

Contextualizing Community Currency: Understanding the Comox Valley LETS

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Project Overview

This project focused on the historical context of the LETS system, an alternative monetary system that was created in the Comox Valley in 1983, and investigated the specific historic context that enabled the emergence of this system. The milieu in which the LETS emerged is complex, but for the purposes of this research three main contextual categories were examined: socio-cultural, political, and, economic. The project argues that these confluence of factors in the early 1980s created an environment for the creation of the LETS.



Handpainted sign advertising the LETS, Counter Currency Labs archives
Original photo digitally edited by Nicole Campbell.

What are LETS?

LETS stands for Local Exchange Trade System and are means by which members of a community can extend other members created in a monetary unit distinct from national money (legal tender). In situations where money is scarce, LETS can enable community members lacking cash, but with abundant skills, resources, and ingenuity, to satisfy each other's needs. Like Bitcoin or an electronic bank account, LETS is a virtual monetary unit, that does not exist in material form. A central ledger is kept in which the credits of each member of the community are tracked and to which members report trades.

The original LETS was designed by a group led by Cambridge-trained engineer Michael Linton. The factors influencing the creation of LETS include disinvestment from social services due to neoliberal economic policies, a local recession, and a sense of isolation of individuals from their communities. (Stewart, 1996)

Political Factors

The period that saw the emergence of the LETS system in the Comox Valley was characterized by a rise in monetarism and free-market capitalism under the Social Credit government of Bill Bennett (1975-1986). This included a reduction in spending on social services and the significant reduction of the size of the civil service. While the intention of these fiscal policies was to address inflationary pressures and affordability issues brought on by various economic crises, many families struggled under the impacts of austerity. This contributed to the appeal of an economic system in which cash was scarce.

Economic Factors

The economic difficulties faced by the Comox Valley in the years immediately prior to the creation of the LETS system were shared by many communities across the country. Nonetheless, the Comox Valley was subject to several factors that resulted in a uniquely challenging economic environment in comparison with the rest of the country. Interest rates reached a high of 18% in the early 1980s, making money extremely expensive and scarce. Declines in major local employment sectors such as forestry, coupled with the inflationary crisis and recession of 1981, poised major economic challenges to inhabitants of the Comox Valley. These declines contributed to Vancouver Island experiencing a prolonged and more severe recessionary period than other regions in the country (Norcliffe 1987). The pressures these economic challenges placed on the region are reflected in the high rates of unemployment (Norcliffe 1987, 153) and low rates of home ownership (Canadian Mortgage and Housing Corporation 2014) over the recessionary period, both of which were higher and lower than the national average.

Socio-Cultural Factors

The Comox Valley became a site for implementing counter cultural practices in the 1970s. The region was home to the 'Back to the Earth' movement (Mayse 2019) and many US citizens seeking refuge from the Vietnam War draft. The region also had a longstanding tradition of labour activism dating to the early 1900s (The Village of Cumberland 2020). Countercultural groups sought to challenge mainstream practices regarding industrial and agricultural production and the dominance of biomedicine. Small-scale craft production (e.g. pottery, jewelry-making, glass-blowing) challenged industrial production. Independent organic farming questioned industrial food production. Alternative medicine (e.g. acupuncture, message therapy, and reiki) defied dominant biomedical practices. An alternative money system found fertile soil in a community receptive to such practices.

Conclusion

Without the shifts in political factors, socio-cultural attitudes, and economic hardships, citizens of the Comox Valley may not have sought an alternative to the federal monetary system, and the LETS system may never have been created.

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