

LOCAL EXCHANGE TRADING SYSTEMS (LETS) AS ALTERNATIVE TO THE CAPITALIST ECONOMIC SYSTEM

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Abstract

The phenomenon of LETS emerged as reaction to the deficiencies of the capitalist economic system. Far from diminishing its importance in society, the Local Exchange Trading Systems are multiplying, communities from all over the world embracing with enthusiasm this new vision on economy. A certain revitalization of the topic occurs during the economic crisis. Since a new crisis appears as imminent, approaching this subject is more than appropriate. Our study aims in pointing out the way the Local Exchange Trading Systems are positioning in relation to the main principles of the capitalist system, respectively to set forth in what consists the alternative economic vision promoted by LETS.

Keywords: trading system, capitalism, local economy, exchange

JEL classification: A14, Z 13

1. Introduction

The capitalist enterprise represents the form of social organization specific to the modern economy, resulting from a particular economic ideology characteristic of Western societies. In turn, LETS are defined as businesses. Nevertheless, between the two types of enterprises one can distinguish great differences, LETS even questioning the principles of capitalism. Thus, with LETS, we witness a questioning of all the pillars of the modern enterprise, LETS offering their own interpretation of the functions of the latter. We are therefore talking about a reappraisal, a different perception, especially of accumulation, rationalism and innovation, but also a change in perspective with respect to work, money and the market.

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2. Sections

Starting from the recognition of the capitalist economy as representing "normality", LETS are considered a deviance, in the sense of an alternative offered to the classical functioning of the modern economy. In fact, the very appearance of LETS is due to the deficiencies of the capitalist economic system, its inability to respond to needs, being the result of opposition to the traditional functioning of the capitalist system, and of taking a stance against the principles of this type of economy.

All these elements make us argue that LETS reflect a break from rather than a continuation of the foundations of the modern economy, although the boundary between the two positions is sometimes difficult to define. Thus, even though LETS operate in parallel with the capitalist economy, some of them are perfectly integrated into the liberal system, paying taxes on their trade, and even proposing a conversion of their own currency into national currency. This represents a break from the point of view that LETS result from taking a stand against the constituent elements of the capitalist economy, reinterpreting them.

With the emergence of the phenomenon of LETS, one also questions the dialectic modernity/tradition (L. Dumont, 1992). Paradoxically, LETS are an integral part of our modernity, also embracing traditional principles. Deeply individualistic, our modern society proclaims the equality of individuals and considers the economy as a sacred, distinct sphere, which is directed by its own laws (the market). As far as traditional societies are concerned, they attach a secondary importance to the economy and value hierarchy, the interests of the individual being subordinated to the needs of social totality: holism. However, LETS develop a profoundly egalitarian (modern) discourse, criticizing, at the same time, modern individualism (the heart of liberal ideology) and encouraging sharing and cooperation, thus the holistic vision (tradition). Thus, in the case of LETS, it is the interest of the social totality that prevails over the interests of the individual. Also, far from functioning as a separate entity, the economy is, in the case of LETS, embedded in society, subordinated to the needs of the social (traditional elements). This is how LETS share a traditional vision, while supporting their modern discourse.

The subordination of the interests of the individual to the interests of the social totality makes us think of LETS communities as communities centered on mechanical solidarity (in the sense of Émile Durkheim). In fact, this idea is supported by the grouping of individuals based on territorial divisions, these

ones being defined by cohabitation and not by their belonging to a specific professional environment. Yet, we also find elements pertaining to organic solidarity, targeting the interdependence and complementarity of LETS members.

If one speaks of the existing distinction between tradition and modernity, one can also bring into discussion the problem of accumulation (M. Sahlins, 1972). Thus, LETS declare themselves against any accumulation, encouraging the exchange and the continuous circulation of goods. In this context, LETS aim to reduce the threat of concentration of wealth/resources in the hands of a minority, therefore the end of abundance and the emergence of scarcity. The LETS' view of accumulation is again in line with the critique of economic liberalism, which imposes the concept of growth, generating the scarcity and misery experienced by individuals. The problem one faces is how to determine humans to want less (because, in accordance with culturalist theory, it is part of human culture to desire more).

But the biggest changes proposed by LETS are mainly issues related to the market and money. In what concerns the market, LETS oppose the liberal/neoliberal doctrine, introducing the idea of a competitive economy. LETS manifest themselves as proven critics of the quest for accumulation and the quest for profit (Max Weber, 1978). However, the very essence of capitalism is the pursuit of profit, since only profit allows the company to face competition, by ensuring superiority over competitors. Conversely, the LETS philosophy proposes sharing, cooperation. It is precisely the aspect of cooperation which renders competition superfluous.

Opposition to the competitive marketplace has also been a particular feature of LETS: responding not only to economic goals, but above all to offering assistance, strengthening social bonds and promoting the growth of individuals. Therefore, LETS once again oppose the capitalist enterprise, which values rational action in the end, the actions of LETS members being equally determined rationally in value or in a traditional way (Max Weber). Wealth (Adam Smith) is defined more by the multitude of social gains.

However, the engine of LETS remains the individual's penchant for exchange and the preoccupation with fulfilling needs and improving one's fate (here the same point of view as Adam Smith).

As regards the problem of self-regulating market (K. Polanyi, 1944), LETS contradict the efficiency of this type of system, the principle of the invisible hand which directs the functioning of the market is also questioned.

Therefore, LETS refuse to obey the rules of the self-regulating market and establish pre-established specific collective rules. Similarly, LETS challenge the role of the state, in their view, this institution being incapable of providing a better functioning, hence the need to set up other forms of economic organization.

The most radical reconsideration targeted by LETS concerns the role of money (G. Simmel, 1990) in the context of the new form of exchange. Thus, money reclaims its main function as a facilitator of exchanges. Money is no longer a constraint, but it brings people back together, helping the development of individuals and social relationships. In fact, with LETS we offer a possible solution to the problem of the scarcity of money. This scarcity is due precisely to the dynamics of the capitalist economy and the system of self-regulating markets which allows the commodification of the world (including money). As a result, money is diverted to financial speculation, (money that produces money, providing wealth to those who simply hold money). Likewise, an aspect to be tackled is the tendency of humans to save, the drive to exchange preventing the blocking of monetary circulation.

LETS, through their local monetary systems and also through the principle of barter, also represent a break from the idea of wages (Karl Marx, 1992), seen as the reward for the work done. With regard to the labor value of traded goods, this is calculated according to the amount of time necessary to produce them (the same perspective as K. Marx). However, in LETS there is no overwork and capital gain. Consequently, one cannot find the source of profit of capitalists, an aspect which reveals another sharp distinction between LETS/capitalist enterprise.

Similarly, LETS solve, partly, the problem of unemployment and part-time work, offering each individual the opportunity to exchange his goods, knowledge and services, in a logic of reciprocity (egalitarian vision/superfluous conflictual relations).

3. Conclusions

The appearance and development of LETS constitutes a response of society to the failures of the capitalist economic system, LETSs designating themselves as an alternative economy. Thus, LETS question the foundations of capitalism and its specific social organization, the enterprise. The creation of LETS makes us wonder about the current relevance of the company and its ability to meet the needs of the individuals. To go further, one also wonders

whether the company has begun to lose its meaning and whether, in time, one will witness the end of the capitalist enterprisation of the world.

On the other hand, we also have to question the efficiency of LETS. True, these systems solve some economic problems. Even so, their usefulness is limited and it would be utopian to believe that the model of LETS can be imposed on a large scale. Another reflection concerns the return to the barter economy: is it necessary to think of this return as a regress (involution), or as a creative and temporary adaptation?

4. References

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