most critically, recession-proof salaries paid regularly by the state (Cairns n.d.). This also took place during a pronounced recession for which Canada, like many other western countries, experienced levels of downturn not seen since the Great Depression (Barnes and Hayter 1993, 20). British Columbia in particular was hit hard due to major drops in demand for forest products which were a key economic resource in the Comox Valley at the time (Norcliffe 1987, 154-155). While the city of Victoria benefitted from its service industries, Vancouver Island as a whole experienced an unemployment rate of just over 16% in 1982, double what it had been in 1981 and 3% higher than the national rate that year (Norcliffe 1987, 153-155).

For Linton, this highlighted a particularly critical feature of modern money – the fact that local communities are beholden to the workings of a monetary system that they possess an almost negligible ability to influence. As he and co-author Angus Soutar put it, "[money] can go virtually anywhere, and so it does" (Linton and Soutar 1994). As they observed, communities are dependent on sufficient levels of money to facilitate the trade of goods and services, however, they are not in control of issuing the money they use and therefore must do whatever it takes to come into possession of an inherently scarce currency (Linton and Soutar 1994).

Following this, the LETSystem operated based on a fairly simple premise – removing the ability of money to generate profit by eliminating the presumption that its value should be based on scarcity and emphasizing its function as a unit of measurement and medium of exchange. The LETSystem consisted of two distinct technologies: a unit of account recorded in a central registry (ledger) and a market, that was materialized through a set of listings (want ads) published on a monthly basis. As archival documents show, every participant in the LETSystem established an individual account in the registry and started with a neutral account balance. Users were not required to have a positive balance of credits prior to purchasing since it was possible to have a negative account balance. Unlike many other community currencies, federal money was not exchanged for local money. When someone wanted to make a purchase, they would call the registry, typically by leaving a message on an answering machine, and "acknowledge" the name of buyer, the name of the seller, and the amount received. Those with positive account balances would then hold a credit for the goods and services available on the network, while those with negative account balances would be in debt (or obligation) to the network. Obligations could be reduced or cleared entirely when the individual holding the negative balance provided a good or service back to the network. Publicly available account balances and transaction histories of any LETSystem member were available to any member of the network to facilitate transparency.

The second aspect of the LETSystem was the market: all goods and services on offer would be advertised in regularly published listings. Every month, a listing was published and circulated that featured users' names and contact information alongside what they were either offering or seeking. The contents of the listings were made up of a diverse collection often featuring homemade craft goods, food, used items, and various services such as mechanical work, wood chopping, child-care, dentistry, massage therapy, and other medical practices. Prices were also listed alongside the offerings and indicated what percentage of the cost the seller was willing to accept in green dollars. For example, if an item was listed at $100 and the seller asked for "10% green," the cost of the item would be $90 Canadian and $10 green. For accounting purposes and ease of use, green dollars were considered equal in value to Canadian dollars, although as green dollars were purely a virtual unit of account there was no institutional mechanism to convert between currencies. A number of factors were considered when pricing items based on the needs of the individual. From the listings available in the archive, I noted that less than half of the offerings accepted 100% green dollars.

In addition to offerings, the listings were also an opportunity for someone to publicly request things they wanted. They could post their name and contact information alongside what they were looking for. A LETS user who could supply them with it could then contact them and work out a price. None of my interview participants had used the LETSystem in this way, but each of the monthly listings that I had access to contained a number of these postings. There was also a separate section of each listing that was specifically for businesses in the area that offered products or services in partial or full green dollar payment.

A typical listing could vary in length from around two to four pages, or one to two double-sided sheets of paper. For example, a listing published on February 1, 1984 was a single sheet, double sided, that contained one side for offers and one side for requests.[2] It listed a description alongside a phone number. Some of the listings contained a price such as a 1970 Dodge pick-up listed for $150 green and $150 cash. Some listings requested only cash, and others had no price listed. In total there were around 130 offers listed and 42 requests featuring a mix of goods and services. For example, haircutting, general dentistry, masonry work, and income tax preparation were listed alongside firewood, antique canning jars, a few different cars, and paintings. Each item in the listings was classified by a code which specified its designation. For example, 100 referred to produce and food production such as agricultural products, and livestock, while 200 referred to manufactured or repaired local goods.[3] The listings were organized in ascending order with all of the 000 listings followed by 100, 200, 300, etc. all the way up to 900 which was the "commercial" section. Later listings grouped the items under explicit headings and were marked either ++ for offers or -- for requests.[4] These listings also contain a greater number of specified prices and a much higher amount of listings asking for green dollars. Listings were updated through an answering machine where people would call in and leave their name, account number, and phone number and whatever they were offering or seeking.

By way of example, this is what a hypothetical transaction between two people might look like in the LETSystem in which person A was attempting to sell a bike for 100 green dollars. They would place an ad in the monthly listings that stated what they are selling, in this

[2] This listing was contained in File 009, in box 1, Counter Currency Laboratory Archives, date accessed 2023-02-21.
[3] File 009, box 1, Counter Currency Laboratory Archives, date accessed 2023-02-21.
[4] A number of these listings can be found throughout box 4, Counter Currency Laboratory Archives, date accessed 2023-02-21.

case a bike, along with their name, phone number, and the amount that they are asking for. The listing would look something like this:

700 Used Bike $100 green xxx-xxxx

In this example, "700" means that the listing is under the "buy, sell, and trade" designation, followed by the item description, the price, and the sellers phone number. Person B would peruse the listing and notice the bike for sale, at which point they would call the phone number and arrange a meeting with person A. In the transaction, person A would give the bike to person B, and payment could be carried out in one of two ways: either by written submission or over the phone. Either kind of submission needed to contain the name and account number of the person making the payment as well as the name and account number of the recipient, the amount to be transferred in green dollars, and an optional description. In the hypothetical example, person B would call in to the registry leaving their name and account number, instructing them to acknowledge person A for 100 green dollars. These messages were then recorded by the registry and the transfers were performed.[5] Furthermore, only the purchaser could initiate a payment. A set of user instructions states that "the trustee will transfer green dollars from one member's account to that of another only on the authority of the member making payment," or in other words, "you can only transfer out of your account; others transfer into it."[6] Additionally, an October 1994 listing contained a memo that only the purchaser needed to phone in the transaction providing both participants' names and account numbers, although they did recommend that the call should be made in the presence of the seller.[7]

[5] Records of acknowledgements can be found throughout box 4, Counter Currency Laboratory Archives, date accessed 2023-02-21.
[6] File 38, box 6, Counter Currency Laboratory Archives, date accessed 2023-02-21.
[7] File in green binder, box 4, Counter Currency Laboratory Archives, date accessed 2023-02-21.

Figure 2: Sample of Payment Acknowledgement from the Archive

In all cases you must,

- identify yourself - NAME and LETS NUMBER.
- identify the recipient - NAME and LETS NUMBER. (if known)
- give the AMOUNT, in green dollars, to be transferred (no cents please).
- you may also add a DESCRIPTION of up to 30 characters, if necessary for your own files.

e.g. by telephone - Hi, this is Joe Peters, No. 796.
Please ACKNOWLEDGE Fred Hanson, No. 88
$80 green for horse manure.

by written note - Please ACKNOWLEDGE Allied Autoparts, No. 882
$47 for parts - Invoice No. 102431
Henry Gibson, No. 935
(signed)

In addition, this is also the process by which money was created in the system. If both of the people in this scenario had a balance of 0, person A would now be in possession of 50 green dollars, while person B would have a balance of negative 50 green dollars. Person B would now be obligated to provide 50 green dollars worth of something to the network, while person A would have a credit of 50 green dollars which they could exercise at their discretion. In sum, person B’s debt created the credit: the money that was recorded in person A’s account. This allowed the users of the LETSystem to have the ability to decide where the money goes. Since no one issued it, money was only credited to those who contributed something of value to the network.

The Socioeconomics of the LETSystem

While the recession and the problems with money that Linton identified were pressing concerns relating to the creation and implementation of the LETSystem, they are not the sole reasons that the users had for joining the network. The social aspect of the LETSystem as a community currency likewise attracted participants. Williams (1996, 87-89) argues that alongside the economic objectives of LETS, they are also used for building social equity and community. In his terms, the economic objective is to provide a means of insulating the community against the external forces of the wider economy (Williams 1996, 87-88). The social equity objective refers to the implementation of LETS to combat unemployment by allowing unemployed people to access informal work (Williams 1996, 88). Lastly, he defines community building as the construction of "intermediary structures [which] may be formed around links between people with common residence, common interests, common attachments or some other shared experience which creates a sense of belonging" (Williams 1996, 90). As Peacock (2006, 1060) states, "if there are phenomena deserving the mantle *socioeconomic,* then a strong candidate is the local exchange trading system."

During my ethnographic research in the Comox Valley, I found that the motivations of the LETSystem participants fit two categories – economic or social. Although I will discuss this at greater detail below, for background, this means that the users were either motivated by the ability to create and control money, usually because they lacked access to it, or by the ability to create connections and form a community with others. Unemployment, although another important economic consideration, was not a primary concern for those that I spoke with. Instead, the ability to make a bit of surplus credit through informal work to supplement what was earned with formal employment was the focus. Additionally, while people tended to place more emphasis on one over the other, both motivations were highly important, meaning that it is difficult, if not impossible, to characterize the LETSystem as either a purely economic or social endeavor. Rather, both the economic and social motivations seemed to be enmeshed with one another. The result is that community currencies such as the LETSystem inherently contain a certain internal contradiction. This is because they pursue two separate aims at once: fostering social cohesion while simultaneously attempting to satisfy individual wants. Fostering a stronger sense of community through a bounded network necessarily constrains the universality and fungibility of money.

Growth of the LETSystem

The LETSystem began with six original members, growing to 108 by the end of March 1983. A LETS report from the first year of operations, dated December 5, 1983 states that membership was 388 members and growing at over 10% per month. Total trading was growing gradually, up from $8100 in September 1983 rising to $10500 by November. By the end of the year, as reported in a January 1984 report, the total trading volume for 1983 was $49300. Membership at the time had also risen to 437 members, consistent with growth over the previous year. This report also projected that by the end of the year the LETSystem would have over 2000 members and would facilitate over two million dollars in trading. Much of this seems to be predicated on the inclusion of commercial businesses in the community alongside private exchanges which is something that is mentioned in the January 1984 report.[8] Many of my interviewees mentioned attracting commercial business as something that the LETSystem struggled with. The organizers sought to address this, even rolling out an incentive program called LETSTEST designed to introduce the LETSystem to local commercial businesses. For a

[8] All information from LETSystem reports was found in file 009, in box 1, Counter Currency Laboratory Archives, date accessed 2023-02-21.

limited time, a business could accept green dollars for partial payment, and at the end of the trial period, either agree to continue with the system, or else exchange the green dollars they earned for cash from the LETSystem. These businesses were contacted based on a list compiled by the LETSystem members. Users were asked to phone a specific number and provide a list of local businesses that they would like to see included. Then, a designated group of LETSystem members would reach out and explain how the system works and how to use it. The lists provided by users would also help to show the interest that the network has in the participation of that specific business.

The LETSystem saw success beyond the Comox Valley. Extensive documentation in the archive shows correspondence with interested inquirers from around the world. There were systems put in place in the United States and elsewhere in Canada. Additionally, communities in Japan appear to have embraced this style of exchange. The 1990s saw considerable interest in the LETSystem in Australia, New Zealand, and the UK. By 1994, there were 70 networks in New Zealand, around 200 in Australia, and 150 in the UK all inspired specifically by the system in the Comox Valley (Linton and Soutar 1994).

Researcher Motivations

The particular shape that my research project took came largely from a debate that I observed taking place concerning LETS and alternative currencies in general. A snapshot of this debate is located in a correspondence documented in the archive that took place between the LETSystem founder, one of his associates, and the famous neoliberal economist and Nobel Prize winner Milton Friedman in 1985.[9] The documents show a reply from Friedman to the associate

[9] This correspondence was contained in a file labeled "Milton Friedman" in box 14, Counter Currency Laboratory Archives, date accessed February 21, 2023.

regarding a letter that was previously sent. In his letter, Friedman addressed the LETSystem in which he describes it as “a very desirable arrangement for voluntary cooperation among people,” however, “as a barter arrangement, it unfortunately does not have the potentiality of becoming a universal system that will in any way replace the present monetary system.” He closes the letter by saying “the only problem I see with [the LETSystem] is the tendency for people like yourself who get involved in such interesting developments to regard them as panaceas for the economy as a whole.”

This was followed by a rather impassioned reply from Michael Linton, to Friedman in an attempt to clear up misconceptions surrounding the LETSystem. To Friedman’s point about LETS not having the capacity to become a universal system, he does not refute this, stating

> I would agree entirely, and so, I think, would most of my associates. However, the pertinent point for this discussion is your assumption that the issue is one of challenge. You would seem to have prematurely discarded, or perhaps not yet considered, the possibility of supportive co-existence.

Furthermore, while he was not claiming that it was a transformative system, Linton did refute the argument that the LETSystem was a “barter arrangement.” Instead, he asserts that the green dollars used are certainly a type of currency, albeit one different from national currencies.

What was compelling was Friedman’s seeming inability to fully understand the objective of the LETSystem proponents. However, his position also seemed to be echoed by others, mainly the point that the LETSystem is insufficient to become a universal system of money (Dodd 2005, 396-397). There is a general notion that because it does not have universalizing capabilities that it is in some way a failure. At the very least, it cannot be a viable economic alternative, which means that it must be simply some sort of community or social project. On the other hand, why is it that because the LETSystem, as Friedman described it, is a cooperative arrangement and cannot replace conventional money, it is somehow dismissible? In other words, why must a currency like LETS credits be evaluated based on its ability to threaten state money? Of course, the LETSystem was not without its share of problems. As one user told me, “I concluded at the end of the experience that the system was flawed and doomed to ultimately close down, which it did twice.” However, critiquing the LETSystem on the grounds that it is too cooperative and not universal enough comes from the same basis as the market/gift dichotomy; mainly the fact that something that is “an arrangement for voluntary cooperation,” according to Friedman, cannot be an effective way to organize money in a market system. While voluntary cooperation may be sufficient for non-monetary exchange, such as reciprocal transactions or barter arrangements, Friedman’s quote articulates the idea that it cannot be used to organize market exchange with money.

Research Questions

I sought to investigate how the LETSystem, conceptualized as an exchange alternative in the form of a market that exists alongside the conventional economy, was able to create a meaningful alternative to state currency and the markets it facilitates, and importantly, what alternative really means in this context. Because LETS money is both a product of, and a reaction to, conventional liberal money, my research was guided by the question, how might the form of liberalism characteristic of the LETSystem be conceptualized? In other words, how can liberal theory be used to explain the LETSystem, and what type of liberalism is the LETSystem emblematic of? This required exploring additional questions. First of all, how does the LETSystem align itself with the currently dominant iteration of liberal capitalism, and what specific aspects is it critical of? Throughout my research I drew inspiration from Hannah Appel's work on the economic imagination in which she argues that "anthropology and critical theory have often sought out capitalism's otherwises for inspiration and potential," however, "the centers constitute zones of possibility as well" (2014, 603). This means that in investigating alternatives to capitalist markets, attention should not only be paid to theories and movements that are completely separate and often antagonistic, but to the possibility of an alternative from within as well. This requires a move away from rigid dichotomies and antithetical opposition towards a more dialectical approach, bringing together seemingly disparate ideas and understanding things as syntheses, rather than as definite opposites (Wood 1972, 10).

I argue that LETS money is an example of this kind of alternative. Because LETS money made it difficult to use it as a source of profit through the collection of interest, it was not used to generate wealth in the way money does in a market economy where financing and interest-bearing loans currently play a significant role. Also, because LETS money is intended for the exchange of goods and services above all else, money did not function like a commodity to be exchanged for speculative profit. Rather, through its design, it is meant to compel users to spend money. In this way, a LETSystem serves effectively as a tool to detach and measure reciprocity by combining the obligation of the gift with the rational calculation of money. It is not something of value that can be hoarded or used as a means to generate profit in itself, but a token that keeps track of reciprocal obligations within a community. In a classic gift exchange of the type discussed by Mauss, the gift induces a return or counter-gift, meaning that the receiver of a gift is compelled to reciprocate to the giver (1990, 11). In a LETS transaction, instead of reciprocating to an individual giver, the receiver is compelled to reciprocate to the network as a whole because of their negative account balance, which is theoretically visible to all other members of the network. Additionally, since they paid using the common medium of exchange, the debt is not obligated to an individual trading partner.

Community currencies such as the LETSystem are particularly important because they are concrete examples of market alternatives that originated within the bounds of capitalism. Questioning the logic of the market is crucial because it is to a great degree the only aspect of capitalism that most people routinely interact with. As Stuart Hall (1986, 34) notes, markets are the "part of the capitalist circuit which everyone can plainly *see,* the bit we all experience daily." However, they are also used so extensively, and make up such a large part of daily life, that they form the framework for thinking about freedom, equality, and individualism overall (Hall 1986, 35). These concepts have become almost synonymous with market exchange and therefore, interrogating the way that market thinking is constructed may help to change the way these common-sense liberal principles are thought about as well. As a result, my research focused much less on how well the LETSystem worked. Rather I focused on its implications for how scholars conceptualize money and the opposition between the gift and the market that undergirds discussions about money in economic anthropology.

Objectives

Based on these questions, my research sought to address the theoretical basis of the LETSystem and to analyze how it relates to the opposition between market and gift economies demonstrating the interplay between them. This means that I did not set out to evaluate the efficacy of the LETSystem, or comment on the community currency movement as a whole one way or the other. Rather, I saw the LETSystem as an important case study on the use of market exchange which I hoped could provide insight into the way money is used in a distinctly alternative system.

My practical objectives throughout this project were to:

1. Examine in-depth how the LETSystem was made up and how it functioned.
2. Gain an understanding of the experiences of the users and how that compared and contrasted to the ideas of the founders.
3. Analyze the type of market that was constructed through use of the LETSystem.

At all times, these practical steps were influenced by the theoretical concepts laid out in the thesis. The participants' views were examined with regard to the embedding of social and economic, the theory of gift exchange and reciprocity, and the liberal theoretical basis of market exchange.

Methods

I designed a twofold approach to this study: how the LETSystem was *meant* to work, and how it *actually* worked. This is because any idea put into practice will inevitably deviate from its original and often idealistic plan, in the end taking on its own distinct character. Anthropology is especially well positioned to carry out this type of analysis with its emphasis on qualitative study, incorporating the lived experiences of the members into the overall theoretical project. I relied primarily on two main sources for my research – archival work, and ethnographic interviews. Archival research took place from May until early July 2022, during which time I examined documents in the LETSystem archive housed in the Counter Currency Lab in the anthropology department at the University of Victoria. The contents of the archive were compiled by Michael Linton and document the formation and implementation of the LETSystem including his correspondences, inspirational materials, and documentation of the operation of the system. This time was allotted to an in-depth search for the theoretical underpinnings of the

LETSystem. This work took place over 6 weeks from the beginning of May until the beginning of July where I spent on average about 2-4 hours per day in the archive going through the documents, followed by 1-2 hours of note taking detailing my reflections on what I read that day where I thought about how the information I was going through related to my research questions. The documents which were of particular importance were the ones collected as inspiration for the system as well as documents detailing the function of the LETSystem. This includes documents and letters that Michael Linton wrote and collected, many of which outline the basis for the LETSystem in terms of motivation, as well as listings and member information. The archive presented a unique opportunity for me to gain an up-close look at the background of the LETSystem. I was able to use this as preparation for the next stage of my fieldwork.

The other component to my project was interviewing former LETSystem participants. I conducted 14 total interviews with users as well as founders of the LETSystem, although in the end I only drew on 12 of them for my thesis. This provided a solid mix of insight in terms of how the system was devised and how it was used. Participant recruitment came from a number of sources. The first one was the LETSystem listings from the archive. I specifically looked for users who had been frequent traders and would therefore have a good deal of experience with using the LETSystem to trade. I compiled a list of possible interview subjects and reached out using the contact information that was provided in the listings. The listings were chosen as a source for contact information since they had been circulated publicly. Since the information in the archive was from the 1980s to late 1990s, I did run into some issues with outdated phone numbers and people no longer being in the Comox Valley.

In the end I managed to get in touch with four people from the listings who were all retired and currently still living in Courtenay. I also arranged three interviews from a post that I made in a Comox Valley community Facebook page. This included a couple who lived in the town of Comox and were involved in the LETSystem in the 1990s as well as a similar system organized by Michael Linton in 100 Mile House, BC which I had not known about prior to our interview. They were a little bit more critical of the system and provided valuable insight into some of the potential drawbacks. Two interview subjects were contacted with publicly available contact information that I obtained from the internet. Of these two, one was involved in the start-up of the LETSystem and spoke with me over Zoom from the UK, the other was a local dentist and was well known as a heavy contributor to the early LETSystem. Two participants were suggested to me via word of mouth from people I spoke with in Courtenay. One of these people was a man who owns a business in Courtenay. While he was not actually a member of the LETSystem, he had been quite involved in Community Way, a local currency developed by Michael Linton which followed the LETSystem, but which was more business focused. Finally, I met one of my interviewees by complete luck as he happened to be my Airbnb host while I was staying in Courtenay. I told him about my research while we were chatting one day, and he turned out to be familiar with the LETSystem. He did not have firsthand experience using it himself but was quite connected locally through a business network that he was a part of called LIFT which had intersected with the LETSystem.

Table 1: List of LETSystem Participants

Name (Pseudonym)	**Occupation at time of LETSystem operations**	**Phase of LETSystem**
Barb	Dance instructor	1980s
Bert	Activist	Both
Carl	Dentist	1980s
Ed	Sewer, Fisherman	1980s
Fred	Print shop owner	Participated in Community Way, not LETSystem.

Gus	Academic	Involved in start up, not actual participant.
Janet	Sewer	1980s
John	N/A	1990s
Judy	Artist	1980s
Leslie	Dietician	Both
Nancy	Naturopathic doctor	1990s
Phil	Life coach	Was not a member of the LETSystem but interacted with it through his involvement in LIFT.

The interviews were audio recorded using my cell phone voice memo app and transferred onto my computer for safe storage. The interviews were backed up using Microsoft OneDrive for extra security and to prevent data loss. In addition, I took notes throughout the interviews which I used as the basis for longer field notes taken after the meetings with a focus on reflecting on what I learned and how my ideas were changing or being confirmed based on the interviews. I also used this to inform the direction my questions took going forward. I had anticipated that the interviews would take a maximum of two hours. In the end, most interviews were in the range of one hour to an hour and a half. The recorded interviews were run through Microsoft Dictate to produce a transcript on Microsoft word. This document was then saved to OneDrive to prevent data loss. I ended up going over the transcript following the interview to revisit what was talked about to gain fresh insights prior to composing field notes at the end of the day. The field notes consisted of reflexive observations from the interviews including my own thoughts on what happened as I tried to make connections between the individual interviews and the overall aim of the project. These fieldnotes were recorded at the end of the day after the interview and transcriptions were completed. In circumstances where audio recordings were not possible, I took down detailed notes throughout the interview including jotting down important quotes.

These notes were similarly used to construct my field notes since they were descriptive but not reflexive.

Limitations

Perhaps the biggest limitation I faced was that the LETSystem has been long out of use. As a result, I did not have the opportunity to see firsthand how running it worked. Therefore, the only information that I have regarding the function of the system comes from descriptions of it and not any actual experience. This also presented some difficulties for the participants when trying to recall their experiences since some of this took place close to 40 years ago which, understandably, was not entirely fresh in their minds. Because of this, some of the questions were difficult for them to answer.

Consent and Risk

Overall, this research carried very little risk to those involved and the participants were generally quite keen to speak with me. Consent was obtained prior to conducting the interviews and every participant was informed of their ability to withdraw this consent at any time. I also provided contact information should they have any questions or concerns. Prior to conducting this project, I received ethics approval from the Human Research Ethics Board.

As a precaution and an effort to safeguard privacy, every participant has been given a pseudonym in my thesis. I explained this to everyone before conducting the interview, but I did not receive any indication that anyone was concerned about it. Nonetheless, all of the names of research participants have been changed in this thesis and, wherever possible, any identifying characteristics have been omitted.

Overview of Thesis

In the chapters that follow, I will be examining the Comox Valley LETSystem drawing on insights from my empirical interviews as well as relevant theoretical concepts. Chapter two is a review of relevant literature. Specifically, it addresses the important theorists of liberalism who have inspired this work. I also begin discussing the background to a more social type of liberalism that pieces together classical liberal ideas with those of some of the important social anarchists who I have found to be quite interrelated in certain aspects. This is a concept that will be explored at greater length throughout the thesis. Other important literature that I engage with includes anthropological work on reciprocity, including the influential theory of the gift, as well as contemporary examples of reciprocity. I also discuss heterodox theories of money, and some of the important work done on the topic of economic anthropology and community currencies.

Chapter three is a discussion about the experiences of my contacts during their time as users of the Comox Valley LETSystem beginning with the idea that money needs to mean something beyond its purely economic functions. This leads to the formation of a specific morality that characterized the LETSystem which was more in line with the reciprocity of the gift than it was with liberal values of individual autonomy, mainly in the sense of obligation that LETS exchanges elicited and the reciprocal nature of contributions. This chapter also explores the non-monetary functions of LETS money such as the creation of community relationships. While these were of central importance to some of the users, accounting for their primary motivations to join the network, they were at least of mild importance to the those who placed more value on the economic functions of the LETSystem.

In chapter four I expand on these ideas by questioning the type of alternative that the LETSystem exhibited. I draw a distinction between anti-capitalist economic alternatives that seek to challenge dominant structures in a revolutionizing manner on the one hand with non-capitalist alternatives that are distinctly separate from the structures of capitalism but do not seek to replace them in such an antagonistic way. In this way, the LETSystem is similar to other non-capitalist economic alternatives such as reciprocity and barter networks, however, because it is still a market system owing to important liberal principles, I argue that the LETSystem is also an example of illiberal money following Hayden and Muir's (2022) definition of "illiberal economies." Finally, chapter five consists of concluding remarks including my takeaways from the thesis as well as further directions for related research.

Chapter 2

The LETSystem: Theoretical Bases of Liberal Reciprocal Money in the Heterodox Tradition

Situating the LETSystem

Connecting the Comox Valley LETSystem to both market and gift exchange offers contributions to various strands of literature. For example, while it is informed by pre-existing writing on liberal theory, it does not perfectly fit within the liberal framework on its own. At the same time, while it exhibits similarities to writing on reciprocity it cannot be said to be purely a form of reciprocal exchange. Instead, the LETSystem is important because it relies on both of these theoretical bodies while also offering insights that usefully complement them and bring them together.

Additionally, the LETSystem contributes to the literature on heterodox theories of money, mainly the credit theory which postulates that, following Innes (2004, 16), "the use of money does not necessarily imply the physical presence of a metallic currency, nor even the existence of a metallic standard of value." Rather, he argues that money, at its core, is the relationship between a creditor and a debtor through the creation and clearing of a debt (Innes 2004, 52). This is paramount because it offers an alternative account to that of the liberal origin of money where money relies on the intrinsic value of the currency being exchanged. Locke, for instance, argued that the value of money could not be changed since "men in their bargains contract not for denominations or sounds, but for the intrinsick value; which is the quantity of Silver by publick Authority warranted to be in pieces of such denominations" (2008). In other words, money is only worth anything because of the amount of silver that it contains since it is, as he describes it, “the universal Barter or Exchange.” (Locke 2008) By providing a separate account of what money is the credit theory problematizes liberal exchange. Since liberal market principles require the use of money, heterodox arguments such as the credit theory are able to uphold this mode of exchange; however, because heterodox thinking draws on reciprocal exchange as a precursor for money, which I will discuss in this chapter, it provides an alternate account to that of liberalism which sees self-interested spot exchanges as the basis for money. In so doing, heterodox thinking is able to provide an explanation of money that hinges on reciprocity while still enabling liberal market exchange.

This thesis also builds on the work of key texts on money and exchange from economic anthropology and the anthropology of money. This includes looking at the diversity of forms and meanings that money can take, specifically including community and alternative currencies. These sources are important mainly because they lay the groundwork for the way that I have come to think about money and the possibilities of alternatives.

Liberalism

Perhaps the most useful place to turn to in this examination of money and market exchange is with a discussion of liberalism, a complex and diverse body of theory. For my purposes, I have chosen to stick with the ideas of classical liberalism which are predominantly understood as rooted in individual autonomy and freedom of action in *both* political and economic contexts. Money has a distinct role in liberalism and is evident in Adam Smith’s influential work *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), where money is invented to overcome the inefficiency of barter. By adopting a specific commodity as a means of exchange, people would be able to trade freely. Smith states:

> every prudent man in every period of society, after the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagined few people would be likely to refuse in exchange for the produce of their industry. (1976, 37-38)

According Smith's imagined history, metal was a logical choice for monetary media due to its durability and divisibility, and stamped coins eliminated the need for everyone to precisely measure and weigh their currency (Smith 1976, 40). In a similar vein, John Locke sees the development of money in accordance with his views on property rights. For Locke, everything in nature existed in common with no one having any more of a claim on any particular thing than anyone else, that is, until someone mixes something with their labour, at which point it becomes their private property (1980, 19). The stipulation is that no one can obtain more than they can use, meaning that Locke believed it to be immoral for anyone to hoard wealth which they cannot use so long as it exists in a form that could potentially spoil (1980, 24). Since metal money does not spoil, it would make sense for a means of exchange to take the form of metal currency. Rather than possessing wealth in the form of excess goods, people could convert their wealth from these excess products to money, which they would be free to hoard and simply exchange for what they needed (1980, 28). As a result, liberalism is often conceptualized in relation to market modes of exchange. Adam Smith sees market behaviour as one of the fundamental aspects which sets humans apart from animals. Where animals do not have the capacity to trade, people are naturally predisposed to obtain what they want "by treaty, by barter, and by purchase" (Smith 1976, 27).

Politically, Locke states that the formation of a civil society occurs when people consensually set aside the powers given to them in the state of nature and place power into the hands of the public (1980, 47-52). The emphasis here is that it is by the free will of the participants that a political society may emerge. The impetus for joining it is the preservation of every member's life, liberty, and property (Locke 1980, 68). Liberal theory separates the interests of individuals from the interests of society and limits the interference of the state into the interests principally taken up by individuals, including economic and market matters (Mill 2018, 95). In Mill's account, although society is based upon the consent of the individuals, there is a certain degree of obligation towards the collective, where everybody that benefits from inclusion in society is obliged to respect the rights of their fellow citizens and to do their part to protect society from harm, of which both of these points are publicly enforceable (2018, 95).

There is an additional school of liberal thought that emerges from a few seemingly disparate sources, which when brought together combines individual freedom with social obligation. John Stuart Mill provides the basis for this. While Mill came to the conclusion that there were certain aspects of society that were outside of the individual domain, he ends up going one step further by arguing for the benefits of cooperative enterprise, stating that "there is no more certain incident of the progressive change taking place in society, than the continual growth of the principle and practice of co-operation" (n.d. 707). What is notable about Mill is that despite being an influential liberal theorist, he was not necessarily committed to any specific set of beliefs to the extent that he strongly valued liberty but was open to the discussion of whether capitalism or socialism would be the most viable option. The test for which is better should ultimately weigh the benefits to the community from the perspective of those who are the most affected by the present system, not those who currently benefit from it (Mill 2008, 379). As he puts it, “such rights or privileges of property as will not stand this test will, sooner or later, have to be given up” (Mill 2008, 379). Peter Kropotkin makes a similar argument, stating that mutual aid and cooperation have been critical to the development of human societies (1902, 111). Fundamentally, however, he maintains the autonomy of the individual, stating that, along with tendencies for mutual aid,

> there is, and always has been, the other current – the self-assertion of the individual, not only in its efforts to attain personal or caste superiority, economical, political, and spiritual, but also in its much more important although less evident function of breaking through the bonds, always prone to become crystallized, which the tribe, the village community, the city, and the State impose upon the individual. (Kroptokin 1902, 142-143)

In this way, Kropotkin envisions human societies as a constant struggle between individual and collective, with tendencies for both cooperation and individualism. Both he and Mill, therefore, emphasize liberty but acknowledge the benefits of collectivity.

Silvio Gesell also formulates a position that is exemplary of earlier liberal conceptions but with crucial deviations. He maintains the formulation of money and markets from barter, which he argues was slow and inefficient, giving rise to the need for money which would secure, accelerate, and cheapen exchange (1958, 266). For Gesell, money’s only real purpose is to facilitate the movement of commodities, however, the nature of money is such that it compels people to hold onto it rather than exchange it – “the possession of a gold coin” he says, “is incontestably more agreeable than the possession of goods” (1958, 269). The problem with commodity money, he points out, is that the commodity that money is based on – precious metal

– is more valuable than the things it is exchanged for, which in turn gives disproportionate power to the holders of money, rather than to the producers of commodities (Gesell 1958, 268-269). What is needed then is a form of money that is perishable in a comparable way to the commodities it purchases. He calls this “free-money,” money that loses value at about five percent annually, taking away the incentive to hoard it (Gesell 1958, 273). Gesell, therefore, differs from Locke who fully accepted the logic of hoarding money because of its non-perishable nature (Locke 1980, 28). While the development of money may be the same, the use and nature of it are very different in these accounts.

In sum, the key tenets of classical liberalism including freedom and individuality can be applied in diverse ways. The socially focused theories of Mill and Kropotkin demonstrate a commitment to liberal ideas while simultaneously including the importance of collectivity. Gesell too provides an account of money that shares its origin with the liberal conception, but differs quiet drastically in how it should be used. This is important for the LETSystem because it allows it to find a place within liberal theory despite the fact that it also exhibits strong contrasts with the classical liberals who it is indebted to.

Reciprocity

Non-liberal conceptualizations of economic relationships, in contrast, are often based on reciprocity, which Polanyi featured alongside redistribution and householding as the central modes of non-market economies (2001, 57). Perhaps the most influential work on reciprocity is Marcel Mauss and *The Gift.* In it, Mauss attempted to discover the basis of non-market exchange, arguing that non-market, non-western societies were not devoid of economies, but rather base them on a different system (1990, 4). This was in many ways an extension of Malinowski’s arguments that societies without market exchange were not in a “pre-economic stage” as economists had believed at the time simply because they lacked economic regulation based on supply and demand (1921, 15). Rather, he states that they had completely different systems of value and exchange and that the analysis of these systems “opens a new vista of economic research” (Malinowski 1921, 15). Malinowski identified both bartering and gift exchange as primary within non-market economies. However, unlike Smith, he argued that any exchange, even direct barter with haggling, was governed by customary rules which dictated what could be exchanged for a certain article (Malinowski 1921, 13-14).

Mauss specifically delves into the theory of the gift, which he argued is not a voluntary form of exchange but is actually dependent on three obligations – to give, to receive, and to reciprocate (1990, 39-42). Marshall Sahlins further developed a typology of reciprocity that includes generalized, balanced, and negative reciprocity. In generalized reciprocity, there is no specification of what the return has to be or when it has to occur; balanced reciprocity, on the other hand, does specify what the return is and when it will come, which can be either immediate or delayed; and negative reciprocity is an unbalanced trade where one party attempts to get the most out of the exchange with the least amount in return (1972, 194-195).

Systems of reciprocity are still observed in contemporary contexts. Otten, for example, describes systems of reciprocity in Macedonia following the breakup of the Soviet Union and the introduction of neoliberalism, focusing on vineyard owners who turned to reciprocity as a way to obtain the labour and machinery they needed without needing to rely on the market (2015, 362). Similarly, in post-Soviet Russia, reciprocal networks aid in farm tasks, although with the addition of exchanges of moonshine as an alternative form of currency (Rogers 2005,68). Reciprocal relationships involving equipment and labour have also been noted among up-and-coming farmers in Iowa who share and exchange in order to fill in gaps in knowledge and possession of equipment (Rissing 2016, 311-312).

Reciprocity is also the basis of credit theories of money which, counter to commodity theories, are premised on relationships of debt rather than barter. In a debt relationship a person gives something to another and, rather than returning something on the spot, the receiver simply owes the giver something in return at some future point. This type of exchange is characteristic of Sahlins' general reciprocity, or Mauss' gift exchange. Hudson (2004, 102) notes the prevalence of debt in ancient Mesopotamia, where they would be cleared either through further gift exchange or through redistributive practices initiated by palaces at harvest time. Debts owed to the palace and temple, or to palace bureaucrats, could eventually be settled with payment in silver, but this silver was more of a unit of account than a widespread medium of exchange (Hudson 2004, 115) which means that it still did not function quite like modern money. This is because the silver money of Mesopotamia was used to represent quantities of goods, but it was not used to measure the value of them. It was the ancient Greeks who devised a system of universal economic value – the measurement of things in monetary amounts – which combined with the accounting knowledge developed in the Mesopotamian context, allowed money as it now exists to be able to truly emerge (Martin 2014, 60). Since everyday transactions could take place simply by means of creating debts, there was no real need for a common commodity to serve as an exchange medium. Further, the value of silver as money came from the willingness of state institutions to accept it in clearing debts (Hudson 2004, 115), not from market exchange as suggested by the commodity theorists.

Marcel Mauss argues against the natural economy proposed by liberal theorists, stating instead that pre-market societies were motivated by social compulsion rather than the individually rational spot transactions characteristic of a putative barter economy (1990, 5). Furthermore, economic concerns could never be fully isolated and were always enmeshed within a system of total services including moral, religious, and legal institutions (Mauss 1990, 3), which would mean that, unlike in liberal conceptions, it would be difficult to differentiate individual from group interests. This is also evident in Polanyi's work. He argued that individual economic behaviour is embedded in broader social contexts. Rather than naturally seeking to maximize individual benefits, those in non-market economies were principally concerned with collective interests (Polanyi 2001, 52). This of course does not mean that individual motivations and actions were not present or possible, but rather that they were not the driving force behind exchange. Mauss comes to the conclusion that a society should not be overly individualistic, nor overly communal (1990, 69). Instead, he takes issue with the unfettered focus on individual gain which he sees as destabilizing (1990, 77). He ultimately seeks to combine individual and collective motivations.

Overall, reciprocity is foundational to an understanding of exchange outside of the liberal economic account. By showing the prevalence of debt and the delayed return of gift exchange, these authors were able to dispute the importance of the double coincidence of wants which factored heavily into liberal thinking on the origins of money. While reciprocity is generally thought of as a non-monetary form of exchange it has important ramifications on understanding money. As I discussed with credit theories of money, the argument is that money developed out of the debt relationships that are characteristic of gift exchange. Although contemporary examples such as those provided by Otten (2015), Rogers (2005), and Rissing (2016) show reciprocity as something separate from money, historically it has had an important connection.

Additionally, as I will argue later in the thesis these examples of reciprocity continue to have key relations with alternative currencies such as the LETSystem.

The Heterodox Theory of Money

The credit theory of money which was introduced in regard to reciprocity is an example of a broader heterodox theory of money which is crucial to understanding the LETSystem which fundamentally relies on heterodox notions of what money is and how it works. In the orthodox economic account, money is a thing that can be used to exchange for goods and services (Boyes and Melvin 2013, 296). Heterodox approaches to money subscribe to a social or contractual basis of the origins of money, where money is defined not as a specific form or material, but by its ability to be accepted to settle a contract (Wray 2014, 2). In this view, money arises as a unit of account, not from random acts of exchange, but because it is designated by an authority as a measure of obligation (Wray 2014, 2). In most instances historically, this authority took the form of a state which first imposes obligations on the population and decides what can be used to settle those obligations in the form of money before subsequently issuing the money itself (Wray 2014, 10). This results in the creation of money in the form of state currency. Overall, heterodox theories suggest that, rather than being a thing of value itself, money simply represents value (Innes 2004, 51-52).

The point of deviation in LETS money has to do with who holds the authority to issue it. Rather than being the product of a centralized entity, the users themselves are empowered with the ability to issue money. Money is not issued into circulation by a central authority, but is created via the exchange of goods and services by the network of users who trade. In this sense, LETS embrace the liberal tenet of maximizing liberal freedom and autonomy. Additionally, the obligations take the form of voluntary debt relationships into which the users enter. These debt relationships are based on the needs and wants of members of the network. As they spend, the money that they create into circulation is used to satisfy their needs and wants.

Despite its contractual, and ultimately social nature, the physical identity of money often gets the dominant share of attention. As David Graeber describes it, the history of money is often really the history of the physical media used as money. while interpersonal credit relationships are all to often ignored (2012, 21). Coins and other physically enduring forms of monetary media are what last and appear in the archaeological record, while account books, ledgers, and IOUs are fragile and prone to decay (Graeber 2012, 22).

While the orthodox account takes the monetary concepts of a medium of exchange, and a system of valuation as natural practices intrinsic to human beings through their natural "propensity to truck, barter, and exchange one thing for another" (Smith 1976, 25), the heterodox account argues that they were developed. These theories have important real-world implications. Since money transfers both things and meanings, it is not just a neutral device for trading. Rather, understanding the theories that uphold money can shed light upon the ways that they interface with the people who use them. For example, one of the hallmarks of neoliberal monetary policy is austerity measures as a means of reducing government debt. This is ultimately guided by the logic that "you can't cure debt with more debt," that governments should spend less money during a recession (Blyth 2013, 43). This way of thinking is predicated on the idea that money is a tangible thing, while on the other hand, modern monetary theory ultimately originating with the ideas of Keynes suggest that government spending should not have constraints since states can quite literally create money out of thin air (Wray 2015, 5).

Community Currency and the Anthropology of Money

Certain works of economic anthropology see liberal general-purpose money in diametric opposition to non-market economies. Michael Taussig (1977, 130), for example, notes the disruption that the introduction of interest-bearing money brought to peasant communities in Colombia. In one of the most important accounts of the revolutionizing tendencies of money, Paul Bohannan describes the collapse of the multicentric economy of the Tiv as a result of the introduction of modern money (1959, 502-503). Bohannan follows in the footsteps of Karl Polanyi by differentiating between general-purpose and special-purpose money. Polanyi argues that special-purpose money fulfilled some of the four classic functions of money identified by economists – unit of account, store of value, standard of deferred payment, and medium of exchange – but not all of them, while general-purpose, or "all-purpose," money has the capacity to meet all of the functions of money (1968, 178). According to Bohannan, the money used by the Tiv was a form of special purpose money, reliant on the existence of separate spheres of exchange (1959, 492-493). This placed limits on what could be traded and how, and it was therefore the switch to a form of all-purpose money that broke down the distinctions between the spheres (Bohannan 1959, 502).

Some works within economic anthropology attempt to confront the idea of money as a revolutionizing system. Bill Maurer, for instance, questions the extent to which money acts as a totalizing and homogenizing system – whether modern money is truly dehumanizing, and traditional money is purely social (2006, 17). Specifically, he pushes back against the notion that the quantifying nature of the mathematics of money is inherently a negative quality, stating that "we should not fear numbers simply because they are numbers and we think we know what numbers do, always and everywhere" (Maurer 2006, 24). Instead, "number, like money, is representationally complex" (Foster 1999, as cited in Maurer 2006, 23).

Questioning the homogenizing nature of money is also central to the work of Joel Robbins who, through research into the Urapmin people of Papua New Guinea, finds an economic system consisting of multiple forms of money – introduced western money and traditional shell money. He states that, while the Urapmin were quick to accept western general-purpose money, they did not do so at the expense of their own money (Robbins 1999, 83-84). For the Urapmin, these are two distinct forms of money – traditional money is locally produced, while the general-purpose money comes from outside (Robbins 1999, 100). This sense of autonomy is important to them; until they can find a way to produce money from within their community, they refuse to give up their local money (Robbins 1999, 100). The Urapmin have shown strong "modernist" tendencies, with an enthusiastic embrace of western introductions (Robbins 1999, 83). Their commitment to their local money, therefore, does not seem to come from an incompatibility with that form of exchange or a resistance to unknown institutions. This also provides a look at the simultaneous functioning of separate systems of money, much like the existence of community currencies such as LETS money operating in conjunction with national currency.

Keith Hart also attempts to show the diverse possibilities of money beyond its ability to serve as a totalizing and homogenizing technology. On the one hand, he argues, money is impersonal: a coin is worth the same no matter who is in possession of it, which is of course necessary in a market economy devoid of close interpersonal trading partnerships (Hart 2007, 12-13). On the other hand, he states that "if we demonize money and markets, we will be unable to grasp their potential for making a better world" (Hart 2007, 13). This is because money is the bridge between the humanistic realm of the household and the impersonal, logical market (Hart 2007, 13). He further argues that money is more than just a means of purchasing goods and services, but rather, “money conveys meanings and these tell us how we make the communities we live in” (Hart 2007, 15). The meanings of money are also taken up by Zelizer (1998) who argues against money as a unitary instrument. She documents the phenomenon of the proliferation of social uses of money. Even as states were working to make money more uniform and homogenous, “people continually disrupted monetary uniformity, furiously differentiating, earmarking, and even inventing new forms of money” (Zelizer 1998, 59). Thus, even though they were often using state currency, people were working to create new meanings for it, showing the diversity of social meanings of money.

There is a wealth of research conducted on community currencies and specifically LETS systems, with much of this work being focused on the reaction to economic crisis. In Argentina, local complimentary currency systems have been evaluated on their ability to help reduce poverty and provide access to goods that are otherwise unavailable to those excluded from the formal economy (Gomez 2010, 1670). In fact, Argentina has a lengthy history of community currencies going back to the 1980s, largely reflective of the volatility of money in the country (Pearson 2003, 215). Others suggest that the local focus of LETS systems is in fact a means of creating a more ecologically friendly economy by confronting the reliance on global trade (Caldwell 2000, 4). There is also discussion regarding LETS as a reaction to globalization and therefore whether or not they might counter the negative effects of global capitalism (Pacione 1997, 1179). Eric Helleiner specifically argues that LETS systems are an opportunity to utilize local consumption as a challenge to neoliberalism (2000, 35). Politically, Helleiner connects LETS to the green movement, arguing that greens consider extensive long-distance trade to be deleterious to the environment and therefore LETS may serve as an alternative (2000, 39).

Many of these existing works on community currencies focus on the catalysts to which they are responding, not the underlying logic of the systems themselves. For example, While Pearson (2003) and Helleiner (2000) explore what LETS systems are in reaction to – exclusion from the formal economy and neoliberal globalization, they do not provide a theoretical analysis of LETS exchange such as I am proposing to do. Similarly, others such as Williams (1996, 87) seek to explore the effectiveness of LETS systems at achieving their objectives which he broadly defines as locally focused social and economic benefits, and the development of a community experience. The overarching focus of LETS research to date has been the tension between local and global (Pacione 1997, 1179; Helleiner 2000, 37-38*)*, and responses to economic hardship (Pearson 2003, 222).

My aim was not to evaluate LETS systems in terms of their effectiveness, but rather to conduct a theoretical analysis that illustrates how they combine elements of market and reciprocal exchange. This draws on the individualism of liberal theory and sociality of reciprocity and the gift. It also relies on an understanding of the diversity of the meanings of money found in the work of economic anthropologists. Furthermore, I believe that the heterodox account through credit theories of money is important not only to understand the origins of money, but also because it is an ideal example of a bringing together of market and gift. Ultimately, what it represents is money founded on the basis of reciprocity which is now used in liberal markets. While writers such as proponents of modern monetary theory (Wray 2015) argue that the consequences of this understanding of money is that states can utilize it differently than the accepted wisdom suggests, it also lends itself to individually created money such as the credits exchanged within the LETSystem. This is because, after all, the LETSystem was founded on an issue that was not so different from what Adam Smith had identified. The Design Manual states that “business declines and people lose jobs, not because they have nothing to offer, but because there is not enough money to go around” (Linton and Soutar 1994). However, in this case instead of developing a currency based on the natural value of a commodity, the individual traders with things to offer and in need of an exchange medium introduced a system of exchanging credits as the basis of their currency.

Chapter 3

"What Do You Do for Your Green Dollars": The Morality of Market Exchange in the Comox Valley LETSystem

Background

Modern capitalism is characterized by a global/local divide. As capital is able to move around the world in search of the greatest possible returns, localities must find ways to remain competitive and attract investment and employment (Peck and Tickell 1994, 281). This means that there is often a struggle between the needs of the market and the needs of local communities which may at any point in time be on the receiving or losing end of capitals flows (Danson 1999, 64). Therefore, the rationale for community currencies such as the LETSystem often manifests in a heightened concern for local economic conditions. While Williams (1996, 87) suggests that LETS is a tool for instituting import substitution, at the very least such systems are recognized as combatting globalized money. However, because of the intersection of the local and global, no local system of money can exist in isolation and therefore an understanding of LETS must also recognize the complexities of globalization. As Pacione (1997, 1179-1180) remarks, "a LETS effectively decouples from the global economic system in an effort to foster a local social and economic identity." This decoupling has its limits though since, as he states, both a local identity and a global outlook are required for a successful LETS to operate (Pacione 1997, 1181). As a result, the true goal of a LETS should be self-reliance but not necessarily self-sufficiency (Dobson 1993, as cited in Pacione 1997, 1181).

As a result of this, questions arise over the need for an alternative currency at all. For example, if one already supports local business with their federal money, why would the creation of a local money be required? After all, one could just keep their money local by choosing to spend it locally, thereby helping to promote the self-reliance that LETS strives for. As Danson (1999, 63) points out, however, new forms of globalized money were intentionally developed following the establishment of the international financial system, where efforts were made to ease the mobility of money globally. Perhaps, then, these forms of money are not conducive to the localization of economic relations and what is required is the opposite – the creation of new forms of money meant to follow the establishment of local economies (Danson 1999, 63). What this means is that, for proponents of local currencies, the tools available – state currency – are not adequate in their current form for the kind of economic and social goals that they have in mind. Instead, they require something specific to the context in which they are operating. As the LETSystem Design Manual states quite explicitly, “we assert that a major problem, perhaps the major problem, lies in conventional money and the form that it takes” (Linton and Soutar 1994). While they criticize the scarcity and global nature of conventional money, they also identify problems that are a little less economic in nature. For example, they argue that “in the contest for a share of this limited supply, people work in ways that damage their own health, the environment and the well-being of the community” (Linton and Soutar, 1994). In this way they are pointing out the shortfalls of regular money in ways that have been notoriously difficult to assess in economic terms. On the one hand, conventional money follows the possibility of returns, a seemingly rational impetus, while on the other hand, local money such as the LETSystem is fueled by non-economic motivations such as health, environmental concerns, and community well-being. In other words, while global money embodies the rationality of economic liberalism, the LETSystem seeks to embody the more moralistic and social aspects of money.

Money and Morality

Aside from overcoming the double coincidence of wants, money in the liberal account is attached to two ideas of critical importance in liberal theory: private property and individual wealth accumulation. Private property refers to, “the recognition, in each person, of a right to the exclusive disposal of what he or she have produced by their own exertions, or received either by gift or by fair agreement, without force or fraud, from those who produced it” (Mill 2008, 25). Similarly, for John Locke, the basis of private property comes from the labour that is invested into transforming something from its natural state. Thus, while everything may exist in common to all people, mixing something with one’s own labour gives that person an exclusive claim to that thing (1980, 19). This is a point that is echoed by John Stuart Mill who argues that one is not compelled to share what they produce since it would not have existed without them producing it, whereas no one may exclude others access to anything that nature provides (2008, 41). What this ends up being, then, is an extension of a kind of primordial form of private property – the ownership that an individual has over their own being. This is because while no person can begin with any prior claim to anything that exists in nature, according to liberal political economy, every individual is the exclusive proprietor of their own person and therefore of the labour that they perform themselves (Locke 1980, 19). In other words, all private property stems from the labour of the individual and since the individual is always sovereign over their own being, that labour can transform things in common to things that they have exclusive disposal of.

The second idea is individual wealth accumulation and is a logical progression of liberal views on private property with an added moral dimension. As previously discussed, according to

Locke, mixing one's labour with things existing in common to everyone is what allows an individual to claim private ownership over them. There is, however, a limit placed on the extent to which one may accumulate private property. For Locke, there is no ethical issue in the possession of private property so long as it is gained through labour. Even if claiming exclusive ownership of something deprives other people of the ability to use that thing, so long as someone does not take more than they can reasonably make use of there will be enough left for others to get what they need through their own labour (Locke 1980, 23). The issue for Locke comes when people begin taking more than they can use. For while each individual has the right to provision themselves using the means that they have at their disposal, it would be wrong to take so much that things begin to spoil before they can be used (1980, 24). In essence, this is a natural check on the amount of wealth that can be amassed through private property – a certain amount must always be left to the commons to allow everyone the means to ensure their own survival. Locke circumvents this moral limit with the introduction of money. Money, unlike the goods and commodities that it is exchanged for, never spoils and as a result, has no limit to the amount that can be possessed. Therefore, instead of holding a great reserve of usable goods, one could just hoard money to be exchanged for the goods that they need. As he describes it, money is "some lasting thing that men might keep without spoiling, and that by mutual consent men would take in exchange for the truly useful, but perishable supports of life" (Locke 1980, 28).

True wealth for Locke then is not the possession of vast quantities of goods, but rather the *claim* to vast quantities of goods. Indeed, as Smith notes, "wealth and money, in short, are, in common language, considered as in every respect synonymous" (1976, 429). This is in contrast to the idea of wealth in a non-market system of exchange, where stored goods tend to be unable to be exchanged. These include things such as prestige goods, valuables that enhance an individual's prestige in their exchange (Polanyi 1977, 109). The conflating of money with wealth shifts the focus of wealth away from the things themselves that are being exchanged and places it on the means to acquire those things, which can be considered claims. This is a particularly important characteristic of money, and specifically liberal money. For example, in a barter transaction in the absence of money, exchange is primarily motivated by the material wants of the transactors, where goods are acquired for their own consumption, not as a means of laying claim to further items (Anderlini and Sabourian 1992, 77). In other words, money is a representation which may be redeemed for goods later on or simply hoarded to avoid the problems of overaccumulation of common goods.

Money has also played a role in socially focused economies, although with a different purpose. David Graeber makes the distinction between social currencies and commercial currencies, with social currencies being used for the purpose of transforming social relationships through things such as arranging marriages, resolving conflicts, making treaties, assembling followers, or gift making and rewards (2012, 412). Commercial currencies, on the other hand, are used to exchange material goods through the "buying, selling, renting or otherwise disposing of alienable property" (Graeber 2012, 412). Social currencies are also characteristic of "human economies," which are economic systems that are primarily concerned with the "creation and mutual fashioning of human beings" (Graeber 2012, 412).

Both liberal monetary economies and gift economies display morality that keeps members from acting in undesirable ways, that is to say, they each have ways of precluding the overaccumulation, or hoarding of things which may be of need to everyone. In a gift economy, this is done through assertive acts of gift giving, where those of higher honour and status try to see who can give the most away, to the extent that, as Mauss describes, "in a certain number of cases, it is not even a question of giving and returning gifts, but of destroying, so as not to give the slightest hint of desiring your gift to be reciprocated" (1990, 37). He describes this as a "war of property," however the point is nobility and generosity and if one engages in exchange for their own gain, they become "the object of very marked scorn" (Mauss 1990, 37). In a liberal economy, theoretically there is still a disdain for hoarding as Locke articulates, but rather than generosity, market behaviour is the mechanism by which this can be solved. Transforming excess goods into money is therefore in a certain capacity equivalent to giving them away in a gift economy. Money, in other words, takes the place of generosity in liberal theory. In fact, those who possess monetary wealth in liberal societies are perceived in similar ways to those who are generous in gift societies. Wealthy individuals are often seen as being hard working and smart, or at least cunning enough to understand how the system works. On top of this, however, wealthy people, at least from the liberal theoretical standpoint of John Locke are actually morally obligated to hoard wealth since this means that they are not hoarding commonly needed goods. The profit motive in this sense is really just a moral incentive to keep individuals from wasting things that others may also need. However, expropriating them and selling them on the market is not immoral following this logic. In a gift economy, wealth comes from one's ability to give away vast quantities of goods, creating greater social cohesion and strengthening the group, while in a liberal economy, wealth comes from one's ability to acquire goods, thereby bolstering their private wellbeing and status as an individual. Either way, the focus is not on the actual goods that one owns, it is on the ability of one to access them.

Contextualizing the Comox Valley LETSystem: Economics and Community

Initially conceived of as a response to the local depression of the 1980s, the Comox Valley LETSystem eventually ran its course by the end of the decade. This was based in part on perceived internal issues with the operations of the system as well as a general improvement in people's economic situations. As access to state money became less of an immediate concern, there seemed to be a general reduction in enthusiasm for participation in an alternative currency arrangement.

Although the immediacy was now gone, a second phase of the LETSystem emerged in the 1990s. This took place amidst a changing Comox Valley both economically and culturally. As one participant told me, during the initial run of the LETSystem, the economy of the Comox Valley region was principally dependent on fishing, farming, and forestry. People in these industries tended to be more blue-collar and "tight-fisted" with their money, as he put it, due to both the downturn as well as a general conservative inclination. However, by the 1990s, things had changed. Tourism had picked up and the Comox Valley was seeing an increase in population consisting of people that were often described as "alternative." This included a range of people such as artists, craftspeople, and alternative medical practitioners who advertised their services on the LETSystem monthly listings. Additionally, according to multiple participants, the area had come to be a sort of destination for draft dodgers, Americans fleeing conscription by the US military to go fight in Vietnam. The US citizens came to reside in the Comox Valley and the surrounding area (more than one person I interviewed claimed that there were draft dodgers on Hornby and Denman Islands, both of which are included in the Comox Valley Regional District). Another description that I was given for the general population was "homesteaders and hippies," counter cultural inhabitants who came to the region to experiment with different ways of life and configurations of community.

Overwhelmingly, the LETSystem was described as more left-wing than right. The criteria for this was generally that it emphasized people over money, favouring the social connections that were created rather than the profits. As one participant told me, a man who had been a rather active user in the 1980s, the LETSystem was focused on the cumulative effect of everybody doing well rather than any single member's profits. Participants told me that LETS members who had political party affiliation were generally NDP or Green Party supporters. However, according to one interviewee, the LETSystem also provided a space for people who were more radical and wary of the state. Indeed, there was a multitude of anarchist and libertarian sources such as pamphlets and magazine publications that I had found in the LETSystem archive. Along similar lines, this sentiment was discussed by a man named John who I met while in Courtenay. John was a member of a LETSystem established by Michael Linton in 100 Mile House, who claimed me that he had gotten the sense that a significant part of the users were of a radical orientation. Carl also described himself as an anti-establishment person who had participated in alternative trading prior to joining the LETSystem and had been involved with intentional communities. As he told me, he was critical of the money system and was purposefully looking for a sharing economy when he joined.

Perhaps the strongest account of the radical possibility of the LETSystem came from a user named Bert, an environmental activist who was active in projects around Vancouver Island. Bert initially joined the LETSystem some time in the 1980s and although he had an account, he never used it. As he described it, he had no need for it since he felt he had nothing to trade. That was the case until the mid 1990s when he was looking for a way to fund a restoration project which he found difficult because of "fears of ecoterrorism." This drew him back to the LETSystem with an interest in finding ways for community currencies to fund more controversial projects when he was not able to access regular money.

More than any other participants that I spoke with, Bert saw the LETSystem as potentially oppositional to the government. He saw it as a way of doing work without having to ask for government handouts, doing it "with our own bootstraps." He told me that "as an individual I can do this myself in community with others." Additionally, he felt that community money was better than government money. "You can create your own money for free, so what do you need the government for?" This illustrated the diversity of the political orientations of the LETSystem users which ranged from moderate to considerably radical. Bert was certainly an outlier with his views of money and the government which I concluded was the result of his positionality as a fairly staunch activist who found himself associated with projects which were imagined by some as ecoterrorism.

Nonetheless, the LETSystem can in no way be neatly placed within a particular political affiliation. Politics did not factor in very heavily to the motivations of the people I interviewed. While everyone who identified themselves as having a particular political leaning claimed they were more left-wing, one woman, an artist named Judy from Lesqueti Island, with whom I spoke over the phone, was not even aware of the distinction between left and right political views. Nobody claimed, however, that this was any kind of primary motivation to join the LETSystem, but rather it was a characterization of the general sentiment of it. A few of the people I interviewed were quite hesitant to discuss the LETSystem in regard to politics, and I observed multiple instances where there was very little interest in the topic. Still, nobody claimed that the LETSystem had outright right-wing leanings. My interpretation of this is that they did not see it conforming to the type of economic opinions of mainstream right-wing politics. I concluded that those who were less enthusiastic to classify the LETSystem politically would not disagree with the consensus, but rather simply did not care about the politics of it all.

One of my most informative interviews for the first run of the LETSystem came from a couple that were involved in the early days of the system. They remembered joining in the mid-1980s and stayed in the network until it went defunct the first time. Janet and Ed were a married couple who I noted had made fairly frequent transactions according to the records in the archive. Janet was a custom seamstress who provided work for various local businesses and clients. Ed also performed custom sewing work, but also worked on a fishing boat for part of the year. At the time of their joining, they were new parents and they remarked that money had been scarce. Therefore, the primary motivation for participation they identified was economic. This is an important distinction to make. As I discussed earlier, from the conversations that I had, I have come to characterize people's motivations as predominantly falling into the categories of either economic or social.

In this particular case, Janet and Ed were concerned with money. They had joined the LETSystem as a means of acquiring things they needed but struggled to afford. As Janet told me, this mostly consisted of food items and other basic necessities. Economic motivation here refers to the fact that they were attracted to the system because it offered a means to satisfy material wants, not because it marked membership in a community. This does not mean that they were seeking any kind of economically rational goals such as wealth maximization, rather they saw the LETSystem as a means of making up for what they lacked in the regular economy. They were not wholly uninterested in the community building aspect of the LETS but did not identify that as something that was a primary motivator. They noted that it ended up being helpful to build contacts locally to make exchanges and that they created lasting relationships with some of the people they met through the LETS network.

One common trend that I noticed was that the economic interests that participants had were concerning usable goods and services in the sense that they wanted things which were of imminent need. One of the chief complaints I heard was the inability to spend green dollars due to not finding anything desirable. This seemed like an especially prevalent issue during the 1990s when larger numbers of alternative services were introduced. Several participants spoke of too many luxury items being offered – things which are non-essential, or seen as extravagant, and ultimately would not be purchased regularly by most people. As Janet put it while referring to her experience as a young LETSystem user,

> at this point in my life, I don't really want massage therapy. I want, you know, something really basic, I mean basic food items or things like that. And so I ended up, when it kind of fizzled out, I had green dollars that I'd never been able to spend. Quite a lot of them.

Ed had similar sentiments.

> Young people like us were looking for a deal on things and looking for access that we didn't already have… but when it came to, like, getting your chakra massaged or something, who needs it?

Not everyone felt exactly this way, however. Nancy, a former LETSystem user who had been a practicing naturopath said that she tended to differentiate her use of Canadian dollars and green dollars. For example, she told me that for Canadian dollars, “I’d more reserved that for necessities and the LETS dollars I used for things I wouldn’t ordinarily have bought for myself.” However, there was only so far that this would go since she, like others, simply did not want that many luxury items. This implies that at least a good part of the LETSystem needed to be based on the exchange of necessities.

Not every member who joined for economic reasons did so because of dire need. One such case was Leslie, another member who was active in the LETSystem from the early days. She also noted that her motivation was economic in the sense that she was mostly interested in the prospect of acquiring things without having to spend her regular money. However, her need to do so was mostly self-imposed. A registered dietitian, she remarked to me that she actually had the capacity to make good money at the time, but doing so would require her to work more hours and be away from her young children. The LETSystem afforded her a means to reduce her working hours with her job but still meet her needs.

In contrast, others spoke more highly of the way that the LETSystem could create a community and deemphasized its status as a system of money. One such person was Gus, one of the original collaborators on the development of the LETSystem. Gus explained that he felt that the use of an alternative currency was more of a facilitator for the creation of connection among people rather than a goal in itself. He described something that he termed a “neighbourhood economy,” which refers to a system of exchange in which people have created enough connections with one another that they no longer require money to facilitate trades, they simply do things for one another. It essentially refers to a small-scale cashless economy, although the way Gus described it, it would feature more exchanging of services than goods. In any case, he felt that something like the LETSystem could be a vehicle for getting people familiar with each other and used to trading with one another to the point where they are comfortable enough to do it without keeping score.

It is worth pointing out here that there are different views on the concept of community. Gus was not concerned with community building beyond the scope of a trading network. He was cautious to not get overly idealistic about the type of community that could be built through a project such as LETS in terms of the lifestyle and ideology of the people within it. The LETSystem was a tool to organize exchange locally, but he thought that the particular ways in which the participants wanted to define themselves as a community was up to them. For others, community building through the LETSystem was a much more ideological project. One such user was Barb, a LETSystem participant in the 1990s who offered dance lessons to the network. Barb told me that she had joined the LETSystem because she wanted to support the idea of it. She had no pressing economic need at the time, but instead, liked the way that it fostered a community and a locally-focused economy. To her, this was an extension of the way that the Comox Valley had been characterized at the time, with a growing number of local businesses operating in the area. She also contrasted the LETSystem with the regular money economy which she felt was only based on money and finances, with no social awareness, heart, or sense of community – something that she felt was present with the LETSystem. For Gus, community meant connection and organization, whereas for Barb, community meant a sense of shared identity.

Barb's thoughts regarding the LETSystem very much downplayed its status as a currency system and characterized it much more as a community-building project. The way she described the Comox Valley at the time was quite different from how it was described at the beginning of the LETSystem. She claimed there was a fairly lively community centered around a growing number of natural grocery stores and restaurants. The demographic base that was present in the early years of the LETSystem was mostly working-class people during a major downturn. On the other hand, those in the community during the 1990s were members of the counter-culture, more interested in alternative lifestyles as well as better educated and less blue collar. People did not worry so much about money but were quite interested in creating more diverse ways of living.

The LETS essentially became a tool for them to do this, while those in the 1980s were looking for a way to help ease the immediate pain caused by problems in the wider economy.

There was, however, one example of a purposeful creation of community on the part of the LETSystem. Alongside the official LETSystem, there was a women's LETS that existed concurrently. I did not dive too deeply into it, other than bringing it up with a few people. The women's LETS was an offshoot of the LETSystem, but specifically meant to be used by women. It was created by Leslie, who had a close affiliation with the principal founder. One day, she was at a women's health conference in connection with her work as a dietitian where she discussed the LETSystem with some of the other attendees. As she described it, there was strong interest in the idea of a women's LETS which she started up when she got home. She told me that she felt it was not as successful as the regular system, but that it was good to have variety.

In terms of its actual performance and impact, by October 1992 there were 43 accounts trading in it with a volume of $415 for the month and a total of $1307 total trading up to that point.[10] Other people that I spoke with did not even know the existence of the women's LETS. However, it is interesting to note it because it is an example of the LETSystem attaching itself to a specific subset of a community of people. This illustrates the capacity for the LETSystem to be scaled down even further, not just bound to a community in terms of the people who live locally, but further differentiated between particular groups of people within the locale. In this way it speaks to the ideas of trust and solidarity, highlighting the relations one may have with others that go deeper than their physical proximity to one another.

Community Trust: The LETSystem as a Reciprocal Market

[10] White folder, in box 8, Counter Currency Laboratory Archives, date accessed 2023-02-21.

Because there was no issuing authorities of green dollars and money creation took place within transactions. A member had to be able to offer something of contribution in order to obtain credits in the network. There was no evidence in any of my interviews or in the archival materials of network members acquiring green dollars through a loan from the LETSystem administration or from another member. Nor was there evidence of members exchanging federal dollars for green. Absent evidence to the contrary, this implies that the only way to obtain money was to sell a service or a good. As a result, everyone who sold something knew that the person buying it had at some point in the past provided something for someone else or was obligated to provide such a good or service in the future. Of course, it could also mean that they were running up a considerable negative balance, but the option of checking the account of another user in the network mitigated, to a certain extent, the accumulation of vast negative balances, at least in principle. It seems that rather than checking another person's balance however, there was a kind of community trust that was present based on the mutual understanding of equal contribution and a commitment to supporting the network. Bert, a past member, discussed the idea of honouring one's commitments. As he told me,

> you can keep federal money in your pocket and spend community money that comes around as long as you're prepared to provide to others in the community. Your status in the community has to do with your word. Do you honour your word?

Being seen as someone who honoured their commitments made them a desirable trading partner and therefore allowed them to earn credits. This means that the market in the LETSystem was not entirely organized around individual liberal autonomy, but also featured an element of reciprocal, social esteem and community obligation in line with socially focused economies. This contrasts with the conventional market economy in which this level of attention to community trust is harder to find. As an example, even though one may purchase from local suppliers and choose to support community businesses, there is often little consideration placed on how they earned the money that they use. Therefore, a major difference between the reciprocal market of the LETSystem and the non-reciprocal market of the regular economy is the way in which the LETSystem emphasizes how money is earned and not just how it is spent. In other words, providing to one's community both in spending and in earning.

"So, What Do You Do for Your Green Dollars?"

This is the result of the separate natures of the LETS economy and the regular economy. Notably there is a difference in use-value and exchange-value present in each. Trading in the LETSystem seemed to be more centered around production for use-value rather than exchange-value. Marx defines use-value as the intrinsic utility of a thing based on its physical properties which is only realized through its use or consumption (1990, 126). For example, the use-value of a shovel is that it can be used for digging which it gets from its shape and design and only really comes out when it is used for this purpose. Exchange-value, on the other hand, is the relative value that something has in relation to something else, or how the quantity of one commodity can be equated to the quantity of another commodity. Money represents this value in a quantitatively comparable way (Marx 1990, 126-127, 188). Of course, all commodities could be characterized by both use-value and exchange-value. For example, a commodity may serve a multitude of uses for the owner of it, which is completely determined by a range of socially determined factors, but its exchange-value tends to be quite uniform in the form of a price that is measured in a standard unit – money (Harvey 2014, 15). At times, the use-value or exchange-value of commodities can dominate. For example, a house can be an infinitely useful thing for its owner, but it can also be a speculative investment, purchased with the intent of obtaining a profit in the future (Harvey 2014, 15-17).

Use-value and exchange-value are further exemplified in specific forms of circulation. The first form is illustrated by the formula C-M-C and refers to the act of selling in order to buy where the starting point is a commodity that is converted into money and finally converted back into another commodity (Marx 1990, 247). This represents money as simply money, while the contrasting form of circulation – M-C-M – represents money as capital, which, according to Marx, is buying in order to sell – the conversion of money into a commodity and its conversion back into money (1990, 248). For Marx, C-M-C exchange is the domain of use-values. A commodity is sold for money, but the money is simply the means of acquiring other commodities, the end goal of which is the satisfaction of needs which is independent of the exchange process (1990, 252). In other words, the money is a means of exchanging one commodity for another. Money as capital, or M-C-M, on the other hand begins and ends with money, meaning that in this case, the commodity is a means of exchanging money for money and generating profit. However, as Marx points out, money can only be different in quantitative terms, therefore, unless the commodity is sold for a profit, it would be "an operation as purposeless as it is absurd" since there is no reason to put money into circulation only to end up with the same amount when this result could be achieved simply by saving one's money and not spending it at all (1990, 251). As a result, he makes the distinction that the true form of profit bearing capital is M-C-M' where M' is the recuperation of the original amount spent plus extra (Marx 1990, 251).

Additionally, there are separate reasons to repeat either form of circulation. C-M-C exchange concludes each time the final commodity is purchased and repeats whenever someone wants to acquire a commodity to satisfy a want or need (Marx 1990, 250). M-C-M' exchange, on the other hand, is a continually repeating process. The profit that is accrued at the end of the exchange must be recirculated in order to gain more profit, otherwise, if it is spent as mere money, it ends the process with the purchase of a commodity (Marx 1990, 252). However, if the profit that is acquired from the final sale of the commodity is reinvested into circulation, it becomes the money at the starting point of the M-C-M' exchange which repeats on and on, the end goal being the limitless movement of capital (Marx 1990, 253).

In theory one could trade in the LETSystem without first obtaining sufficient levels of credits. In fact, the organizers were quite clear that this was the intended way for the system to function. One archival document states:

> notice that there are more offers listed than requests… We would rather start by selling than buying. What holds us up from buying first is the thought that it seems like going into debt and we don't want to go into debt.[11]

But, as they go on to state, debt does not exist in a LETSystem. Money is a promise and does not need to be borrowed and repaid. Since it can be created by anyone, going into debt just means that one has made a promise. There was certainly some difficulty in convincing the users of the LETSystem that this was the case. Janet, for example, told me that she could never really make a change to thinking about money in the way the LETSystem founders wanted – as a valueless measurement, where debt was only a representative of a commitment. Rather, as she told me, her thinking was that people should have some credits before they go around getting stuff. She then followed this up by saying, "I do pay off my Visa bill." This means that in her LETS

[11] File 009, box 1, Counter Currency Laboratory Archives, date accessed 2023-02-21.

transactions, she always tried to keep a positive balance and not accumulate too much debt in the same way she would with her credit card.

Going further, I was also informed of a practice within the network that contradicted the ideology that the LETSystem founders sought to implement. Ed mentioned a kind of conversation that would take place between traders while they were making an exchange that would be based around the question “what do you do for your green dollars?” As he described it,

> you met somebody new, you liked them, you realized they didn't need to have what they had, and they offered it for green dollars 'cause they didn't have to have straight cash. They were willing to trust that you could also give something of… you know, quite often you'd say, “well, what do you do for your green dollars?” As you're accepting green dollars or paying out green dollars. And that’s important.

This question brings to light the use-value nature of the LETSystem. It suggests that the users were concerned that those they interacted with had started off by supplying something to others. In other words, that they had begun with a C-M exchange. Demand for offerings, as my interviews showed, was mostly in consumption goods. This means that the question of what one does for green dollars is really a question about what they do to supply the network with usable items. They were not really interested in using it as a way to make more money. In our conversation, John described the LETSystem to me as “trading services for services,” which implies again that the emphasis was on the beginning and end of the exchange being something consumable, rather than the money. It also positions the money as the exchange medium for commodities, rather than the commodity as the exchange medium for money.

There was also a certain negative depiction of those who went too far negative in their spending. Both Ed and Janet described an individual that they witnessed spending heavily in the LETSystem without contributing an equal amount back. They felt that he was cheating the system in some way and that it was unfair to the others who they saw as being more responsible with their balances. Ed recounted a specific instance when this individual, one of the organizers of the LETSystem, purchased a motorcycle that became available on the network.

> Well, I gotta say… suddenly onto the listings was a motorcycle. And who do you think got that? Well, [the organizer] did ‘cause like I said, he's cherrypicking the list. 'Cause the stuff comes in there, and he's got tons of green dollars. And I said [to him] “what do you do for your green dollars?” He said “well, for one thing, I'm not getting paid to have set this all up” and that was at the basis for his entitlement, his overall entitlement. But that was not part of any agreement anywhere.

Similar sentiments were expressed by Carl, who claimed to have been the biggest earner in the system at the time because of the dental services he offered for partial green dollar payment which were in high demand. He contrasted his method of focusing on earning with a member who had left the system while he had a substantial negative balance, criticizing the lack of checks that were in place to ensure people were not abusing the system. This follows the idea of having credits prior to spending them. A large negative balance represents someone who is not first supplying something to the network but rather spending money first, and therefore missing the crucial first step of the C-M-C exchange.

There is also the question of whether or not, following Marx’s formula, LETS money could be used as capital in exchange-value driven circulation. It appears that it would be difficult for this to happen for a few reasons. First, LETS credits themselves could not be used as a means of generating profit. In other words, unlike with conventional money, in which M-M’ exchanges are not only possible but the lifeblood of contemporary finance, such exchanges would be impossible in a LETS. There are further constraints that the network places on using LETS credits as capital. As already discussed, there are social attitudes towards how users should conduct exchanges in the system. There is also, however, the constraint placed by the size of the system. As Ed’s comments on pricing reflect, the relatively small reach of the LETS network meant that most or all of the materials required for goods produced for the LETSystem had to come from outside of the network, meaning that LETS money could often not be invested into the production of commodities. Instead, regular money was put in and green dollars were earned. This also meant that the LETSystem was viewed as a means of saving money in the regular economy. Multiple interview participants remarked that they preferred to conduct exchanges in LETS credits because it meant that they did not have to spend their federal money. Again, the emphasis is not on profit maximizing in green dollars but on the exchange of goods and services that they enable.

There is, however, another form of capital that is important to consider. Aside from capital in the M-C-M’ formulation, Marx describes what he calls “money capital,” which is contrasted from the functioning capital of M-C-M’ (Marx 1999, 266). While productive capital is invested into production to gain a profit, money-capital is money that “antecedes its own process of reproduction” (Marx 1999, 267), multiplying itself without the production and exchange of commodities. Its principal purpose is now to generate its own growth without exchange taking place, exemplified with the formula M-M’. Whereas M-C-M’ is the form that characterizes production for trade purposes, M-M’ is characteristic of the financialized capitalism of money markets. According to Marx, this is the most fetishized form of money, where money takes on life-like properties of growth and regeneration and can itself create more money without the need for production or circulation (1999, 266).

Modern capitalism, and especially finance, has seen a turn towards increasingly virtual money markets, where money acts not as a tool for exchange, but as an instrument for speculative gain. Profits are more and more derived from financial means as opposed to the trade and production of commodities (Krippner 2005, 181). This includes not only the activities of financial firms, but also non-financial firms who increasingly accrue profits from financial means rather than productive activities (Krippner 2005, 181-182). In theory, the LETSystem precludes markets in money and therefore the practice of making money from money. The Design Manual states that one of the fundamental criteria of a LETSystem is its lack of interest which affirms that "LETSystem money exists solely to allow exchange" (Linton and Soutar 1994). However, the only built-in feature that ensures this is the inability for administrators of the system to charge or credit interest to anyone's account (Linton and Soutar 1994). There does not appear to be anything standing in the way of individual users loaning out green dollars with interest which theoretically means that it could take place. For example, hypothetically if someone did not have any credits, they could borrow some from another user who could stipulate that they had to pay back what they borrowed plus interest. Then, once that person had sold some things in the network they could repay the loan. However, because users could simply produce money whenever they needed, in practice it would be illogical to take out an interest-bearing loan in green dollars.

As Ed explained, asking someone what they did for their green dollars implied a level of trust that they could offer something of value. So while the emphasis was on having green dollars to spend prior to purchasing things, there was also an emphasis on gaining those green dollars through morally acceptable means. As a result, it is not just about whether someone has green dollars, but also how they earned those green dollars. This means that it was fairly important to be contributing something to gain them, in which case a loan would not really count as doing something for green dollars.

Money and Market Relations in the LETSystem

Clearly, then, the LETSystem is not an anti-market system of exchange. It embraces markets in goods and services while deterring markets in money, thus as a market system it poses an alternative to the specific version of financial capitalism that currently dominates. This helps to show that the use of money is not homogenous and deterministic. Money does not always have to result in the same types of quantifiable relations characteristic of capitalism (Maurer 2006, 23). As Bloch and Parry argue,

> Not only is it entirely illegitimate to conflate money with capitalist relations and market values, but the extent to which either money or the capitalist market 'ushers in a world of moral confusion' is culturally extremely variable, and depends… on the nature of the system they confront and on the mechanisms it is able to develop for 'taming' and 'domesticating' them. (1989, 18)

Thus, they contend that the use of money does not necessarily lead to the same kind of profit chasing that is characteristic of a capitalist economy, and that the effects of a system of money is very specifically dependent on the context in which it takes place. In Polanyian terms, this means that the use of market exchange does not inherently bring about the creation of an all-encompassing market society; or, that there are larger societal factors that may be able to constrain the logic of the market.

The way in which monetary exchange is constrained is by balancing short-term individual gain with long-term social reproduction (Parry and Bloch 1989, 2). In this way, individual gains should not be seen as ends in themselves, but as part of a larger process in which they form an active relationship with broader social goals (Parry and Bloch 1989, 25). The LETSystem is an example of this by providing a means of acquiring basic goods and services to satisfy short-term needs, while also creating connection among members of the community. This has a strong relation to Polanyi's concept of embedded economy. Polanyi argues that individualism has always been present in economic formations, but the key consideration is that it has not historically been the primary driver of economic action, but rather, individual pursuits have tended to be used to address collective needs of the social group as a whole (2001, 48). Mauss, similarly, advocates for bringing together generosity with the defense of individual personal interests (1990, 69). However, he also cautions against organizing the economy around the calculation of individual needs, arguing that pursuit of wealth should take place without the "brutish pursuit of individual ends," and that the benefit of everyone brings the most benefit to the individual (Mauss 1990, 77).

This can be summed up as the idea that what benefits society benefits the individual. This is essentially an inversion of Smith's idea that what is good for the individual is good for society (Norman 2018, 155). Neither Mauss nor Polanyi rule out the tendency toward individual gain. They both recognize the importance of the individual, but this focus on individual goals is embedded within a greater focus on the wellbeing of the social group (Polanyi 2001, 48; Mauss 1990, 68). Indeed, in writing about the gift, Mauss recognized that the existence of gift exchange happened alongside money and calculation – the two were not mutually exclusive (Graeber

2014, 67). Money, in this sense can be both a rational form of calculation and a socially dependent form of exchange.

Competition and the Morality of the LETSystem

While the LETSystem was a collection of individual efforts, not totally unlike Smith's conceptualization, I did not find evidence that the participants considered themselves in a state of competition with one another. This is because of the community-building feature of the system. As noted earlier, multiple participants were drawn to the LETSystem because of the type of community that it fostered, or that they hoped it would foster. The community-oriented nature of the LETSystem also appears to provide an alternative motive to that of competition. For example, Barb identified a type of obligation that she felt when using the LETS which she characterized as an obligation towards the system itself. She said that having a positive or negative balance of green dollars encouraged her to purchase or sell things to the network, however, this obligation was brought about by a desire to keep the system running. This was what she identified as the ultimate goal of the system. Not obtaining wealth or allocating goods and services, but simply maintaining the functioning of the system.

Phil, another resident of the Comox Valley spoke with me about the contact that he had with the LETSystem. While he did not have very extensive experience trading within the network, other than a few instances where he sold some of his artwork, he was quite familiar with it through his involvement in a local business network called LIFT which was used for marketing and mentorship for people starting businesses. The idea behind it was that they would host sessions where someone would come and pitch a business idea to a group and the group would offer assistance to the person with the start-up of their business, including mentoring and some marketing for them. It was essentially a way to create community and collaboration between local business owners. I found through talking with him that there were some similarities between this business network and the LETSystem which provided insight into some of the social characteristics of the LETSystem. Phil recounted how his business network and the LETSystem intersected for a brief period of time, but ultimately ended up not working out. Phil claimed, similarly to Barb, that by this time there just was not enough pressing need for people to worry about rethinking money. However, he did recognize that the biggest advantage of the LETSystem was its ability to act as a marketing tool for someone to get word out about their business. Indeed, Nancy informed me that this was an important motivation for joining too. Because the LETSystem was a network of people, one could get word out about what they were offering – an especially important feature considering the alternative nature of many of the services on offer at the time.

Not only was the LIFT network a good way for someone to spread word about a business that they were starting, it was also meant to connect them to others and most importantly, it was a way to back their name. This is because if they provide a service to others in the network, then people will be able to recognize them as a positive person and others will therefore want to work with them. In this way, the network was not only a marketing tool meant to inform others about what was being offered, it was also a way to make a moral judgement about the business.

Both the LIFT business network and the LETSystem featured this morality. The concern was not just whether or not someone was offering something of interest, but also whether they behaved in a way that was in line with the values of the participants. For example, if LETSystem members were doing something for their green dollars, as discussed above, rather than spending more freely. Much like LIFT, if one is known for helping out, then people will be more willing to do business with them. This goes against purely rational and economistic thinking while still placing the market exchange of goods and services at the forefront of economic transactions.

Neither the LETSystem, nor the LIFT network are alone in this regard. This type of moral evaluation is present in non-monetary transactions. As Humphrey and Hugh-Jones (1992, 8) discuss, non-monetary exchange such as bartering took place for the purpose of people exchanging what they had and coming away with something that they both valued, while at the same time, it is still dependent to a degree on the non-exchange relationships between the parties (Humphrey and Hugh-Jones 1992, 8). It is true that two complete strangers may decide to trade with one another as long as each had something that the other wanted. However, given that instances of people wander around on their own trading with strangers are rare in the historical and ethnographic record, exchanges most often occur between people who know one another already. Assuming that someone wants to perform more than one spot trade, it would be wise to cultivate some personal relationships with those whom they exchange (Humphrey and Hugh-Jones 1992, 8). This is analogous to what Phil was talking about with the moral evaluation of business associates, and the “what do you do for your green dollars?” question. It is not enough just to have things to trade, one also wants to be regarded as a good trader. Here, supply and demand are not the only factors in the economy, there is also a vested interest in the morality of the other users that are involved.

Chapter 4

"Stepping Away from the Vehicle:" Complementarity and Illiberal Money

What Does it Mean to be Alternative?

During my fieldwork in Courtenay, I had the opportunity to engage in an extended in-person conversation with one of the primary founders of the LETSystem. I was curious as to whether and how he considered the LETSystem to be a challenge to conventional money, and therefore the market exchange of capitalism. One point that is driven home when it comes to the LETSystem is the fact that it was never intended to be used in replacement of national money, yet at the same time it contained extensive critiques of the regular economy, to which the LETSystem purported to offer solutions. In this way, it was both an alternative to the conventional economy, but also a system of "supportive co-existence" as was stressed to Milton Friedman in the letter exchange referenced above.

Gift economies which lack money, price setting, and individual competition are a pronounced form of economic logic that runs counter to capitalism. The LETSystem, however, was not a gift economy, but was a market in goods and services. How, then, did instituting an alternative currency fit into the broader concept of economic alternatives? The founder told to me that the LETSystem was not just a challenge but rather, "a totally different space of human behaviour." While he did not want to *directly* confront conventional money, he still asserted that his intention was to change the conventional system with a "transformation of the opportunities and the integrity" that people can have with their money. The change he was envisioning did not come from an overthrow of existing practice but from the creation of an entirely new space for the LETSystem to function. He described this as “stepping away from the vehicle.” Not challenging the system he disagreed with, but disengaging with it and allowing the members of the community to decide the best ways to meet their needs in a mutually supportive way.

In essence, this was not a matter of instituting change via some kind of direct oppositional alternative or revolutionary change as other more expressly anti-liberal movements have attempted. In one of the most discernible historical examples, the Soviet Union attempted to confront basic capitalist principles by instituting a planned economy, in which policies were implemented by a dominating state (Nove 2009). This included everything from structuring business leadership to infrastructural design, where even architectural decisions were made with the aim of eliciting ideal socialist subjects (Humphrey 2005, 39). In this sense, every facet of life needed to be designed to accommodate socialism and dispel capitalism. Instead, the LETSystem aimed for a more decentralized system of change. Opposition to capitalism was not supposed to come from a clearly defined vision of an alternative or planned out trajectory. As I was told by the LETS founder:

> They can have [conventional money]. I’m not trying to take it. Not saying to somebody, “here’s your money, we want it back.” We’re not playing that game, and all too often we think of things as ascendent. Oh, we can beat that, we can beat that. And so, it’s all that business of we will replace this with this better form of it… So, I’m not challenging it, I just want to step away from it.

In this way, the LETSystem sought to chart a different path. It set out to step away from a money and markets specifically. The LETSystem Design Manual makes it explicit that money is the problem and is in need of an alternative (Linton and Soutar 1994). What my conversations with the founder showed is that the means by which this change would be brought about is by simply creating that alternative and implementing it. It does not require a wholesale refashioning of society to promote ideal LETSystem subjects, it simply requires people to have the infrastructure needed to create and control their own money. The rest is up to them. Part of this is because the creators of the LETSystem were relying on using an already familiar mode of exchange in the form of the market. This is reflected in their comments in the Design Manual when they claim that idleness is the result of lacking a means of exchange (Linton and Soutar 1994). What they are saying with this is that productive individuals are already conditioned to expect money to facilitate their transactions; they do not need to be fashioned into market subjects.

The LETSystem is specifically concerned with refashioning exchange. As Marx observes, exchange is only one of multiple interrelated economic categories which make up a whole including production, distribution, exchange, and consumption. As the conventional wisdom goes, production is the act of transforming things from nature into necessities to fulfil human needs; distribution sees the allotment to individuals of these products based on social laws; exchange further divides them based on individual needs; and consumption satisfies those needs (Marx 1978, 227). This is generally thought of as a process that begins with production, moves through distribution and exchange, and concludes with consumption; However, as he argues, each one of these interacts with the other to form an integrative whole. In the case of exchange, it is intimately dependent on production and vice versa, where the size of the market, for example, determines the extent of production (Marx 1978, 236). This is important because it sheds light on the theoretical basis of the LETSystem. Exchange, in this case, is not caught up with other processes – the LETSystem is not concerned with production or distribution. By singling out exchange in the form of money, the LETSystem founders are indicating that they are fine with other elements of liberal exchange such as private property or wage labour, two key facets of production and distribution in capitalism.

This is not to say, however, that the LETSystem is itself capitalist. As I argued previously, the users displayed a morality that worked to constrain the self-interestedness of liberal capitalism, and LETS money, by its nature, was could not function like capital. Instead, the LETSystem displays a more theoretically perplexing point of departure. After all, a constrained liberalism is still liberalism. Ultimately, the LETSystem is a reaction to conventional money from within liberalism. As the previous chapter argued, the LETSystem is an example of an alternative type of market based around its own morality thereby showing that not all markets and money can be essentialized. In this chapter, I would like to examine the LETSystem in relation to other economic alternatives and discuss what it means to be alternative. Crucially, this requires a greater amount of consideration for the concept of complementarity which is a common feature that the LETSystem shares with other forms of exchange.

To do all of this, the LETSystem first needs to be contextualised. There are a few important ways in which this will be done. First of all, I will discuss its position in regard to the other, more explicit critique of liberal exchange – socialism – and why it is important that the LETSystem as a movement came from a liberal point of departure. I will also discuss the position of the LETSystem in regard to other exchange-oriented configurations which include reciprocity systems as well as barter systems, both of which share important similarities. These movements are important because they often fill the same function as the LETSystem, namely they provide relief in times of need. However, like the LETSystem, they are not necessarily used to take over from liberal exchange.

The fundamental point that needs to be addressed in this regard is the complementarity that they all feature which I will be delving into deeper. This is an interesting feature of the LETSystem in particular because of its contested nature as a descriptor for the system. I will discuss how the complementarity of the LETSystem aligns with, and departs from, the complementarity of other forms of alternative exchange, ultimately leading to a definition of LETS credits as illiberal money.

Socialism as Counter to Liberalism

In general, the starkest opposition to liberalism and the political and economic formations that it engenders would have to be some form of socialism. Where liberalism emphasizes the rights, freedom, and autonomy of the individual through private property and free exchange on the market, socialism emphasizes the role of the individual as a component part of a larger social whole. Socialism in theory and practice has taken many forms, but often tends to have a strong focus on production. As an example, Soviet communist planning attempted to organize the economy without any regard for the profit-seeking of capitalism, ignoring things such as competition and the price of production and transportation (Gaddy and Ickes 2002, 20). Socialism is not always a wholesale attack on capitalist and market organization, however. It is often also understood as a means of constraining them. As David Harvey defines it, “socialism aims to democratically manage and regulate capitalism in ways that calm its excesses and redistribute its benefits for the common good” by redistributing wealth through taxation and cordoning off specific goods, such as education, health care, and housing from the market (2011, 224). In this way, it leaves the market intact. In regard to the four categories that Marx referred to, the first definition of socialism – in the form of communist state planning – attempts to manage them all, while the latter definition concerns mainly distribution while also working to constrain exchange.

Marx himself tended to emphasize the importance of production as a social activity, arguing that the liberal theorising of isolated individual producers “is as much of an absurdity as is the development of language without individuals living together and talking to each other” (1978, 223). In a position closely reminiscent of Polanyi, he further states that “the more deeply we go back in history, the more does the individual, and hence also the producing individual, appear as dependent, as belonging to a greater whole” (Marx 1978, 222). What he is arguing here is that the historical foundations of production are embedded within the context of some kind of ‘society,’ in other words production is a necessarily social activity. Given that production is a social activity, private property, rather than the result of production stemming from an individual mixing their labour with nature, is actually the individual expropriation of the social product of labour from the commons since removing something from its natural state entails “the united action of many members” of society (Marx and Engels 1992, 19). Unlike in Locke’s liberal conceptualization of private property, Marx is arguing that labour is not an individual act and therefore the products that it removes from nature should not be considered the exclusive property of an individual.

The process by which they end up being claimed by individuals is what Marx refers to as alienation, which is the externalization of labour from a worker, where both the product and activity of labour no longer belong to them (1978, 74-75). The problem with this is that labour is an inherently human feature, while the alienation of labour is an unnatural phenomenon, since as he argues, “when one speaks of private property, one thinks of being concerned with something external to man. When one speaks of labour, one is directly concerned with man himself (Marx

1978, 80).” This ultimately leads to the creation of vast amounts of wealth to which the producers have no claim. This results in the development of their own subjection. While John Locke saw the institution of private property as a primordial human right, and the expropriation of labour through wages as an acceptable extension of it, Marx contends that private property can only result from the unnatural alienation of labour (1978, 79).

Anthropological Socialism

While socialists did much to consider alternatives to industrial capitalist production, when it comes to exchange, it is anthropologists who tend to provide the most reliable accounts of cooperative exchange. Compellingly, anthropological work on non-market exchange exhibits similarities and connections to socialist theory. Mauss himself was an active socialist. He not only wrote for left-wing and socialist publications but was an enthusiastic participant in the cooperative movement with no qualms about combining his political views with his academic work (Hart 2007, 477). Principally, Mauss and his work on *The Gift* offers an account of exchange that resembles tenets of Marx’s work. Marx’s theory relies on society moving through stages, of which capitalism is only one, necessary for the establishment of a socialist future. Therefore, while this is essentially an exposition of the future possibility of a world without private property and classes, Mauss’ work is grounded in a historical examination of the empirical existence of a world without private property and classes, also void of market exchange. Also, where Marx emphasizes production, *The Gift* is concerned with exchange.

In *The Gift*, Mauss sets out to examine economic relations prior to traders and money and “modern” forms of contracts and sales (1990, 4). Ultimately though, he is taking a critical stance towards the intrinsic economistic behaviour of liberalism. After establishing that gifts are not in fact voluntarily given and returned, he poses the question, “what power resides in the object given that causes its recipient to pay it back?" (Mauss 1990, 3), The answer that he comes to is that a gift contains a spirit and agency that propels its return to its owner (Mauss 1990, 12). Furthermore, he claims that when someone is giving a gift, they are really giving a part of themselves, that "one must give back to another person what is really part and parcel of his nature and substance," and that "to accept something from somebody is to accept some part of his spiritual essence, of his soul" (Mauss 1990, 12).

Gift exchange, according to Mauss, is not an altogether economic activity, but rather is an example of a 'total social phenomenon' where various institutions are expressed at once including religious, legal, and moral, as well as production and consumption (1990, 3). Clearly, then, a gift exchange economy as Gregory (2015, 40) describes it, takes place within a society of "reciprocal dependence" in which individuals have rights and obligations based on communal property and the relations of one person to another. This leads to gifts being inalienable objects exchanged between known subjects (Gregory 2015, 41). He contrasts this with the exchange of commodities, which, in line with Marx, are alienable objects, the exchange of which takes place between strangers (Gregory 2015, 41). Much like Marx's idea of alienation, Mauss argues that producers ultimately want to follow what they have produced and share in the profits of its sale (1990, 66).

This sets up Mauss' theory of the gift as adjacent to the ideology of socialism, meaning that they share similarities despite being unrelated concepts. Marx, and those that would later engage with his work were concerned with the ways that the old economic formations had given way to new class relations and modes of production specific to capitalism. Socialism was the future possibility which capitalism would eventually give way to. Mauss, on the other hand, was attempting to identify the "morality and organization" that existed in societies before the introduction of markets and money (1990, 4). The point of this, however, was not to shed light on a future possibility and develop a theory for which a revolution could be carried out a society-wide transformation in the way Marxist theory was used. What Mauss was doing by locating the gift as the form of exchange in an economy devoid of money was to show, as he puts it, "one of the human foundations on which our societies are built," which crucially, still exists to this day (1990, 4). In this way, while Marxists were attempting to explore how things could be, Mauss was seeking to explore how things have been. Marx's theory of alienation suggests that the products of one's labour are fundamentally connected to the producer, while Mauss argued that a gift given is fundamentally connected to the giver.

As a baseline morality underpinning economic relations, this is similar to what David Graeber describes as "everyday communism," the practice of acting in accordance with the classic notion of 'from each according to their abilities, to each according to their needs' (2014, 68). As he argues, this is a standard from which human sociability is founded, and that as long as one person is known to another, they can be expected to act according to this principle in whatever way is deemed reasonable depending on the level of sociality (Graeber 2014, 69). As an example, he claims that this means that it is unlikely that someone would refuse to provide directions or hand a tool to someone who requests it even if the person is a complete stranger, while on the other hand, it is common to provide food to somebody one considers a part of their community (Graeber 2014, 68-69). In short, anthropological theory as it relates to gift giving, suggests that, in the absence of money, people tended to organize around morality rather than self-interest. Indeed, as Graeber notes, in the aftermath of a disaster, "people tend to behave the same way, reverting to a kind of rough-and-ready communism" (2014, 68). As both he and Mauss suggest, there is a certain base of economic relation that exists overall. In the context of an economic crisis in which money is no longer available to facilitate trade, it makes sense for these baseline relations to come forth. Two of the most well-documented forms of these alternatives are reciprocity and barter.

Economic Alternatives: Reciprocity and Barter

There is no short supply of challenges and reactions to economic problems and in times of particular duress alternative forms of exchange outside of the regular state economy do tend to crop up. These often take the form of some variation of a barter or reciprocity network. By way of broad definitions, reciprocity consists of an often-delayed form of exchange that is best exemplified as a complex system of give and take (Polanyi 1977, 39). Barter, on the other hand, is a more contested type of exchange. It is often understood as a self-serving act, as espoused by Adam Smith in the propensity to "truck, barter, and exchange (Smith 1976, 25)." As Humphrey and Hugh-Jones (1992, 2) state, because of this association with Adam Smith and the classical economic origin story of money, barter has been misunderstood as an overly economistic and rational form of exchange. Instead, they argue, barter is much more social with its own creation of trading relationships (Humphrey and Hugh-Jones 1992, 8). Despite their assertion that a precise definition of barter is difficult to pin down, there are some established commonalities. Barter can be defined as a form of non-monetary exchange in which "the value of what each trader sells equals the value of what he buys" (Anderlini and Sabourian 1992, 77). Value here is not necessarily referring to monetary equivalence, but to the fact that each transactor leaves the trade with what they want and do not have an outstanding debt to the other. In addition, there is also the stipulation that in a barter exchange, goods are acquired for their own consumption, not to resell in a future transaction (Anderlini and Sabourian 1992,77), thus foreclosing the possibility of speculative behaviour.

Based on these definitions, there is some overlap between barter and reciprocity. In fact, Marshall Sahlins' typology of reciprocity contains both generalized and balanced reciprocity; the first being a form of trade where there is no stipulation on what will be returned or when it will come, while the second refers to a trade with more established parameters in terms of what the return will be and when it happens (1972, 193-194). Since these are both part of a continuum, also featuring the individualistically motivated negative reciprocity, they allow for 'reciprocity' to encompass various forms of gift exchange as well as barter.

In Russia, for example, well documented occurrences of vast systems of barter exchange have emerged, in certain places and times accounting for up to ninety percent of all transactions (Humphrey 2010, 76). These systems contained elaborate chains and circuits in order to get past the problem of the double coincidence of wants and to incorporate widespread participants including the government, commercial firms, and individuals (Humphrey 2010, 77).

In other contexts, systems of reciprocity are called upon to assist in times of distress. For example, Otten describes systems of reciprocity in Macedonia following the breakup of the Soviet Union and the introduction of widespread privatization as the country embraced neoliberal policies. He explains that as levels of inequality rose, many vineyard owners turned to reciprocity as a way to obtain the labour and machinery they needed, creating networks of non-monetary exchanges based on creating and settling obligations (Otten 2015, 362). These reciprocal relations were anchored around kinship ties with labour and equipment sharing taking place among household members as well as extended family from nearby households (Otten 2015, 362). Among new farmers in Iowa, Rissing (2016, 311-312) notes the use of reciprocity in order for them to establish themselves without the need to rely on conventional money and finance.

What both of these types of exchange have in common is that they are responses to economic hardship that impedes the ability of people to carry out their activities in the regular economy. However, they are more of a lifeline than an attempt at any kind of replacement. As Humphrey notes in the case of Russian barter networks, “no one forgets about money in Russia just because it is no longer available for widespread use. Goods are always *evaluated at money prices* before they are exchanged and professional traders would always prefer to have money than any other good” (2010, 78-79). Indeed, money was still present in the barter chains with the possibility of converting items into money through barter (Humphrey 2010, 77). Therefore, what Humphrey is arguing is that even though the traders were exchanging things without money, they were not doing so because they did not want to use money. Rather, they just did not have any to use.

The examples of rural reciprocity are similar insofar as they were implemented to help alleviate some of the problems of having a lack of money. However, they also do not provide an economic alternative at a replacement-level scale. This means that they do not represent an effort to do away with markets and money in favour of reciprocal exchange. Instead, they exist alongside the dominant market system with a goal of helping agricultural producers succeed in the market. As Otten notes, the Macedonian vineyard owners existed in a country that was vying for greater integration with the EU and had been bolstering free market policies (2015, 365). As such, what the reciprocal systems were ultimately accomplishing was success on the part of the participants in competing with larger privately owned institutions. Therefore, what was really going on was that reciprocity was being used, not to challenge the free market, but to facilitate its function. This is similarly true for Rissing’s example of new farmers in Iowa. Due to a lack of access to capital, small-scale farmers turned to each other to avoid falling into debt through loans that they could not afford, instead relying on reciprocal exchanges of labour and equipment to get ahead (Rissing 2016, 310). In sum, these examples of barter and reciprocity networks are not alternatives to monetary and market exchange to the extent that they are used instead of them with the aim of replacing them, but rather they are alternatives that allow those that participate in monetary markets to utilize those very markets more effectively. Ultimately then, this can be summed up by saying that those who participate in these systems of barter and reciprocity want to use money, they just may not necessarily have access to it. Use of alternatives does not signify an attempt to get away from conventional money, instead, they can be a means of further integrating with it.

The point of discussing barter and reciprocity is to highlight the uniqueness of the LETSystem as an economic alternative. Not only was it a lifeline during a time of economic hardship, it was also a critique and a conscious alternative to conventional money. It is not just a matter of making do while money is in short supply, “stepping away from the vehicle” entails a deliberate effort to break from the conventional system. However, rather than coming up with a system of directly exchanging goods and labour like the barter or reciprocity networks did in order to survive economic recessions, and thereby embracing non-monetary principles, the designers decided to maintain a market through the establishment of local community money. However, much like the barter and reciprocity networks, this money was not a totalizing replacement, but rather, it was a means by which users could access regular money.

In terms of the communities involved, both of these examples do seem to require their own specific type of group membership. For the vineyard owners in Otten’s example, assistance was not requested from strangers but from those linked through kinship, while Rissing’s account showed that the vegetable farmers in Iowa exchanged amongst other farmers. Here, the practice of barter networks stands out due to its broad reach and range of participants. However, this too is dependent on sociability. Barter, at least in the post-soviet Russian context can be characterized as a type of “informal profit seeking” whereby enterprises sought to generate wealth without measurable economic performance in order to keep their activities out of official view (Ickes et al 1997, 119). This is reliant on high levels of trust and a tendency to conduct transactions with established trading partners both because of the need to trade with someone who will act in accordance with the logic of this kind of barter, but also to avoid potentially notifying the authorities in the cases of barter being used for illegal purposes, such as tax evasion (Ickes et al 1997, 119).

Was the use of green dollars in the Comox Valley LETSystem dependent on close personal relationships? Relationships may have been established as a result of trading in the LETSystem, however, it was completely possible to trade with a complete stranger. While the moral evaluation that took place led to a certain kind of community building, establishing trading partnerships was not at all necessary for using green dollars. I was informed by the user I refer to as Judy that there was a separate barter network taking place on Lesqueti Island. As she described to me, it was effective because of the community that it existed in. It was based around the very reciprocal principle of “if you do good to your neighbours, they’ll do good to you.” According to her, this worked well because Lesqueti was already a tight-knit community where people knew one another. One of the benefits of the LETSystem, she said, was that it would work in places without such intimate connections. This reinforces Polanyi’s argument that forms of exchange are dependent on structures already in place and are not themselves able to produce them. For example, symmetrically organized structures such as kinship systems are required for reciprocity, but engaging in reciprocal exchange does not produce these symmetrical relations;

while on the other hand, market exchange can only happen under a pre-established system of price-making (Polanyi 1968, 150). On Lesqueti Island, personal relationships allowed reciprocal trading to take place, but in the Comox Valley LETS, simply engaging in reciprocity would not in and of itself establish these kinds of connections.

Furthermore, unlike the vegetable farmers, the LETSystem network was not made up of individuals performing the same type of work who can exchange like services with each other. Instead, it was a diverse collection of people offering whatever sorts of goods and services they had the capacity to provide. Of course, this did make the LETSystem more versatile than a non-monetary exchange system such as the Lesqueti kind. As an example, Nancy, the naturopathic doctor, recounted an experience where she hired a secretary through the LETS network to provide part-time work for her which was paid for in green dollars. If this were a more purely reciprocal exchange, she would be required to return her own services to the woman. Because of the use of green dollars as currency, she did not have to reciprocate labour directly to the secretary and once she paid for the other woman’s secretarial services, she did not owe her anything more. Of course, she was now obligated to the network in general and had to offer some of her own services for green dollars, which she did, but not directly to the woman who worked for her.

Complementarity

The point of addressing socialism as well as other forms of economic alternatives is to attempt to show that the relationship that the LETSystem had with the conventional economy was more complex than a simple challenge. Rather it combines the LETS founder’s claim to be stepping away from the vehicle with his assertion to Milton Friedman about the possibility of supportive co-existence. All of this is connected to the feature of complementarity that has up until now been rather neglected, partially because of the explicit distaste of the term on the part of the LETS founder. He explained this to me in our interview:

> Oh, by the way, complementary, I hate that word… Yeah, I hate the complementary word because it's an evasion of its purpose. And although I'm not saying our purpose is to replace conventional money and banking and the economy or whatever, I do totally want to change the damn thing, top to bottom, by a transformation of the opportunities and the integrity that people can have in that process… So "complementary" is evading the issue. The issue is this money does this, this money does the other. Now, its not either or. We're not trying to push. But we are saying that it's a radically different thing.

Thus, he suggests the term 'complementary currency' softens the radical edge of what he wanted the LETSystem to be. However, a closer examination of the concept would bring it more in line with the overall aim of the LETSystem, as communicated to me by the founder, as well as connect it to the barter and reciprocity systems previously discussed.

Complementarity in the context of exchange alternatives means that they have a somewhat coactive relationship with the wider economic formations that they exist alongside. This is not without precedent, however. In the specific case of money, Helleiner (2003) notes that homogenous territorial currencies are a relatively recent phenomenon. Prior to their introduction, alongside a mix of foreign and domestic currencies, money tended to be a mixture of low and high denomination monetary instruments (Helleiner 2003, 21-23). As he describes it, high denomination money was officially sanctioned while low denomination money was locally issued money that was not convertible to official money and could generally only circulate within a limited area (Helleiner 2003, 23). Along these lines, Kuroda argues that not only have simultaneous money forms been the norm throughout history, but that "the coexistence of monies was not incidental but functional, since they worked in a complementary relationship. That is, one money could do what another money could not, and vice versa" (2008, 7). So, much like the alternatives of reciprocity and barter, alternative forms of money have always been used to pick up the slack when normative forms run into problems. By being complementary, their use is neither neutral nor antagonistic towards the conventional economy. While they are also not entirely in line with it, they do exist in ways that emphasize its dominant structures. In this case, the LETSystem lies in complementarity with liberal exchange and capitalism.

The LETSystem as a Non-Capitalist Alternative

By being a complementary type of money, the LETSystem is not anti-capitalist in the sense that a pure gift economy might be. Instead, because it exists in conjunction with the capitalist economic system, but is distinct from it, it could be considered non-capitalist, meaning that it does not align with capitalism, defined as the limitless and constantly renewed movement of capital (Marx 1990, 253).

Of course, this often tends to be the case when necessity requires it. Non-capitalist behaviour is a feature of post-crisis conditions when survival trumps ideological orientation. A prime example of non-capitalist behaviour, apart from the exchange alternatives already discussed is subsistence farming in response to economic crises in which growing food for personal consumption becomes a critical means of sustenance (Wanner and Dudwick 2003, 270). This refers to particular cases where plots of land and surpluses of food are shared for consumption purposes and not profit making (Wanner and Dudwick 2003, 272). It is the act of sharing and personal consumption here that make this a non-capitalist feature, as food is grown without the goal of generating a surplus profit. This is distinct from anti-capitalist economic alternatives which explicitly aim to disrupt capitalism in a systemic way. Crucially, non-capitalist alternatives are not only movements that do not seek to change capitalism they also may not be interested in reforming it either. Simply put, non-capitalist economic alternatives are distinct in their form and function but do not necessarily hamper the proclivity of the broader economy to operate according to capitalist principles.

Critically, the non-capitalist nature of LETS is not evident in the LETSystem Design Manual, nor in any of the archival materials. I never found the term “capitalism” ever actually invoked. Additionally, it never came up in any of my interviews with either users or founders. Frequent referrals to things such as “conventional money” or “colonial money,” “the economy,” etc. were made throughout my research, but never, as far as I can recall, was capitalism ever explicitly mentioned. Critiques of aspects of the conventional economy, such as competition and commodified money were made, but not in a systemic manner, meaning that there was the recognition that money elicited competitive behaviour, but this was seemingly attributed only to money and not to the system as a whole. In this way, the LETSystem did not provide an analysis of where that competition comes from with reference to things like private ownership of production or even wage labour. Some writers, such as Michael Pacione (1997), have evaluated the ability of LETS to serve as an alternative to capitalism by localizing the economy, but this is a reflection of the author’s own questions based on observations of a LETS in the UK, and not evident in the stated aim of the original LETSystem. Analyses such as these are based around a default identification of the LETSystem as an alternative to capitalism based on the logic that because the LETSystem is an alternative to the conventional system, and the conventional system is capitalist, the LETSystem is therefore an alternative to capitalism. But this does not necessarily mean that it is completely opposed to it, or working towards its overthrow, just that it is distinct.

Individual/Community/State

The way in which the designers account for the source of competition in the LETSystem is by attributing it to the power and control that those who are in charge of money hold. As the LETSystem founder told me "conventional money is an expression of insecurity, and fear, and control." This manifests in the ability of money's issuers—central banks and the state—to exert a disproportionate amount of influence over the users of money by being the issuers and controllers of the "tickets" that are almost universally required.

> If you have a ticket, you can have a meal or sit in the restaurant or the theatre. How do you get the tickets? By doing what you're told. By whom? By the people with the tickets. It's a power basis, and it's run on a money that's value is in its withholding.

However, there is no real account given for where this power comes from, it is more important that the form of money is such that it can be controlled from above. By this I mean that the originators of the LETSystem do not use a class-based analysis to examine this power differential. In so doing, they are able to avoid making overtly political critiques of the people who use money, whatever their class position may be. They do not point any fingers at leaders of corporations or anyone of that sort explicitly, or in the structure of the system that allows them to expropriate money and funnel it out of a community. Of course, this is what is suggested when they criticize money's capacity to move in and out of a community with no regard for local needs, but this does not get the same level of directed attention as the idea that there is a problem with money being issued from above. Instead, as they identify it, the problem is in the structure of the money itself. It is not the people who abuse money, it is the fact that money can be abused at all. Unlike Marx, they represent the problem in the technology, rather than in the social and political relations in which the technology is embedded. The conflict becomes one between those who issue the money and those who have no choice but to use it. This invokes a conflict between the state and commercial banks, both of which issue money, as the obvious controllers of conventional money and citizens who do not possess the right or power to create money. Here, the LETS founder offered some valuable insight into how the system was meant to approach addressing this control. He told me, in response to a question about using the LETSystem to liberate its users, that “if you have control over your own abilities, your opportunities inside a community, then you are to that extent liberated.”

In this context, the LETSystem follows the liberal principle of maximizing personal freedom. In large part, liberal theory is concerned with the struggle between ensuring the rights and freedoms of the individual, and the responsibilities of society. As John Stuart Mill so succinctly puts it, “it is desirable, in short, that in things which do not primarily concern others, individuality should assert itself (2018, 73).” However, as soon as the actions of an individual begin to affect others they can, and often should, be constrained through “unfavourable sentiments,” or even by the outright “active interference of mankind (Mill 2018, 72).” What he suggests is that the freedom of the individual does not completely take precedence over collective welfare. Essentially, freedom does not bestow upon the individual an unlimited capacity to do whatever they may want. Rather, like Smith’s views discussed earlier pertaining to wealth accumulation, the benefit of the collectivity matters, but it is best supported through individual action. Locke admits the necessity of setting aside unlimited individual freedom for a civil society in which power is held by a legislative organ, whose role is to govern in the interest of preserving society and the individual people who make it up (Locke 1980, 69). Seen in this way, liberal theory is not just concerned with the individual and the state, but with the individual and society – the community of individuals – as well as the state.

The LETSystem also takes this for granted. As the Design Manual makes clear, it is a completely voluntary system – "people serve willingly or not at all. Nobody can tell anyone else what to do (Linton and Soutar 1994)." There are no formal checks in place to ensure people follow the rules, instead they rely on a sense of openness in the form of publicly available account balances, and, as I have argued, through the creation of a specific morality surrounding use of the money that compels people to act a certain way.

So far, this is all in accord with what Mill was saying. People are free to do what they want as long as it does not interfere with others. When someone did interfere, then unfavourable sentiments were expressed as evidenced by Janet and Ed's statements on people spending more than they earned. Drawing attention once more to the founder's quote on liberation, where one is liberated so long as they can control their abilities and opportunities inside of a community, it becomes apparent that the LETSystem mirrors the same state/society/individual consideration that is presumed by liberal theory. One further quote from the founder is quite illuminating here. I asked him if he saw the LETSystem as a project of building up community or building up individual freedom. He said "you can't have one without the other ... One is the context for the other's individual action." What he was saying is that individuals *need* a community to exert their individuality, that they are two parts of a whole. "You see a herd of animals, or flock of birds, fishing in a shore, or whatever? Nobody planned it. But it is the composite of individuals operating within the real constraints of space." This is essentially an inversion of the conclusion that John Locke came to on the natural individual rights of people. As he put it, people only formed a collectivity out of necessity and in the interest of their own individuality. Here, the argument is that people have always been part of a collective, but there is still the need to balance that fact with the freedom of the individual.

Peter Kropotkin argued a similar premise in his writing on mutual aid. This was influenced by his work in Siberia with which he was attempting to investigate the notion of competition that had been taken up by Darwinists. This is mostly understood as an individual struggle for survival now associated with the concept of ‘survival of the fittest,’ put forth by Herbert Spencer in which certain members of a species are less susceptible to environmental forces and have a better chance of surviving and multiplying (1864, 444). What Kropotkin noted was that rather than individual struggle for survival, the animals he observed seemed to engage in a type of mutual support, which he argued was central to their evolution (1902, 3-4). He extended this to human society, arguing that cooperation, not competition, was the real driver for progress. He states,

> It is not love to my neighbour — whom I often do not know at all — which induces me to seize a pail of water and to rush towards his house when I see it on fire; it is a far wider, even though more vague feeling or instinct of human solidarity and sociability which moves me. So it is also with animals. It is not love, and not even sympathy (understood in its proper sense) which induces a herd of ruminants or of horses to form a ring in order to resist an attack of wolves; not love which induces wolves to form a pack for hunting. (Kropotkin 1902, 6)

As he puts it, those that are successful, whether people or animals, are successful because they join together with others. Not because they choose to do so, but because it is the most effective thing to do. What he is saying is that there does not need to be a close connection between people to facilitate sociality. It is completely possible for one to help a complete stranger simply because it is an instinctual thing to do.

Both Kropotkin and Adam Smith argue that sociability is not a conscious choice. For Smith it is an unintended consequence of someone pursuing their interests, where they end up promoting the general interest of society better than if they had actually tried to do so (1976, 456). For Kropotkin it comes from an "instinct of human solidarity," which he argues has been eroded due to the shifting of responsibility for the wellbeing of one's fellow person from the members of the community to an outside entity – for him, the state – where people begin to lose their obligation to anyone else and everyone is encouraged to seek wellbeing with no regard for others (1902, 113). Cooperation and sociability are only part of it, however, and despite the importance of mutual aid as a driver of evolution, "there is, and always has been, the other current — the self-assertion of the individual (1902, 142)." He admits that individualism is responsible for competition leading to inequality, but there is also a place for a certain amount of individualism since it is also important as the mechanism through which people are able to escape the restrictive bonds that various types of communities from tribes to states impose upon the individual, which he refers to as "the self-assertion of the individual taken as a progressive element (Kropotkin 1902, 143)."

Here, individualism and collectivity are both positive and negative. Too much individualism and the destruction of communal bonds leads to apathetic societies, while stifling individualism leads to oppression. Therefore, there needs to be a balance in which individualism is able to be expressed, while at the same time mutual bonds and cooperation ensure everyone is taken care of. In other words, individuals need to have control over their abilities and opportunities inside of a community, and as the LETSystem founder put it, there cannot be one without the other, or as Mauss states, "freedom and collective control are not contradictory (1984, 365)." In terms of LETSystem operations, mutual bonds and cooperation refer to the community's control over the issuance of money while individualism was characteristic of the particular exchanges that took place. Furthermore, the bonds that users created, and the moral constraints meant that some individualism was sacrificed in the name of greater community benefit.

Illiberal Money

The LETSystem was not the first example of an attempt to merge individualism and collectivity through the use of an alternative money. Proudhon came to a very similar set of conclusions, even conceptualizing money in a way that shares an abundance of similarities with the LETSystem. He understood that exchange was necessary for production to take place, but he criticized the medium that was being used, arguing that the gold that gave money value at the time was a remnant of the hierarchy of royal rulers, that as long as it was used for exchange it would be a constant material representation of unequal rule (Proudhon 1927, 16). What he proposes is something he terms the Bank of Exchange, "a credit institution destined to effect the exchange of all products without the use of specie and as a result the unlimited multiplication of products without the backing of specie (Prodhoun 1927, 21)." The value of this money would be based on the trust of those who use it and the more people who exchange with it, the more secure it becomes (Proudhon 1927, 18). Rather than being based on precious metals like the money of the time, Proudhon's Bank of Exchange notes would represent the obligations that the individual users had to each other, backed by the usable products that they would be able to contribute (1927, 21).

While this exhibits similarities with what the LETSystem was conceived as, there is a crucial distinction between the two, mainly that according to Proudhon, the notes circulating from the Bank of Exchange would replace money as the means of exchange (1927, 21). In this way, Proudhon's ideas were not predicated on any kind of co-existence with the conventional economy. Because this money was only intended to function as an exchange medium, it had no value the way conventional money did, therefore meaning that it could not bring wealth by holding onto it. As a result, his money, so he argues, would help to eliminate the usury of conventional money and banks, making the money work for the producers in society, rather than the middlemen simply making money off of other money (Proudhon 1927, 35). Like LETS money, this is distinct from Marx's money capital. Unlike LETS money, however, Proudhon's bank of exchange currency is an example of anti-capitalist money in the sense that he was proposing a new form that was meant to be incompatible with the logic of capitalism and not intended to exist alongside it. As he states, quite pointedly,

> In the system of interest-bearing property, where capital, by a purely grammatical fiction, passes from the hands of the worker to those of a parasite who is for that reason called a capitalist, credit is unilateral, proceeding from the parasite, who possesses without producing, to the worker, who produces without possessing. Thus established, credit demands a tribute from the debtor, in exchange for the permission—which the parasite grants him—to make use of his own capital. (Proudhon 1927, 31)

Here, Proudhon is taking aim at not only the money itself, but also the relations of power between capitalists and workers which is not addressed in the original LETSystem documentation. This is an important contrast with the LETSystem, since as a complementary currency, it allows for the existence of capitalists and interest-bearing property to exist; just not within the bounds of the actual LETSystem network. This means that the users of the LETSystem were presumed to operate in both contexts. While Proudhon was quite clear in his opposition, the LETSystem had a more equivocal nature.

Earlier I had described this as the difference between anti-capitalist and non-capitalist, that one is opposed while the other is distinct but may be able to operate in line with it. This caused some difficulties because it did not allow the users to disregard the conventional economy. Therefore, the LETSystem bears resemblance to what Hayden and Muir (2022, 1213) refer to as illiberal economies. As they define them,

> illiberal economies are spaces in which paradoxical and ambivalent economic practices articulate an explicitly critical stance in relation to dominant market, media, and institutions, even as they use those same markets, media, and institutions as the means for accumulating monetary and other forms of value. (Hayden and Muir 2022, 1213)

The ambivalence of the subjects is paramount, since, as they argue in the context of the users of a Latin American investment scheme, those involved tend to “continue to inhabit simultaneously both the world they ostensibly renounce and that to which they sincerely aspire (Hayden and Muir 2022, 1224).” This means that the users understand the opposing sides in which they simultaneously exist as well as the contradictory values at play.

Building on this insight, the LETSystem could be interpreted as an example of illiberal money. LETS money had a much greater emphasis on establishing connections within the community and displayed its own particular morality that guided the transactions of the users. Despite this sociality, however, the LETSystem still embodies several key liberal principles. The LETSystem takes cues from liberal notions of the division of labour and the market – the idea that the ideal way to allocate things is through selling what one produces in a market through a universal medium of exchange which they can then use to obtain what they need by purchasing things that others produce (Smith 1976, 37). This is evident in the LETSystem Design Manual in which the authors suggest that people in the community possess the tools and abilities to provide services and goods to each other but lack the availability of currency to facilitate exchange (Linton and Soutar 1994). They state:

> we are often idle when all we lack is the means of exchange. There may be plenty of materials, equipment, skills, time, goods and needs to be met, but we cannot work or trade with each other because there are no tickets around, no scores on the sheet, no means of measuring relative value. (Linton and Soutar 1994)

The LETSystem also still functioned as a free market in goods and services that was determined by supply and demand and trading took place free from any kind of centralized organization. The market consisted of whatever individual people or firms were able and willing to offer. In the liberal account, society is made up of individuals acting towards their own benefit. However, as Adam Smith argues, while individuals may be seeking their own benefit, it does not come at the expense of broader society. According to Smith, an individual "generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it," but "by pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it" (1976, 456). In other words, if everyone focuses on seeking their own individual benefit, they can indirectly benefit everyone else. This is a result of competition and the profit motive, which Smith argues is an efficient driver for individual improvement and innovation, leading to advancements which bring a benefit to all (Norman 2018, 155-156). The liberal argument, therefore, is that left to their own devices, individuals and companies will compete with one another for profit, the results of which are a collective of individual efforts, which taken together can help uplift all sections of society (Norman 2018, 155).

The users of the LETSystem network were also acting for individual gain, as in Smith's idealized model of decentralized market animated by sovereign individuals. There was no social ownership of property, meaning that any wealth accumulated in a LETS transaction was accumulated by the individual. This is also where the critical importance of the complementarity of the LETSystem factors into the concept of illiberal money. As has been established by this point, the LETSystem was not intended to replace, but rather to coexist with economic and financial life as it currently stands. The equivalence of the green dollar to the Canadian dollar was meant to ensure that it was able to integrate with the regular money economy as it streamlined accessibility for users (Linton and Soutar 1994). As they argue, “equivalence only means that the value or measure of the two units is the same,” however, “equivalence means that a large number of individuals and organizations will be able to use LETSystems. Issues of accessibility, taxation and business accounting become straightforward” (Linton and Soutar 1994). This meant that every section of the community should hypothetically be able to use the system, including everyone from household producers to established commercial businesses. In this way, the LETSystem was pushing for integration with firms that were operating under capitalistic principles while making no grand claims to attempt to change them.

Since it was meant not to replace money but to exist alongside it, there is an intimate interconnection between the regular money economy and the LETSystem economy that displayed itself in sometimes conflicting ways. One of these conflicts is something that I observed which I referred to as a complementary imbalance. Because many of the producers in the LETSystem were selling wares that they had to fund using money obtained in the regular economy, some found it difficult to act in the LETSystem in ways different from how they would act outside of it. Janet remarked to me that she felt the pricing of items needed to reflect the fact that most of the materials used to make goods had to be purchased in federal dollars. She recognized that the consumable offerings that she was after had a cost that had to be recuperated in Canadian dollars. As she put it, “Those items that were, sort of basic items, some of them maybe were from local businesses or farms and they wanted partly cash dollars. They didn't want 100 percent [green dollars] because of course they had put in cash, and they wanted to get some cash out.” In this way, charging too much in green and not enough Canadian dollars resulted in a complementary imbalance, meaning that the seller would be losing out since they could not recover the cost of production in Canadian dollars. Others have noted similar difficulties in crossing over from the regular economy to community currencies which can affect the ability of the users to perform within the alternative economy. As Barinaga (2019, 3) notes, because of users’ different positions within the regular economy, they do not begin on the same footing once they enter the community economy, with differences in ownership and skill in the regular economy leading to an unequal capacity to earn community currency. In the context of the LETSystem, this means that some people will enter with a greater ability to produce things and may be able to sell them for a higher percentage of green dollars, while others may be required to spend more of their Canadian dollars to get their offerings out, which they will then need to recover the cost of for their obligations outside of the LETSystem.

Despite the fact that behaviour in the LETSystem could reflect the outside economy, and conventional money was still a consideration for people in their transactions, individual gain was not always the dominant driver for exchange, and motivations for members of the network could not be easily defined as competitive nor exactly profit driven. While material necessity, as well as economic relations following from their participation in the regular monetary economy, meant that many users were concerned with staying on top of their green dollar balances, no one I spoke with was concerned with maximizing their profits while using the LETSystem. In fact, nobody seemed to be too interested in accumulating more than they needed. One of the most common complaints that I heard was that once the LETSystem went defunct, people were left with an abundance of green dollars in their accounts that they were never able to use.

The LETSystem, as a complementary currency within a dominant liberal market economy can be seen as an example of illiberal money. Much like the illiberal economies taken up by Hayden and Muir (2022), users of the LETSystem inhabit simultaneous worlds which both serve as a subject of critique and an aspiration. A critique in the sense that the users understood the need for a supplement, while an aspiration in the sense that many were not trying to rid themselves of the need for conventional money, but were in fact using the LETSystem to save the conventional money they had. While the LETSystem is critical of conventional markets and money, it claims to achieve the same results, in some respects even improving on what conventional money attempts to do. The founder articulated this to me,

> If the money was free, then we'd have a free market. It ain't free though. It comes with entailments, and whose money is it, who gets to make promises in that world? No, it's a very unfree market. It's a pure distortion to argue that we have a free market.

Essentially he argued that LETS money could foster a freer market than conventional money could. Through community ties and interpersonal exchange relationships, the market could succeed better than it already was. Thus, the free market, responsible for unfavourable economic conditions, was something to criticize, but it was also something to aspire towards. Similarly, the LETSystem members recognized this as well. Many had joined the network because of difficulties caused by conventional money, but participation in the LETSystem, evidenced by Janet's statements on the imbalance of pricing, would also be used to achieve greater success with the very same money that had driven into an alternative system in the first place.

Chapter 5

Conclusion: Balancing Individual and Collective Interests

Designing an adjacent system of money such as the LETSystem instead of relying on other economic alternatives like reciprocity or barter is an attempt to find a way to balance individualism with sociality. However, in the examples I discussed, reciprocal relations often tend to be based on kinship ties or a shared participation in similar work. Barter, while in its more contemporary contexts functions similar to monetary exchange, is likewise dependent on building trust and establishing proper relations. This means that without money, economic relations need to have some kind of social basis. The LETSystem differs from these other arrangements further due to its retaining of the liberal formation of money and markets to facilitate exchange.

The LETSystem exhibits sociality, and as my interview participants discussed, many transactions were in fact guided by it. This sociality, however, was established by the transactors and was not a prerequisite for trading. Users did not need to ask each other what they did for their green dollars, this was something that they chose to do as a way to ensure that others were contributing in a sufficient manner. This means that the users chose to utilize the LETSystem as a way to foster interdependence among the community. By all accounts, the LETSystem was designed to function with the universality of money with the only constraint built into the system being a geographical one – money was only usable within the confines of the network. As I mentioned, however, the founder himself articulated a desire for a truly free market and within the community, trading was not meant to encounter barriers. In this way, the users themselves had found ways to morally constrain the system despite the fact that many of them had felt compelled to join the network in the first place because of economic need.

Throughout this thesis I have argued that the Comox Valley LETSystem is a hybrid of the individualism and economic rationality of liberal economics with the communalism and social embeddedness of gift exchange, which I suggest problematizes the longstanding dichotomy in anthropology between the market and the gift. Following Mauss, this means that there is an underlying morality to exchange that is never quite extinguished even in the presence of seemingly impersonal market exchange. The LETSystem accomplishes this as an alternative to present day capitalism, which carries its own values and morality, by providing a challenge that is not antagonistic to it in every way. I defined this as being non-capitalist without being anti-capitalist, meaning that the goal of the LETSystem is to be separate without seeking to do away with the dominant capitalist system. This makes the LETSystem an example of illiberal money as it simultaneously critiques liberal market principles while also upholding some important features of liberal exchange.

I have made a conscious effort here to avoid making evaluations of the viability of the LETSystem, either pointing out what it did well, or criticizing what it lacked. Instead, my work was more theoretical, inquiring into the conceptual foundations of the LETSystem. For this reason, I believe it offers a useful contribution to the study of community currencies and alternative forms of exchange by engaging in the conversation of alternatives, questioning the taken for granted structures. As Peebles (2011, 2) argues, "the argument over the future is essential to producing it, and the task of the ethnographer is to document the debate as it unfolds." Thus, the goal of this thesis is less intended to address the question of why LETS systems have had such a hard time becoming permanently established. Rather, I have sought to show what we can understand about liberal capitalism and its dominant monetary form through the contrastive example of the LETSystem.

Directions for Future Research

As new forms of payment, such as cryptocurrency, are being continuously introduced and discussed, questions should not always be aimed at which ones have the greatest potential to disrupt or replace the dominant form of state currency. Rather, experiments such as the Comox Valley LETSystem and its cognate systems should be investigated based on their complementarity. Community currencies have an enduring appeal, especially when looked at from the standpoint of complementarity, since, by shifting the focus away from how successful they are as replacements, an understanding can be gained of the niche that they fill alongside regular money. This requires a greater integration of non-monetary ideas and values, however. Seen in a purely economic view, it can be tempting to agree that these currency alternatives make little difference. This follows what Blanc (2017, 240) calls the competitive approach to money which sees forms of money only as substitutes for one another. This of course entails that the best one is chosen based on the rational decisions of the users (Blanc 2017, 240). The competitive framework therefore means that one type of money has to be the 'best,' while any alternative is simply a potential replacement. When one evaluates money in terms of its environmental impact, or its effects on community well-being as the LETSystem was intended, then the effectiveness of the systems takes on a different meaning. While effectiveness in this context is still always open to determination, it at least comes closer to an accurate assessment of complementary money.

As Carl expressed, there are in fact good reasons for the use of national currency, however, as community currency proponents and studies of barter and reciprocity have shown, there are also good reasons for the use of alternatives. One does not necessarily need to negate the other, but if the use of money for non-monetary purposes – such as community well-being and social relations – Is going to be the subject of inquiry, then theories that depart from economic orthodoxy need to be used to explain it. This is where scholars such as Mauss continue to offer insight. Theories of enduring economic morality when combined with liberal economic principles can shed light on how these multiple currencies can interact with one another. As a result, there is the possibility for further research into the hybridization of gift and market exchange in the context of community currencies, but hopefully with implications for looking at money and exchange more broadly.

Technological change is another important development in alternative currencies and makes studying systems like LETS even more dynamic. The original Comox Valley LETSystem occurred prior to the internet and therefore its effects could obviously not be explored. Several of the participants I interviewed, however, brought up the internet when I questioned them about the future of LETS. They thought that having the internet would make the implementation of the LETSystem easier. Some also noted the similarities that online marketplaces already have with the LETSystem except without a local currency. While I did not seek out answers to questions around the effectiveness of the LETSystem, technological development raises questions regarding the comparative effectiveness of LETS and other community currencies before and after things such as the internet.

There is of course also the potential for further research in the Comox Valley with the Community Way project that emerged after the dissolution of the LETSystem which I was only able to briefly touch on here. While the LETSystem is an important historical predecessor to many other currencies that followed, Community Way is not well researched. Questions surrounding its development and connection to the LETSystem would make for an insightful research project. It is more recent than the LETSystem was and also quite different in its operations, namely that it was much more avowedly community oriented, essentially less of a market like the LETSystem and more of a network for donating locally circulating money.

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