



Alternative views and uses of money

The case of Local Trade Exchange systems in France

Smaïn Laacher

Translated from the French by Eric Rosencrantz

Still largely unknown, Local Exchange Trading Systems (LETS) are interesting alternatives to free market dominance. How do they work and what are their social and political goals?

Contrary to what is often said, the social critique of the economy has not disappeared. Moreover, social experiments involving applied critiques of capitalist economics and a quest for concrete alternatives have never given up the ghost. One perfect illustration is the emergence in France in the mid-1990s of a large number of local exchange trading systems (LETS) – or *systèmes d'échange local (SEL)* as they are called in French [hereinafter also referred to as “LETS” for simplicity’s sake – Translator’s note]. LETS were born of a twofold rejection: a rejection of the commodification of human relations and, above all, a rejection of money as the prime factor of domination and exclusion in economic and symbolic exchanges. This repudiation of capitalism that is ruthless and blind to social suffering is not a fringe phenomenon of social movements and anti-capitalist struggles. It is a core element – or critique – thereof, as the case may be. That constitutive/critical dialectic is elucidated in the following.

A local exchange trading system is a system of trading goods and services using a “community currency” which only has value for the members of a group that forms a de facto or de jure non-profit organization. Local currencies are by no means a marginal phenomenon. They are in fact rooted in a long tradition of revolutionary utopias, where it was argued that social change hinged on taming the brazen power of money in order to curtail its capacity to cause *unhappiness in the world*. Not only that, they have been put into practice in a great many

developed capitalist countries, as well as in Argentina (long considered an “emerging country”), the only place in Latin America where local currencies gave rise to a real mass movement.

The origins of SELs

While the founders of the first French *systèmes d'échange local (SELs)* now and then refer to *The Natural Economic Order* (French translation in 1948) by Silvio Gesell, the most seminal theorist of *Freigeld* or “free money”, French SELs in theory and practice are actually based on contemporary experiments abroad, predominantly on local exchange trading systems in England. The political and historical importance of English LETS has to do with the fact that the economic crisis came earlier and, more to the point, hit harder there than in France. English LETS arose and evolved essentially in areas in which the urban industrial fabric was falling apart at the seams. Tellingly enough, the first French brochure on the subject, entitled *Dossier S.E.L.*, which was sent out to anyone interested in setting up a local exchange trading systems in France, opened with an “Introduction to LETS”.

The first SEL in France was founded in the mid-1990s in *Ariège*. Ten years later, roughly 300 SELs had sprung up in 96 different *départements*, on a more or less modest scale depending on the region (ranging from a few people to 100–150-strong communities), allowing over 20,000 people all told to engage in local exchange. Credits and debts are recorded on three-part “vouchers”: the stub is for the borrower, the midsection for the co-ordinating organization, and the right-hand section for the creditor. Nowadays, trading and accounting are increasingly automated online on LETS websites.

LETS derive their historical originality from an unprecedented political proposition: to create a community of members who will establish a new order of trading conditions and systems of equivalence (barter, gifts and monetary valuation), unless those that prevail in the market economy. This new way of seeing the world of relations and exchanges is based on a radical critique of the purpose and function of money – or more precisely, of a certain use of money: it is

not money itself that is the root of all evil, but interest and hoarding as mechanisms of generating money using one's privileged position as a holder of money. So for proponents of local currency, the point is to relegate money to the status of a good like any other in order to combat this ruinous economic rationale. Only then will it return to its original *raison d'être*, which is to ensure and expedite transactions within a community, and ultimately to be nothing but a memory of past exchanges. Indeed, much as trading goods and services brings men together, money divides them and even pits them against one another. More precisely, possessing money is symbolically superior to possessing goods. Which is what made Georg Simmel assert, quite rightly, that in the monetary economy the "sphere of having" is dissociated from the "sphere of being". Personal relationships crumble, the communities in which those personal relationships had meaning fall apart, irreversibly giving way to "supra-individual" structures that are symbolized, among other things, by money.

A moral code of exchange

For LETS, monetary matters should no longer be the exclusive province of state sovereignty. This dominant paradigm, the main ideological argument for which consists in positing a natural nexus between the state and a single monetary system, hardly stands up to historical scrutiny. In the Middle Ages, rulers and bankers vied incessantly for monetary control. In 19th-century America, having several rival currencies in circulation was by no means an epiphenomenon or anomaly. Furthermore, the relationship between state sovereignty and the legitimacy of the currency have grown considerably more complex over time. The rejection of the commodification of social relations involves concretely redefining the use of money and the institutions that issue it.

In a society marked by gaping inequalities in access to goods that should be *public goods*, such as health, education, culture, gainful employment etc., what can we legitimately demand of everyone else, and what can be legitimately demanded of each and every one of us? That is the basic question posed by LETS and systems geared to achieve the same ends. One possible answer

is the use of local currencies, instituting an ethos of an exchange of skills, services and products that involves learning and mastering new monetary practices. The individual and collective commitment to a LETS entails for one and all an acute sense of responsibility and an ethic of generosity. These forms of moral obligation have been rather vaguely called “solidarity”, a term that fails to do justice to their concrete effects and intrinsic demands. In a local trading system, exchanges between members can’t be reduced to a search for social conviviality and easy access to basic consumer goods at lower prices. The exchange and circulation of goods and services and ongoing dialogue within the group should be the mark of a genuine concern for the world at large, for others and for the public sphere. Politics, culture and the economy are no longer to be conceived of and experienced as separate spheres.

This concern for the collective weal, this political generosity cannot run only one way within a LETS, from the “haves” (those who have jobs, income, skills etc.) to the “have-nots”. If it did, LETS would be just another in a long list of systematised approaches to fighting exclusion. On the contrary, the diversity of skills and resources within a LETS allows for quality mutual aid (not to be confused with charity) from the outset and, eventually, because the whole point is to favour use value over market value, a LETS can become a veritable “circle of cooperation” in which partnered producers exchange and utilize skills acquired through and within appropriate structures (school, company etc.).

When money helps with the social construction of individuals

But there’s more. These circles of cooperation contribute to the social construction of the individual, particularly among those most unconnected to society. It enables them at long last to find, or rediscover, self-esteem and social self-assurance. Henri, member of a LETS in Ariège, puts it this way: “When you sign a cheque in grains of SEL [pun on LETS and salt in French – translator’s note], that has nothing to do with money. (...) Compared to money, there’s a difference: you know that even if you’re overdrawn, nobody’s going to fault you for it. You can tell yourself it’s not for real, it’s like a game. And the fact that you’re playing makes it a lot more

authentic. With the bank, it's all punishment. You write a bad cheque, you're in for a whole slew of penalties. With a SEL, you know that if you start overdrawing your account much too much, people are going to help you out. Since you have access to everyone's accounts, you know their credit/debit balance, so you help each other out. If someone's too deep in the red, you can ask for more of their services, or ask them to sell some things to replenish their account. So it's not an anonymous system."

"Before an exchange, we have to meet, get to know each other. You need to see each other to understand each other better, and if we hit it off we go on to talk about the exchange," says another member of a LETS in *Ariège*. Exchange within a LETS is founded on credit. Credit is at once a procedure permitting low-cost access to goods and services *and* a moral commitment, a gentleman's agreement with the community of members and not with any single individual. From this perspective, credit is literally a *collective act of faith*: faith in the morality of exchange stripped of dominance relations (at least in theory). To be awarded credit is, above and beyond the financial operation *per se*, a symbolic operation that lays the basis for all subsequent transactions: to count on the others and, in turn, get them to count on you. The point is that making a local currency available to a group's members is not enough to make trading happen. Each member needs to be able to find signs of honesty and genuine good intentions in the other members. After going through the offers and requests in the catalogue (the names are always given), one has to call, meet, talk, meet again for other exchanges and so on and so forth, each act giving further proof of the other's integrity. Expressions of intent and sentiment are borne out in these face-to-face encounters.

"It's not natural that money should dominate relations between people to such an extent," says one member of a LETS in the city of Lille. It is this general attitude that distinguishes LETS from other social movements and critiques of capitalism. In the final analysis (and herein resides their ultimate identity), LETS are akin to organized forms of cognitive noncompliance that have slipped into the interstices of social structures. They develop their economic and social practices in-between two other systems to which they are organically related: the system of social solidarity guaranteed by the state, and the system of local solidarity in decentralized regions with some measure of autonomy. In the design of their strategy, in the choice of their economic instruments and their architecture of social ties, they borrow a number of features of large

regulatory bodies. They are borrowing from state solidarity, for instance, when they create stamped money based on “solidarity dues”, the principle of which derives from the dialectic between levies and redistribution.¹ They also borrow from local institutional solidarity (municipal, for example) its collective deliberations between several social stakeholders and its local approach to handling social and economic problems. Last but not least, from the market economy they borrow relatively free pricing, with one noteworthy distinction: in most LETS, prices depend on a person’s qualities, i.e. their ability to put across a higher or lower price. Thus, LETS do not seek to subvert the structure of social inequalities or its attendant symbolic order. Rather, their function is to take up where national solidarity leaves off, while borrowing from it in order to enlarge the sphere of local solidarity.

That may well be precisely where the profound originality of this experiment lies: these structural borrowings result from a collective effort to purge social relations of exploitation and domination, which are deemed unjustifiable, and *co-opt* those relations into LETS (a place of denial/negation of the capitalist monetary economy).

This politicized way of learning civil solidarity – amongst themselves but not for themselves, nor every man for himself, because it is open to the outside world – makes it possible to invent new social ties that would leave no-one without a home, without money or without a market in which to trade. That does not mean the end of capitalism by any means, nor even its slow and irreversible erosion from the inside out, for the reasons given above, among other things. But this original experiment has shown – and continues to show – that the restoration of politics is up to citizens themselves, and that the market cannot be “civilized” by the law of the market alone, but requires the intervention of what is commonly called a “social movement”.

To find out more:

¹ Stamped money is intended to promote exchange by giving a sum of local money to each new member (1000 “cobblestones” in Saint-Quentin-en-Yvelines). The object is twofold: to expedite entry into the trading cycle and to ward off the fear of having a debit balance, which is deemed to be a drag on trade. In return for this gift of money, everyone’s credit balance is taxed at 3% per month to recover all or some of the original distribution. This gradual recovery is called “*cotisation solidaire*” in French – or “solidarity dues”.

- Laacher, Smaïn. 2003. *Les systèmes d'échange local. Une utopie anticapitaliste en pratique*. La Dispute.
- Laacher, Smaïn. 1998. "L'Etat et les systèmes d'échanges locaux (SEL). Tensions et intentions à propos des notions de solidarité et d'intérêt general". *Politix, revue des sciences sociales du politique*, No. 42, 123-149.
- Gesell, Silvio. 1948. *L'ordre économique naturel*, Trans. F. Swinne. Librairie Marcel Rivière et Cie : Paris. Original: Gesell, Silvio. 1919. *Die natürliche Wirtschaftsordnung durch Freiland und Freigeld*.

For practical information about LETS in France (NB. and in French), see the 60-page guide *SEL mode d'emploi* available at http://www.selidaire.org/spip/rubrique.php3?id_rubrique=81

Smaïn Laacher is a sociologist and member of the Center for the Study of Social Movements (*Centre d'Étude des Mouvementst Sociaux*, CNRS - EHESS). He is the author of a number of works on immigration and population displacement. In 2009, *Mythologie du Sans-papier* (Mythology of the Undocumented Alien) was published by Le Cavalier Bleu. Forthcoming publication in 2010: *De la violence à la persécution. Les femmes migrantes sur la route de l'exil* (From Violence to Persecution: Migrant Women in Exile), to be published by La Dispute. He is currently coordinating the compilation of a dictionary of immigration in France for Larousse (scheduled for publication end of 2011).