

ABSTRACT**The Brittany Experience: a case study on LETS in Brittany from 1996 to the present day** 454 words

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Le *Système d'économie locale de Haute Cornouaille* was founded in 1996 and had over 300 members at its zenith. The *SEL* published bulletins listing members, who traded via bilateral transactions, including at periodical markets organised in taverns or village halls (with festive lunch organised by the management group). Agreements were negotiated with neighbouring *SELS* to facilitate trade between members of different *SELS*.

The *SEL de Haute Cornouaille* became moribund around 2001. Some members had an aversion against mixing two kinds of money (*SEL* unit + French Franc) in the price of a complex transaction involving labour, materials & transport. For them the *SEL* was a sectarian barter club. They had not understood that the *SEL* was in effect an instrument for issuing, cancelling and guaranteeing its own currency and could develop a political identity as a viable local economic system involving the whole population. Most members recognised the value of the *SEL* as a free exchange for goods and services and happily abstained from participating in its management.

The *SEL* management group failed to resolve perceived differences and the joyfully constructive atmosphere of the original *SEL* dissolved in acrimony. Individual trading imbalances went from bad to worse, confidence waned and members faded away. Eventually the management group itself split in two and publication of the bulletin was abandoned. The editor-secretary and accountant quietly agreed to let the *SEL* fade away, although neither the archives nor the accounts were destroyed and the association was never formally dissolved. Similar stories have been repeated all over Brittany in the past two decades.

So the purpose of this paper is to suggest ways to avoid similar problems when people who have only dimly heard of the early *Lets* begin their new task of developing plans for local authorities at the cantonal level in Brittany to introduce complementary currencies as a first step towards local economic autonomy for a territory whose economy & people the state is incapable of protecting.

We anticipate that over the next few decades local currencies will circulate freely alongside the global metropolitan currencies. Historically this is not a novel situation. At the end of the 19th century for instance, in the bimetallic age in the USA, the people's silver currency circulated alongside the banker's gold-backed notes...a situation which came to a head with William Jennings Bryan's campaign for the presidency. Many unofficial paper money systems flourished.

Money has a public purpose and a sane humane ecological community would not allow its private accumulation. Any monetary surplus, whether private or public, is the common concern of the whole community. Idle capital is a political issue and not part of the *Natural Economic Order*, to use the title of Silvio Gesell's classic analysis of free money.

About the Authors

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Monetary Sovereignty: The Brittany LETS Experience by Anton Pinschof and Peter Etherden

a case study on LETS in Brittany from 1996 to the present day

3015 words

Scope & Purpose

The purpose of this paper is to suggest ways to avoid the pitfalls identified by the earlier experiments of the *Lets* pioneers and to develop plans for local authorities at the cantonal level in Brittany to introduce complementary currencies as a first step towards economic autonomy.

Background

Fifteen years ago *Lets*¹ began to proliferate in Brittany. Over a dozen sprang up in Western districts alone. Most of these schemes are now widely perceived as failures. This is not our view. On the contrary, these experiments in monetary sovereignty have bred a new generation of citizens who cut their political teeth in Brittany's *Lets* organisations and are now embedded in public life throughout Brittany.

Some of these people may have read Ariès² or Lordon³ or Latouche⁴ and may be familiar with the story of currency experiments of the 1920s and 1930s in Schwanenkirchen⁵ (Bavaria) or Wörgl⁶ (Tirol) based on the work of such pioneers of monetary justice as Silvio Gesell, who had been *Commissar for Finance* in the short lived *Bavarian Soviet Republic*⁷ 1918-19. They will also be aware that these experiments were cut off in their prime because banks and central government feared their success. Statesmen rightly asked what it would mean if everybody did the same...and were unnerved by the answers they received.

Today there is a new breed of local politician which appreciates the liberating effect that adequate money could potentially engender for hitherto indebted regions & municipalities. Given public support, they would be willing to use their political prerogative to release the energy of free money into free local markets, where the goods and services needed within their local communities circulate.

Many now look to the free currency pioneers to provide a lead and show how to issue money as a public service to neutralise the adverse effects of budget cuts and other acts of administrative vandalism emanating from...and working to the benefit of...unelected interests dictating policy to central government.

In and around the *Canton of Carhaix*, for instance, a citizen' group has started to plan the issue of a local cantonal currency that could progressively replace the Euros that flow out of the canton... or fail to arrive from the coffers of metropolitan institutions. They intend to demonstrate how to run a really local economy and that the necessary exercise of monetary sovereignty means more than recycling monopoly-Euros in an investment club or circulating a token currency for *Lets* club members on the fringes of a global market dominated by an overwhelming preponderance of usurious debt-laden money, not issued as a public service but sold into circulation at wholesale price and retailed by central banks via their commercial banking agents.

Monetary sovereignty resides in the democratic setting of the rules for issue and cancellation of currency, in deciding upon the manner in which confidence and collateral are provided for. As 'all politics is local', the maldistribution of money and the unfair basis for debt cancellation must be politically reconsidered locally, as also should be democratically selected the competent receivers for the common wealth of the canton (including common land).

Monetary policy can become a local matter and is ultimately not a legitimate concern of outside (unelected) interests whether these be private individuals, public bodies or one of the many species of pseudo-judicial persons riding roughshod over the economic life of Brittany's towns and villages.

The Brittany Experience

Some *Lets* groups in Brittany experienced conflicts within the group psychology of the self-selected managers, including apparent gender conflict. There were also cultural blind spots resulting in an inward-looking tendency of the group as a whole. Such innovations as a jury-style selection process for the *Lets* management committees might well have worked better. However these issues are not the subject of this paper.

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The *SEL* management group failed to resolve perceived differences and the joyfully constructive atmosphere of the original *SEL* dissolved in acrimony. Individual trading imbalances went from bad to worse, confidence waned and members faded away. Eventually the management group itself split in two and publication of the bulletin was abandoned. The editor-secretary and accountant quietly agreed to let the *SEL* fade away, although neither archives nor accounts were destroyed and the association was never formally dissolved. Similar stories have been repeated all over Brittany in the past two decades.

Brittany has many small towns and also a higher rural population density than many areas of France. The geographically dispersed & culturally atypical *Lets* members were nonetheless in a relatively isolated situation compared to that of groups in more highly urbanised places, an isolation which tended to exacerbate the non-relationship of *Lets* groups to the real world of commerce & public administration.⁸

The failure to undertake any political negotiation in the name of the *Lets*, together with the deliberate limitation of the *Lets* currency to paid-up members of the club, leads inevitably to the creation of economic ghettos where supply and demand are not matched because limited to the goods & services supplied and demanded by the members themselves. The end result is the rapid accumulation within the group of large credits that cannot be spent and deficits that cannot be redeemed. There is little demand for foot massage, for instance, a great shortage of mechanics for all the old cars that always needs repairing, whilst the farmer in Tremargat supplied large quantities of beef the proceeds of which can neither be paid into the bank nor legally pay a salary, even if he had found a reliable labourer among the members.⁹

An unspoken dogma has grown up among *Lets* theoreticians that a *Lets* is unsuitable for long-term capital projects and should be limited to transactions for short-term needs. Yet capital investment projects, such as solar energy installation on private dwellings, involve an up-front capital outlay that is exceeded over several years by the income from generated electricity. We would dismiss the dogma along with the economic individualism from which it originates, notwithstanding the fiscal & legal questions that need resolving before non-monopoly money can flow through fiscal and bank accounts.

Every community has a need for two distinct forms of exchange: commodity transactions balancing supply & demand; and time-based exchanges allowing for the circulation of spare money back into the community. These function best where the basis of issue of the currency is not debt-usury but real goods & services, whatever the time-scale of the transactions. Not only is debt-usury a superfluous infliction but, so also is the concomitant uncontrollable growth of capital and the scourge of improproperty.¹⁰ An anti-usury taboo¹¹ can be understood by all and be upheld by political decision as essential for any healthy community. The hoarding of idle capital need never in future be tolerated.

Money has a public purpose and a sane humane ecological community¹² would not allow its private accumulation. Any monetary surplus, whether private or public, is the common concern of the whole community, as is its corollary the idle capital immobilised in second homes sitting empty or the personal shortfalls which the world labels as poverty and explains away with much bogus philosophising. Poverty is a consequence of the artificial scarcity of money due to its being extracted via debtors and hoovered up as compound interest by the organisations that had sold it into circulation in the first place as if it were a commodity and then speculated with it when it came flooding back as the profit from both minor & major usury.¹³

The final & fundamental reason why, in France at least, the *Lets* tend to become moribund is passive official sabotage and much unintentional self-sabotage. There was a famous inconclusive judicial test case, involving insurance & employment law, but the main obstacle has always been the fact that *Lets* seldom find themselves competing on a level playing field with the “official” monopoly money. The dice are stacked against them both practically and politically. The so-called free markets are in reality forced markets and the rules of democracy are ‘one Euro one vote’ and not ‘one person one vote’.¹⁴

Towards a Cantonal Currency

Any new cantonal or county currency must cooperate and compete in the real world. *Gresham's Law* refers to the manner in which good money and bad money compete with each other until one drives out the other. In *Evolutionary Economics* Kenneth Boulding¹⁵ describes an economy as niches in which the fitting survive by adopting an array of different strategies... something which applies to currencies just as much to commodities.

Economies come in all shapes and sizes. Markets for instance can and do function quite independently of any capitalist system.¹⁶ Greed and unscrupulous self interest, the various kinds of exchanges, insider trading, monopolies and all the other paraphernalia of the emerging global capitalist system have no special affinity for free markets, neither does the debt-usury monetary system have any affinity for the equitable issue and cancellation of debts. Local clearing houses have shown themselves to be very effective in matching supply and demand as Thomas Greco has shown.¹⁷

Infrastructure renewal, be it an energy makeover or a monetary makeover, is a special case requiring public direction to open up niches for the components of new infrastructure and to phase out components of old superstructure. One of the most dangerous myths of our age is that this process should be controlled and managed by private corporations driven by shareholders & their profit motives and whose liability for the social consequences of their activity is limited to what can easily be handled by lawyers & public relations consultants. Ivan Illich published a number of essays on disabling professions and the behaviour of radical monopolies.¹⁸

A second problem peculiar to infrastructure replacement is the manner in which language is colonised by the old infrastructure... a subject discussed in another series of essays by Ivan Illich¹⁹ published in book form as *ABC : the Alphabetisation of Society*. Imprecision, failure to check premises and false dichotomies are linguistic and philosophical obstacles placed in the path of the advocates of a new infrastructure, as are lost distinctions, such as between economy & finance or the Orwellian inversions of meaning (forced markets & financial dictatorship labelled as freedom & democracy).

Werner Sombart²⁰, for example, has de-constructed the term profit and R.H. Tawney²¹ has done similar scholarly work as *Professor of Economic History at London University* to the concept of capital. Both concepts are traps for the unwary. Another example is *Gresham's Law* where imprecise definition of good and bad money invalidates many of the claims made for the evidence of the law.

An example of a false dichotomy is that between *Public* and *Private*. In reality there are private possessions, common wealth and private property...and this last takes on many forms. In the case of common wealth, scale plays a critical role in the question of the competent receiver. For instance, it is not appropriate to assume that a judicial person, such as a trust or a corporation, is a suitable disposer of usage rights and other rights and duties specific to a particular common holding such as a wilderness or a coastline or a country estate. F. Lordon has proposed the closing of the Stock Exchange, on the premise that it forces shareholders to do more harm than good to the industries they own.²²

Another example is the assumption that central banks are necessary. The Bank of England is a corporation which for the first hundred years of its existence competed in a free market with other private corporations such as the South Sea Company, whose remains it mopped up after the South Sea Bubble burst.

During Pehr Gyllenhamer's tour of duty at *Volvo* an internal banking crisis...internal to the megamachine...was created when he designed a merger with Norway's *Statoil*. Had it gone ahead it would have set a precedent that could even have led to the reduction of the banking sector to their rightful place as casino and chartered accountant. The new corporate behemoth would have become a completely self-contained money club.

At present money released by the public purse to bolster the balance sheets of failing banks after the global financial crash of 2008 is finding its way into corporate coffers where gigantic stockpiles of money are being used by the corporations to buy back their own shares. This has a similar effect in reducing the money supply as ordinary people paying down their credit cards. It cancels the debt and reduces the money supply.

The military industrial complex described by Dwight Eisenhower also plays a critical role in the maintenance of the existing monetary infrastructure because of the peculiar manner in which it consumes goods and services and cancels money. The killingry business is unlikely to tolerate local complementary currencies because of its need for secrecy about the powers-that-be, their need to maintain the illusion of the monetary monopoly by mystifying most of the people most of the time about the real superstructure behind the façade, refusing to let it be known there might be other ways to run a civilisation.

Even anodyne statistical measures such as gross national product only aid and abet the existing monetary infrastructure by adding goods and bads together, producing far too much and endorsing indiscriminately every form of consumption, developing wants for which the sustainable economy of the new economic infrastructure would have no need.

With regard to technical issues, the basic purpose of any cantonal monetary system will be to issue and cancel money. Secondary issues relate to matters like backing for a currency.²³ The satisfaction of the greed of private shareholders is unlikely to be any part of cantonal objectives although this is a crucial requirement of a private company like the *US Federal Reserve* or the *Bank of England Corporation*.²⁴ *Lincoln's Greenbacks*²⁵ led directly to his assassination and *Kennedy's Silverbacks*²⁶ were a probable cause of his murder.

Other techniques for ensuring that money be used and not abused are the proposals of Silvio Gesell²⁷ for clipping the value of coupons by making their validity depend on affixing monthly stamps costing 1% of face value and thus making paper money notes virtually bio-degradable and consequently fast-circulating. This amounts to bringing interest rates down to minus 12% per annum, an almost metaphysical shift in emphasis towards valuing Land and empowering Labour whilst putting Capital back in its place, having disinvented its unnatural advantage over the other two 'factors' of production.²⁸ The French popular movement for 'Décroissance'²⁹ has elaborated much ideology whilst ignoring the elephant in the room **that is** the urgent & primordial need to create the practical means for stopping the abusive growth of capital *per se*.

Conclusion

Monetary sovereignty is needed at all levels: families, companies, local, regional & national authorities. Real subsidiarity is the key, not the watered down version that bureaucrats can bypass at their leisure, but the strong robust kind envisaged by Pope Leo XIII in his 1891 Encyclical, *Rerum Novarum*.³⁰

The challenge of the next decade is to provide the cantons and counties of Europe with a monetary system which meets the day to day needs of ordinary families so as to permit the controlled withdrawal from the monetary systems **that were** developed over the past centuries to meet quite different needs: those of war-mongering kings, power-crazed tyrants and profit-grubbing corporations.

The historical moment for solving the problem of power may indeed be imminent, when the corner is turned towards a new cultural & moral framework, when a new social taboo is adopted, outlawing usury, aimed specifically at the monetary monopoly and at the major usury³¹ inflicted upon the state by the owners of the monopoly, who make a mockery of freedom & democracy which cannot really exist while these enemies of humanity have all the power.

The resulting debt is incorporated into the prices of all goods & services, including in public finance itself.³² The target of this new taboo must be not only the monopoly & the automatic growth of abstracted financial capital via debt-usury issue and cancellation but, especially, the alchemy by which its owners blackmail the state into protecting this unaccountable political power in the invisible hands of an unelected ruling class.

The regulation of the supply & demand of the commodities for everyday life is much too important to be left to bankers, career academics and amoral judicial persons³³. It is uncertain how long it will be before we begin to glimpse the dream of Abraham Lincoln of a government for the people that is truly by the people. The bridge to Liberty of the Spirit, Equality before the Law and Fraternity in the Economy is of uncertain length. But, exercising cantonal monetary sovereignty is certainly one small & vital step on the way.

Tan Dehi!

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- ¹ LETS: Local Exchange Trading System, equivalent to French SEL: *Système d'échange local* OR *Système d'économie local*.
- ² Paul Ariès, *Décroissance ou barbarie*, 2005 LETS: Local Exchange Trading System, equivalent to French SEL: *Système d'échange local* OR *Système d'économie local*.
- ³ Frédéric Lordon, *L'intérêt souverain : Essai d'anthropologie économique spinoziste*, [2006](#)
- ⁴ Serge Latouche, *L'invention de l'économie*, 2005
- ⁵ Irving Fisher, *Stamp Scrip*, 1933
- ⁶ Fritz Schwarz, *Das Experiment von Wörgl*, 1951
- ⁷ Erich Mühsam, *La République des conseils de Bavière*, [1920 & 1929] 1999
- ⁸ Haute-Cornouaille (Upper Cornwall : Kerné-Uhel): this historical district of over 100 communes sits astride 3 counties (départements), most SEL members residing in its Eastern part, area bounded by Le Faouet, Gourin, Carhaix, Callac, Corlay, Pontivy, area 50 km across. When travelling to exchange fairs of neighbouring SELs, the round trip could exceed 200 km. There were at the time about a dozen such systems in Western Brittany.
- ⁹ Laurent Petite (of Tremargat) supplied quantities of beef to members but rarely found the goods or services he needed. His unspent credit reached huge sums and represents an enormous injustice, which the management group never resolved, having from the outset accepted the 'Vancouver' formula of a trading club not seeking acceptance of its currency in the wider economy. This and most other SELs were content to remain inward looking and rarely attempted to negotiate any kind of public status that would permit the currency to circulate beyond its limited membership.
- ¹⁰ Improperly was a term used by R.H. Tawney, *Professor of Economic History at London University*, for idle capital. See *The Tawney Legacy* by Peter Etherden (2001).
- ¹¹ R.H. Tawney, *Essays on Usury*, 1923
- ¹² James Robertson, *The Sane Alternative*, 1983
- ¹³ *Human Ecology* by Thomas Robertson (1947), a sacred text for *Social Creditors*, is an excellent source for understanding the distinctions between the *Minor Usury*...interest in excess of that needed to cover costs and risk, and *Major Usury* embedded in a monetary system based on double entry book-keeping, spurious accounting rules and dependent upon issuing, cancelling and renewing debt in the form of bank deposit money for 97% of public and private transactions.
- ¹⁴ An example of effective sabotage was when two newcomers insisted, in the early planning stage, that the *Lets* is about barter and absolutely not about issuing its own money, thus mystifying & crippling this particular *Lets* from infancy.
- ¹⁵ Kenneth Boulding, *Evolutionary Economics*, 1981
- ¹⁶ Werner Onken, *A Market System without Capitalism*, 1998
- ¹⁷ Thomas H. Greco, *The End of Money & the Future of Civilization*, 2009
- ¹⁸ Ivan Illich, *Tools for Conviviality*, 1973
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- ²⁰ Werner Sombart, *Krieg und Kapitalismus* 1913
- ²¹ R. H. Tawney, *Religion & the Rise of Capitalism*, [1922] 1926; *La Religion et l'essor du capitalisme*, 1951
- ²² Frédéric Lordon, *Et si on fermait la Bourse... pour relancer l'économie*, 2010
- ²³ *Grameen*, for instance, asks for a social guarantee and not metal or property when issuing money to small businesses. The social group guarantees the repayment of money and ensures that it continues to recycle within the local community. See William Shepherd, *Usury-Free Banking*, 2009
- ²⁴ The *Bank of England Corporation* which still pays out interest to bondholders from 6 decades ago when shares were purchased by the *Attlee Labour Government*. [PE]
- ²⁵ Stephen Zarlenga, *Der Mythos vom Geld - die Geschichte der Macht*, 1999
- ²⁶ On June 4, 1963, President Kennedy declared the privately owned *Federal Reserve Bank* would soon be out of business when he signed a virtually unknown Presidential decree, *Executive Order 11110*, with authority to basically strip the *Federal Reserve Bank* of its power to loan money to the *United States Federal Government* at interest. This *Executive Order* has never been repealed, amended, or superceded by any subsequent *Executive Order*. This order returned to the federal government, specifically the *Treasury Department*, the Constitutional power to create and issue currency – money, without going through the privately owned *Federal Reserve Bank*. President Kennedy's *Executive Order 11110* gave the Treasury Department explicit authority: 'to issue silver certificates against any silver bullion, silver, or standard silver dollars in the Treasury.' This means that for every ounce of silver in US Treasury vault, the government could introduce new money into circulation based on silver bullion physically held there. As a result, more than \$4 billion in *United States Notes* were brought into circulation in \$2 and \$5 denominations. \$10 and \$20 *United States Notes* were never circulated but were being printed by the *Treasury Department* when Kennedy was assassinated. President Kennedy knew that *Federal Reserve Notes* being used as purported legal currency were contrary to the *Constitution of the United States of America*. [PE]
- ²⁷ Silvio Gesell, *L'Ordre économique naturel*, [1916] 1948
- ²⁸ Werner Zimmermann, *Sozialismus in Freiheit*, 1933
- ²⁹ Nicholas Georgescu-Roegen, *Entropie - Ecologie - Economie*, 1979
- ³⁰ Pope Leo XIII, *Rerum Novarum*, 1891
- ³¹ Thomas Robertson, *Human Ecology*, 1947
- ³² Margrit Kennedy, *Interest and Inflation-free Money: Creating an Exchange Medium that works for Everybody and protects the Earth*, [1987] 2006
- ³³ Susan George, *The Lugano Report*, 1999