

LETS Go

- Problem
 - Communities often lose value to the outside world
 - Communities can be negatively affected by large macroeconomic events
 - Communities are negatively affected by bad monetary and economic policy
 - Communities lose close social bonds
- Solution: LETS
 - Local Exchange Trading System
 - Keeps value within the community
 - Communities are insulated against macroeconomic events
 - Allows the community to set its own monetary and economic policy
 - Helps form bonds between community members
- What is a LETS?
 - It's a system that facilitates members exchanging goods or services amongst themselves
 - It prevents members from taking much more out of the community than what they provide to it
 - It usually involves a metric currency
- What is a metric currency?
 - It's a unit of account for measuring value provided in an exchange
 - It's not intended to store value, instead it records good deeds
 - Payment with metric currencies is not always pre-negotiated, instead is done as a reward after the fact
 - This encourages community members to do good deeds without extreme profit motive
 - The goal of keeping the currency is to allow others to do good deeds for you in the future
 - It could be used in parallel with or instead of a broader currency
- What is a trustless LETS?
 - It eliminates risk by setting credit limits
 - It could require collateralization with a broader currency
 - Members wouldn't have to be approved, but would receive an ID instantly by joining
- Why build it on Ergo?
 - Tokenized or register-tracked metric currencies (FAVOR)
 - Member badges using tokens that can't be transferred
 - Optional member governance for adding and removing members
 - View members' balances and previous transactions
 - Collateralization with ERG or other tokens
 - Each user could start with a fixed amount of metric currency
 - Make sure FAVORs are only sent within the same LETS members
 - Verification by comity of existing members, or trustless entry with collateral
- Our goal: build a framework for creating LETs on Ergo

Sources:

<https://www.community-exchange.org/home/issued-currencies-vs-metric-currencies-2/>

<https://docs.ergoplatform.com/uses/lets/>

https://docs.google.com/document/d/1qCoQ5Z5KQKQ0ZnQTGfMJNU8_8MUeM20jz0q6VF70HMg/edit