
LESSONS from little acorns

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WHEN the economic system fails to work, people improvise. One result is LETS, the Local Exchange Trading System. Campaigners for an alternative society promote LETS as a model for community development, one that proves people can step outside the capitalist system to meet their needs.

Big trees can grow from little acorns, and that is what the LETS folk hope. Down in Totnes, in the West Country, they call their currency acorns. You can buy bread, hire a baby-sitter, receiving language tuition - all for the exchange of acorns.

The Totnes scheme, which was created over three years ago, is modelled on one that originated on Vancouver Island in the early 1980s. It is now supported by 270 people, which gives them access to people willing to trade their goods and services with each other for no more than acorns.

You do not need money to participate in this local economy. All you need is trust. People need to be confident that, if they do you a service, or provide you with a product that is the result of their labour, you will eventually reciprocate with an equivalent value in goods or services.

Over the past three years, 50,000 acorns have been traded in Totnes. The system is professionally administered. Each person receives a "cheque book" of credit slips and an account number, together with a catalogue of members' offers and requests. You can acquire access to construction and gardening services and even goods sold at retail outlets. The credit slips are processed at the community office to track a member's balance, through a double-entry book-keeping system. In other

words, there is a balancing debit for every credit.

IS THIS the future? Can ecology campaigners and advocates of alternative lifestyles take comfort from LETS? That depends on what we do with the lessons that are to be learnt from the schemes.

Take a closer look. They are a tax-dodge, pure and simple. If people had to earn money through taxable activities - working as an employee, or selling goods in the "formal" sector - the taxman would claim his slice of the value. That means the prices for these goods and services would be higher, and therefore not affordable to some people.

The LETS folk side-step the taxman by offering their goods and services tax-free. They facilitate the process by creating their own currency - the acorn. So far, the taxman has not claimed his share of that trading system: but he will! And when that happens, the Totnes model will collapse: for many of the people who now use it will not be able to afford to pay both for the value of the services they receive, plus the tax liability imposed by the State.

LETS operations may continue for as long as they remain unobtrusive: that means for as long as they are not a threat to the State. That threat arises when they grow big enough to become a matter of general public interest. Why should that happen?

Self-interest will provoke a backlash. Take an example. Why should a working couple that pays for its baby-sitter out of their taxed income pay more for the babysitter (in real terms) than the neighbour who uses tax-free acorns? Out of such comparisons will grow the envy and

anger that provokes awkward letters to Members of Parliament. And the intrusive investigation of the taxman is sure to quickly follow!

BUT IT would be wrong to disparage the LETS schemes that are sprouting up around the world, for they expose the flaws in the economic system.

Take the acorns. These are measures of value, just like greenback dollars. The difference is that they are "honest" money: no-one is debasing them by pumping out paper unbacked by the provision of goods and services.

That tells us something about the dishonesty of the current government approach to finance.

Next, the "exchange trading": this is evidence of a market which proves that the mainstream economy has broken down. In the advanced industrial nations of the late 20th century, people are effectively returning to a system of barter.

That identifies flaws in an economy that is sophisticated enough to handle complex transactions at the press of a computer key - but which simultaneously hinders people from earning their daily bread.

We need honest money. We need an efficient economy. We do not need taxation that prices people out of the market. The LETS folk, while going about solving some of their daily problems, ought to help their little acorns grow into big trees by generalising the lessons and logic of their experience. How? By complaining to their MPs about the unfair tax system that disadvantages their neighbours!

Because we all want to enjoy the benefits of tax-free trading systems!