DYNDY.NET

April 30, 2011 | Engineering the Future of Money for Democratic Economy

How value and affect converge in the information economy

April 16, 2011 12:16

"Wealth Management Group" uses the Values Tool to identify the values profile of client portfolio holdings in order to measure alignments with the value profile of clients. [..] What is of great benefit here is that relationship managers do not need to depend purely on their own judgement to identify their clients values, but are assisted by a powerful technology.

Sales Document from small internet startup addressing a large wealth management group.[i][1]

...hence exchange value must cease to be the measure of use value

Karl Marx, *Grundrisse*[ii][2]

The modern economy was organized around what David Stark has called a '*Parsonian Pact*', by means of which 'value' and 'values' were kept separate (Stark, 2009:7). This applied in theory, where **value concerns and questions about the origins, desirability or legitimacy of preferences and motivations were considered to be outside the object domain of economics**, and, conversely, the question of how economic value was formed was considered beyond the reach of the disciplines, like sociology and anthropology, that studied 'values'. More importantly, it also applied in practice.

> The main criterion for the objectification and measurement of value that was applied throughout the modern corporate economy was a notion of productive time that was considered to be devoid of any affective dimension.

While there were of course alternative 'voices' within the vast corpus of modern managerial thought – including, notably, the Hawthorne Studies and the tradition of Human Relations Management that arose out of them (Roethlisberger & Dickson, 1939, cf. Rose, 1975) – the basic principle of modern Cost Accounting, and of the whole Taylorist managerial system of which it was part, was the organization of productive relations so as to render them measurable in terms of standardized productivity rates that paid no attention to the **messy mesh of emotions, opinions and social relations that made up the reality of concrete everyday work**. This was not just a question of measurement systems abstracting from and not taking into account the actual affective dynamics of work life, but also of *management philosophies actively trying to limit the space for, or even obliterate, unforeseen or undesirable forms of affect from the workplace*. As Alan Liu argues, this creation of 'abstract labor time' (to use Marx's expression) as the principal criterion of value measurement involved '*a complete system of emotional labor management that disallowed workers any "productive" emotion at all*' (Liu, 2004:94, cf. Gramsci, 1971).

Today it seems that this 'Parsonian Pact' is in the process of being overcome. Phenomena such as *Ethical Consumerism, Corporate Social Responsibility, Fair Trade*, and *Socially Responsible Investment* are all on the rise (Vogel, 2005, Stehr et al. 2006). And they all testify to a willingness to allow a broader range of affective concerns to influence the prices of assets and consumer goods, enabling value decisions about the legitimacy and desirability of the goals that guide economic pursuits to enter the picture. Beneath these trends lies a deeper structural tendency in which so called intangible assets, and in particular, brands have become ever more important as components of the market value of companies. (In 1950 intangibles accounted for roughly 20 per cent of the market value of the S & P 500, today the figure is 70 per cent. Brands account for, on average 30 per cent of market value, although this varies considerably between sectors and companies (Lev, 2001; Mandel et al, 2006; Nakamura, 2001; Gerzema, 2008)) Like many other intangible assets, such as 'knowledge capital', 'reputation' or 'corporate identity'- the terminology is diverse and ill defined in this field – brands represent the pricing of a wide range of affects, like the experience that consumers, and, increasingly, other actors such as employees, attribute to a brand, their perception of its 'fairness' or social utility, or the loyalty that they feel towards it.

The contemporary tendency towards the fusion of 'values' and value might to some extent be driven by pressure on corporate actors on the part of new consumer desires and the growing strength of a new, networked public sphere, where consumers and other actors can find new ways to express concerns that are related to diverse orders of worth, such as environmental sustainability and social justice (Garriga & Melé, 2004). However, this article will claim that the main reason behind this development is that **the corporate economy itself has opened up to the inclusion of such diverse orders of worth by means of the calculative devices that it deploys to determine value**.

This opening up has occurred through the rise of '**intangibles**' as a new paradigm for calculating the value of assets and consumer goods. In turn, the rise of intangibles has been driven by two developments. First, a transformation of productive relations that has decreased the representativeness of 'the productivity of time' as a criterion for the measurement of value. Second, a development towards the objectification and measurability of affect, which has enabled affect to enter into the calculative devices by means of which economic values are set. Drawing on Gabriel Tarde, among others, I will suggest that **this 'becoming objective' of affect has a long history that goes back to the origins of the modern, mass-mediated public sphere**. But this trend has accelerated in recent years through the proliferation of social media together with a host of new technologies including, principally, data mining techniques such as network and sentiment analysis, that are able to represent individual affective investments as manifestations of an abstract general equivalent, what I call General Sentiment.

> I will suggest that these techniques, and the General

> Sentiment that they are able to represent, contains a new possibility for the stabilization of affective value, something that has so far been lacking in measurements of intangible value.

The conclusion of this article will draw out some tentative conclusions about the possible consequences of these developments for practical politics.

Before telling that story, however, it is necessary to give a brief description of the transformation of productive relations that have made values valuable and, consequently, such measurements desirable in the first place.

i[3]'Wealth Management Group' is a pseudonym. I have obtained permission to quote the document on condition that the identity of the actual companies involved is not revealed.

ii[4]Trans. Martin Nicolaus, Marx, 1973(1939):705.

Links
[1] #sdendnote1sym
[2] #sdendnote2sym
[3] #sdendnote1anc
[4] #sdendnote2anc

Bitcoin presented to the Old-world

April 6, 2011 16:52

Just back from the 10th edition of the EPCA conference[1] held in Amsterdam, where I was a shoulder for my friend Genjix: bitcoin developers were invited to talk about Bitcoin[2] to a specialized audience of mostly >50 years old banker types in suits, with very few exceptions.

Genjix presenting bitcoin in EPCA2011

The incipit of the conference booklet recites: "*Over 200 transaction services professionals from all over the world will attend, discuss and experience this leading platform. For the last 10 years we have been on top of trends and developments in payments. We focus in particular on strategic innovation and break-through developments in on-line transactions*". And in fact it looked pretty well populated for that kind of context: besides the white-male-with-suits first scary impression, especially for those who value variety, from the written documentation available (I haven't attended talks) one can tell these people run quite some businesses – at least they did until now - and quite successfully.

The brochures of the conference talk about transaction systems, RFID/NFC payment devices and all flavors of bank related products along the names of "Mobile Money", "Secure SD", "ePassport" and "Automated Fare Collection".

Our guy Genjix is a colorful and open minded type, witty and messy, a good mix that entertained the people present despite it being the last presentation of the day; he did a good (unpaid) job presenting some quite impressive information on the growth and usage of Bitcoin, making people present progressively interested (or pissed, but then hard to notice behind the suits) at this crypto-cash system that seems to be there to stay or, one could argue, to multiply in different flavors in the near future.

> "Being shown an anonymous digital currency with its own laundering service. Used for selling drugs. Bit-coin, you have cheered me up." Michael Price

The presentation didn't hide even the most controversial aspects of bitcoin, pointing out to some very extreme usage: something that seemed to relieve the audience, considering that banker types are pretty beaten up by corporate ethics evangelists nowadays. In such cases Bitcoin tends to show that anonymity is used in the "worst" way, which is still half of the story. We are still far from developing a positive narrative on anonymity and continuing on this track will likely move policy makers into massive identification campaigns, as it has been now since the 9/11 sad facts.

Still on the good side for bitcoin is its **working** implementation of a distributed system relying on an "open source algorithmic contract": something definitely inspiring that knocks off the hegemony of old-world currencies – and one can hardly imagine how they'll ever recover from this manifest process ultimately due to the unstoppable, immanent influence of the digital dimension.

Bitcoin is a messenger and the message it carries doesn't originates even from a person, or a group of people, not even an organization or a company: it's a Geist (or Zeitgeist, should we say) that impersonates the ultimate dissolution of centralized governance: everything that was solid melts into thin air, should we mourn once again, while all those who were on the deregulation train in 1984 have now to face their kids reminding them how their World is made of lies – and dreams, apparently, still alive.

Following a materialist point of view (and crypto-agnostic, we'll argue) bitcoin can surely be interpreted as a Rube-Goldberg machine for buying electricity[3] – and this was even our very first reaction at DYNDY when we got to know it the first time. Surely these are times when materialism is needed, as opposed to more abstract financial blabbering, but then consider what the processing power in bitcoin it really is for: it serves to strengthen the network authentication! all that electricity is energy invested by participants to enforce the integrity of the network. Now consider how old monetary systems keep their integrity: a huge government building with armed guards along the perimeter, to not even mention the huge investment of resources and

infrastructure to distribute this money (street level access) and authenticate it at transaction time. Remember prof. Greco? we've been talking about this…

> Bitcoin is a "disruptive technology", but disruptive for whom? as a human creation, it inherits human problems that are also present in older systems; still P2P currencies as bitcoin let us save energy rather than consume more, also substituting the violence of armed guards with agile and cryptographic communications.

Ultimately, the positive message that bitcoin also carries is that of more possibilities in engineering currencies, that of a future in which complementary currencies can make economic systems more resilient to the the disruption of capitalist behaviors, while closely relating people to their community values and maybe even revolutionize the way we contribute to the common good – paying taxes for what we really care, rather than not paying them, let me add.

Quoting Wei Dai in one of bitcoin's founding texts[4]: "*It's a community where the threat of violence is impotent because violence is impossible, and violence is impossible because its participants cannot be linked to their true names or physical locations. Until now it's not clear, even theoretically, how such a community could operate. A community is defined by the cooperation of its participants, and efficient cooperation requires a medium of exchange (money) and a way to enforce contracts.*"

Now I'm wondering how people present at the EPCA 2011 conference feel, threatened or pleased by this epiphany? in either case it might be interesting to watch reactions. The transaction products I read of are stacking on technological complexity and seamless design that is ultimately undermining the very possibility for people to trust them. On top of that now there are on-line grass-root communities actively building new systems in a decentralized fashion. Will the monopoly of violence enter this game to defend the old-system, despite the squeaking sounds of its carcass, the diffused lack of trust for old hierarchies and the lack for collective agency within its cheated rules? We will see where this ends up: after all today it felt like one of those historical days marked by such a talk made by a little provocative guy wearing a t-shirt and nail polish speaking in front of a old and well dressed audience – but then no-one was really scared.

IRC excerpt from #bitcoin-dev during the conference

```
sirius-m: i'd expect some more fashion happening
jaro: they just don't know how :)
thanks for being there, it's a new important
audience for bitcoin
people who otherwise might not hear about the
project
true but knowing the types i think they are
thinking how to fork it in their own advantage
prolly wasted effort
at least they start talking about it:)
good luck finding ways to exploit the system
hopefully they cant fork the network
only could start a seperate one :(
nah, it's good that you're spreading the word :)
if there *will* be some threat coming from
corporate sector, then we'll finally find out how
resilient the whole architecture is :)
```

> Like this article? Support us writing more:
> Wit up DYNDY on Witcoin[5]!
>
> Here is the video of the talk by Genjix on Vimeo[6]

Links
[1] http://www.epcaconference.com
[2] http://bitcoin.org
[3] http://trustcurrency.blogspot.com/2011/03/bitcoin-rube-goldberg-machine-for.html
[4] http://weidai.com/bmoney.txt
[5] http://bitcoin.witcoin.com/p/1212/DYNDY—writing-more-philosophical-and-economical-considerations-about-bitcoin
[6] http://vimeo.com/22072121

Action in London, Revolutionary Credit Cards

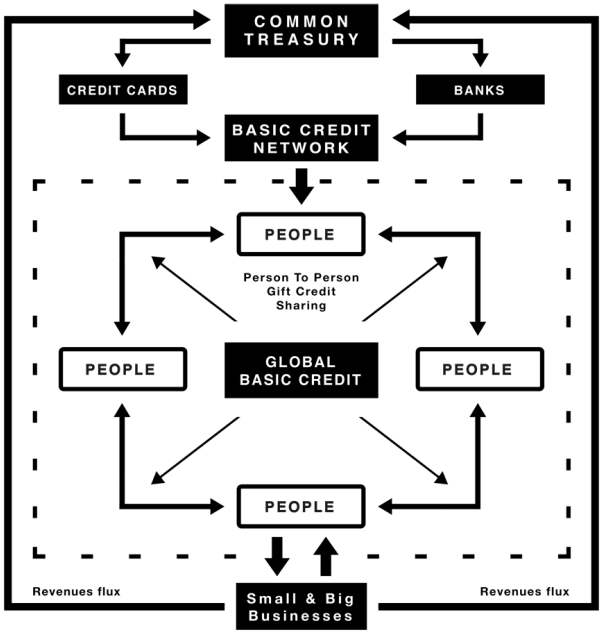
March 27, 2011 07:46

On the 25th of March 2011 hundreds of the revolutionary credit cards were distributed at strategics places around London. Today, the action will join the protests in the city against the public sector cuts caused by the so called economic recession.

The Gift Finance is a real alternative, a new model that allows anyone to create money, giving back monetary power to the people. The same people who are victims of the incompetent banking sector. Financial institutions are legally allowed to create money out of nothing, we want to have the same right!

Start today with a new P2P Gift Credit Card[1]

In the next few days interviews about the cards will be published in Digicult Magazine, April issue. See an exhibition of P2P Gift Credit Cards at my upcoming solo show REALITYFLOWHACKED in Ljubljana in mid April and Utopian Currencies in Paris in mid June.



Links
[1] http://www.p2pgiftcredit.com

Process Ecology: the lesson from Nature for assessing the Monetary System

March 23, 2011 21:56

Orthodox monetary economics impels a conception of modern bank money, which cogently shape – and adversely influence – **the performance of the conventional monetary system**. However, there is room for arguing in favor of solutions.

> "We now have scientific evidence that a structural fault is indeed involved in generating financial crashes".
>
> - Bernard Lietaer

In particular, modern bank money triggers system's failures, i.e. banking and monetary crashes with increasing exponential frequency directly correlated to enhanced systemic efficiency. At a glance, the solution may be identified with an **organizational monetary shift, which will convey modern society from the old social landscape typical of a mature Industrial Age to the new one peculiar of an Information Age**.

Now, the **problem** of orthodox monetary economics is to be identified with **structural shortcomings that modern bank money carries out at a systemic level**. Therefore, it is necessary to develop a systemic assessment on the issue of modern bank money with a look from outside toward the organization of the monetary system as a whole.

> In other words, the problem is that the system is not sustainable at the structural level by virtue of a conception of money, which presents architectural flaws stemming from the peculiar empirical way in which it conceptually arose and practically endured throughout history.

The by-product of the semiotic process that discursively gave shape to conventional money as interest-bearing debt is a monetary system characterized by poor performance and structural instability. **If the root problem is a discursive one,**

the solution may be offered by new textual practices emerging from semiotics. They will be as arbitrary as the past ones, but they will also perform potentially better in that they will derive from a more conscious cognizance of cause. In particular, **a structural solution is what it is necessary for addressing systemic problems that modern bank money inherently brings about**.

Hence, rather than focusing on philosophy, semiotics or still linguistics, **the study of complex flow systems applied to monetary systems** is the exercise to perform in view of presenting monetary solutions at the economic level.

> In a nutshell, philosophy helped to arrive at a satisfying definition of the nature of money as well as theoretical ecology can offer improving insights relating to the structural level at which money operates.

Findings at the systemic level will in turn enable to theorize and show a conception of money better tailored for the civilization of the twenty-first century.

Process ecology enables a paradigm shift from newtonian epistemology centered on the idea of an "eternally changeless universe", which find expression in orthodox monetary economics through the never ending research of short-term systemic stability to that one of ecology with **long– term sustainability as the main goal**: the meta-narrative shift is discursively about the analogy to deploy for the design of the monetary system.

According to Lietaer, "in ecosystems, as in economies, size is generally measured as the total volume of system throughput/activity. **Gross Domestic Product (GDP) measures size this way in economies and Total System Throughput (TST) does so in ecosystems**. Many economists urge endless growth in size (GDP) because they assume that growth in size is a sufficient measure of health".

> "GDP and TST, however, are both poor measures of sustainable viability because they ignore network structure. They cannot, for example, distinguish between a resilient economy and a bubble that is doomed to burst [!]."

Indeed, money is the fundamental element for catalyzing productive processes, allocating resources and more in general enabling an organic working of the system as a single entity. Unfortunately, the implementation of modern bank money brings about unintended side effects at a structural level.

Thus, if one applies the framework of process ecology for the interpretation of monetary, banking and financial systems, it is possible to predict that an exclusive focus on systemic efficiency will irremediably lead to the creation of the kind of boom-and-bust economy that the monopolistic implementation of modern bank money brings about. Indeed, low diversity of moneys is the catalyst for high efficiency at the expense of an optimal level of resilience. **A move toward reaching optimal levels of sustainability through the enhancement of systemic resilience by the implementation of agreements emerging from discursive practices other than the conventional one**.

Links

Ecology of Money

March 17, 2011 21:55

> People who say it cannot be done should not interrupt those who are doing it.
>
> - Jack Canfield and Mark Victor Hansen

An 'ecology of money' seeks the careful management of the conventional monetary system in a sustainable way both by mimicking natural ecosystems' structure and by adding new currencies through tailor-made discursive and textual practices: **new agreements formulated in natural language and new ways to deal with transactions' management by means of computer language for software coding, respectively**. As I stated more extensively here[1], money is an agreement and agreements are formulated through discourse. Therefore the study of language and discourse is central if one is to proficiently assess the nature of money and decide whether or not it is necessary to intervene for fixing the structure of the system into which money flows.

> But what is the rationale for driving the development of new agreements in the form of complementary currencies?

Indeed, The specific meaning of the expression 'ecology of money' emerges from the analysis of the two etymological components of the word 'ecology'. First, **an ecology of money aims at introducing the notions of resilience and sustainability in the toolkit of orthodox monetary economists by endorsing the 'eco-' of the worldview of environmental ecology** centered on sustainability **as it nonetheless was the original meaning of such prefix in 'economics'**: **'eco-'** derives from the Ancient Greek οἶκος (οἰκος) which means **'careful management of available resources'**. Secondly, ecology is composed by a second component, namely **'-logy'**. The etymology of this second part of the word is logos (λόγος), **which means 'discourse'**.

> Today, the shift is from a monetary system with a single type of currency to multi-currency systems that graft onto –

as complements to – the former.

In particular, at the eco-systemic level Lietaer stresses that "we need to support the introduction and expansion of three different kinds of currencies alongside our national currencies: (1) an inflation-proof global complementary currency designed to stabilize the world economy; (2) business-to-business currencies designed to counteract the effects of conventional money shortages during periods of economic crises and contraction; and (3) community currencies that address a variety of social problems and strengthen the fabric of society" (www.lietaer.com).

In turn, I claim that **an ecosystem of currencies is to be further developed, if one is willing to find structural solutions toward a more resilient and sustainable monetary system**. Indeed, an ecosystem of currencies may obtain through the development of an ecology of money:

> "A vibrant diversity of [currencies] is more likely to protect us than a reliance on a single monetary monoculture that may fail" (North, 2010).

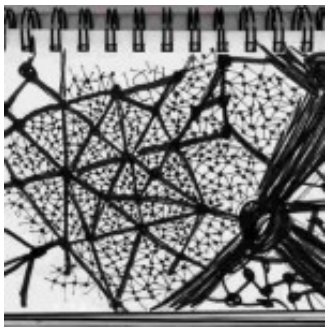
In conclusion, the main reasonable consequence for wise monetary economists is to adopt a hermeneutic perspective in order to decide which is the agreement to develop in view of taking care of the monetary system as a whole. Thereby, monetary economists ought to interpret messages relating to the state of the monetary system and – when it is the case – formulate new agreements, viz. **new seminal senses describing money through discourse, language and semiotics**.

Links
[1] http://www.dyndy.net/2011/01/what-is-that-which-you-count-money-as-a-relation-of-economic-agreement/

Post-Modern Monetary Economics

January 30, 2011 15:49

> A rhizome does not begin or end, it is always in the middle, among the things, inter-esse, intermezzo. The tree is an affiliation, a rhizome is an alliance, just alliance. The tree imposes the verb «being», but the rhizome has as a texture the conjunction «and… and… and…».
>
> Gilles Deleuze and Felix Guattari – Mille Plateaux



Mille Plateaux – Capitalism and Schizophrenie is a masterpiece of **Post-Modern thought**. It is indeed a guide for **re-thinking** with a critical continental approach at **the selection of the principles leading monetary systems design**. The claim for the urgency to detach from the Modern cultural paradigm in the West at least for reasons of mental health (and hence species survival) of the subjects operating in the Modern paradigm, which acknowledgedly leads to Nietzschean nihilism or Marcuse's one-dimentionality of existence is the major contribution of *Mille Plateax* for conceiving a theoretical reaction to the present economic, viz. monetary crisis. Deleuze and Guattari teach **how to manage the** primarily syntactic and epistemic **metaphors of the tree and of the rhizome** in order to make them two coefficients **for evaluating the same monetary economic reality**.

On the one hand, the **arborescent structure** is one that resembles a tree in properties, growth or appearance. The structure grows from below (although in the characterization of the monetary tree it s easy to acknowledge the necessity to turn it up side down), through one or more shafts onto which ramifications graft themselves by following a **hierarchic** and dualistic **process that dictates points and modalities of the connections between the components**. On the other, it is the **a-centered structure of** t**he rhizome**, in which **any point can be connected to any other point of the structure without the need to bypass some sort of privileged knots** (as it is in the case of hierarchic structures).

> Both monetary tree and monetary rhizome are to be thought of as semiotic expressions of two slightly different possible representations of human monetary economic organization.

The monetary tree is the Modern paradigm we are used to consider asnatural when we think about our monetary system. We do not look at it as the result of the appeal to a peculiar coefficient of evaluation of our monetary reality. What's more, there is also **an erroneous natural inclination to consider a central authority** – **the *root*, i.e. the** Bank for International Settlements**[1]**- **as an unavoidable institution** for managing the monetary system.

> The monetary tree is a cultural metaphor fostering a monetary system, which does not include by design those principles that would enable the economic agents living into the system to contrast the problematic issues of current times.

In short, the Modern paradigm of the monetary tree is based on very precise and particular principles, which are among the others:

1) Scarcity of the currency in order to induce competition.
2) Centralized management;
3) Hierarchic, oligarchic and elitarian administrative bureaucracy;
4) Top-down and strictly discretional policy strategies carrying out redistribution inefficiencies and injustice.
5) Indefinite debt at interest to run the system itself.

> By contrast, the monetary rhizome represents all the (literally!) Post-Modern alternatives for overtaking the Modern paradigm of the monetary tree and to develop the ontology of money and its manifestations.

It is a rhizome because it enables to connect parameters

belonging to different domains of existence (ethic, economic, psychologic, etc.) **to design the most suitable currency needed in the social economic context** one will to fulfill them. For instance, this is possible by running local monetary systems in parallel with the monopolistic national one through the implementation of **complementary currencies** and the involvement of local authorities in order to make heterogeneity a force together with – and fostered by - **new constellations of connections among different dimension shaping the economy of the Information Age**.

Complementary currencies are thought of as **financial resources for increasing social capital while maintaining in the best conditions the natural capital**. They therefore **foster co-operation**, because they resemble some of the features a gift economy presents: **horizontal and a-centred connection between peer-participants**. Moreover, they do **not involve positive interest charges** and, if correctly designed, complementary currencies **do not affect inflation** rates imputable to national ones.

> Thus, the graft of monetary rhizomatic elements onto the structure of the monetary tree is a reasonable and desirable process for both the urgent monetary paradigm-shift and its liberating consequences in favor of the singularities shaping the Multitude that animates it.

Links
[1] http://www.bis.org/

The Relation between Money and Language

January 20, 2011 10:53

It is necessary for every monetary reformer to be aware of this parallelism: language is peculiar of a **community** which shares, or better, **agrees upon the same linguistic habits *as well as***, according to Lietaer (2001), **money as an agreement is**,

> "valid only within a given community. Some currencies are operational only among a small group of friends (e. g. tokens used in card games), for certain time periods (e. g. the cigarette medium of exchange among frontline soldiers during World War II), or among the citizens of one particular nation (e. g. most 'normal' national currencies today). Such community can be the entire global community (as in the case of the US dollar by treaty, as long as it is accepted as reserve currency), or a geographically disparate group (such as Internet participants)".

The definition of the ontological origin of money – i.e. **the answer to the question: what is the conceptual process which made emerge money into human affairs?** – is offered by a genealogy of the concept. **On a genealogical level,** the ontology of **money is the result of a semiotic process in exactly the same way as the very interpretation of this post by You**, the reader, is a semiotic process.

Indeed, in philosophical terms semiotics is a method from which it is possible to retrospectively infer the relational nature of "money" at the ontological level. According to Charles Sanders Peirce (Peirce, 1867 – 1893), logic is the most reliable method to employ for building a theory of knowledge and a very informal definition of logic is the study of particular relations amongst symbols represented by signs. In this view, **semiotics is the general and continuous interpretative study of signs**, which grounds the formulation of every conceivable theory of knowledge and, hence, of every scientific theory, i.e. monetary economics. In this framework, a sign, an object and an interpreter are strictly tight in a dynamic and triadic relation.

The scientific roots of such semiotic process in terms of the emergence of money as debt, *viz*. **the process of interpretation of economic signs in monetary terms dates back to the period 2500 BC – 2000 BC in Mesopotamia**, the age in which script and monetary instances as written registrations had emerged for the first time documented by historiography. The consolidation of the city-state gave consistency to Temple Economy or Economy of the Palace **together with the first episodes of debt crises**. The clay board functions as 'memorial support': the exchange – or in other words – the transaction, leaves a mark that lasts in time as a reminder.
What are the consequences of this translation from orality to script in relation to the development of money as we conceive it still today? The original transaction was a living operation carried out in the concrete time of action by means of utterances. However, ministers ministries needed an efficient registration technology other than mere speech for managing increasingly complex accountability. There were at least two main problems: first, the necessity to register transactions and to fix the memory of the registration through time. Secondly, the necessity to translate goods and stocks under a common denominator, *viz*. the need to reduce their heterogeneity into a comparable homogeneity. In other words, there was not only the necessity to translate goods into quantity of value, but also to find the best technical solution in order to define a dependent variable, namely the quantity of debt. As a result, money as debt arose de facto through the thoughtful semiotic process enabling written registrations in order to solve such practical problems while initiating – as each technology does through its interaction with the user – a still emerging history.

The economy based on script is much more flexible and ductile in registering every detail and leaves fewer interpretative doubts when employed to establish quantities of debt and times of restitution. This is indeed **script's *raison d'être***. Moreover, if no debt were exactly and rigidly registered, how would it be possible to sustain the new complex economy?

How could the new debt economy protect itself against laziness, negligence, frauds, which are all factor suitable for triggering decadence and misery at least in the long run? The technology of script supplies the means for the rising of monetary economy: the "phonetization" of cuneiform script enables to register new details in the loan contract by establishing additional conditions to those ruling traditional generic debt.

Now, the use of written contracts took the place of loans and similar agreements usually made by "taking word" for them, because the new form of transaction is more rewarding for the richest of the two contracting parties, esp. because the former imposes it to the latter. Strictly speaking, **the quantity of information storable in the contract took the place of the quality that the interpersonal relations used to occupy at the core of economic activity**. In this way, personal knowledge of the contracting parties and mutual self-esteem and trust became less and less important elements necessary for a desirable outcome of the transactions as it is common still today.

> Thus, the semiotic process that gave rise to the institutionalized habit of money as debt for the first documented time lasted substantially stable until today.

In conclusion, Marieke De Goede proposed a genealogy of finance, in which the latter is thought of as a "discursive domain made possible performative practices" (De Goede, 2005). Such discursive domain mirrors in the financial world the philosophical tenets that I described by endorsing semiotics and historiography. In my opinion, the same performative discursive practices developed by means of semiotics in written form brought about the inception and materialization of money as debt.

Links

Freigeld: the relational ontology of money in practice

January 19, 2011 21:20

> Freigeld: FreeMoney for reacting to the Great Depression

According to Prof. Thomas Greco, during the years imediately after the Great Crash in 1929, "besides learning how to 'make do, or do without', people began to establish mutual support structures, like workers' cooperatives, many of which would recycle and repair donated or broken items. People learned to share what they had, and to by-pass the market and financial systems" (Greco, 1994). **One of the problems afflicting Europe in those years was the hoard of conventional currency and none of the stimulus packages was as effective as forecasted by central authorities managing monetary policy**.

The solution came from outsiders of the banking system such as German businessman **Silvio Gesell** (1862 – 1930): the **issuance of a provisional certificate of money subscribed to a company entitling the holder to a formal certificate, namely 'scrip'** (Gesell, 1934). The most common denominations were certificates of indebtedness, tax anticipation notes, payroll warrants, trade scrip, clearing house certificates, credit vouchers, moratorium certificates, and merchandise bonds.

In his book *The Natural Economic Order*[1], Gesell elicited his views on the nature of money and its functioning in the economy. Gesell further delineated a detailed account of how to reform money through the issuance of "**stamp scrip**".

In fact, **the nuisance of money hoarding at a systemic level was opposed by a strong and widespread desire of free circulation of money among economic agents**. Such idea had been developed in German speaking countries and Scandinavia. It was indeed based on the concept of *Freigeld*. According to Swiss Prof. Tobias Studer (1998), **Freemoney theory can be reduced essentially to three axioms**:

> 1) To stabilize sales of goods of all kinds, money in circulation must be precisely adjusted to the supply of goods.
> 2) In order for money to function solely as means of payment for the free flow of commerce, it must have the character of an interest-free clearing certificate.
> 3) The adoption of a demurrage-charged currency to complement positive interest characterizing conventional money.

On the other side of the ocean, Greco shows that these three principles were represented in **the main features of Gesell's "stamp scrip"**: "it was designed to have 52 spaces on the reverse side, one for each week of the year, and the scrip was to have the value of its stated denomination only for one week. In order for the scrip to maintain its face value, a stamp, costing two percent of the face value of the note, had to be affixed on the back, in the space allocated to that week" (Greco, 1994).

Since the Reichsmark was overly hoarded as a side effect of a three-year period of deflation, the stamp was purposely a device introduced in order to discourage scrip hoarding and, thereby, to increase its velocity of circulation within the community adopting it as a means of payment. The result was that people tried "to spend it prior to the day the stamp had to be affixed and thus avoid the cost of the stamp" (Greco, 1994). **In 1932, Gesell's friend Hans Timm decided to set up an association for deploying the stamp scrip idea**.

> Scrips were named Wära, "a name derived by combining two words – 'Ware', the German word for goods, and 'Wahrung', the German word for currency" (Greco, 1994).

Links
[1]

http://duurzaamheidsdiensten.nl/downloads/gesell-natural_economic_order%5B1920%5D.pdf

What is that which you count? Money as a Relation of economic agreement

January 18, 2011 11:01

In comparison with orthodox monetary economics, there are **pragmatist, semiotic, linguistic and social considerations** that **offer a broader and richer inter-disciplinary scope of analysis** for a sound unfolding of money's ontology, which in turn **brings about a new working definition of money**: from an object in the ninetieth century to a tool in the twentieth one, money is now ontologically thought of as a **relational** ens, **namely the inter- subjective agreement in the adoption of a peculiar means of payment for processing economic activity in a definite social system**.

> How did we get to money as an inter-subjective agreement fostered by inter-personal relations?

At the ontological level, **money as debt** in general and modern bank money in particular are better **thought of as signs of a performative practice of discourse**, from which the concept germinated. Thus, the constitutive element of **money is first of all "a particularly interpretative and textual practice. Money, credit, and capital are, quite literally, systems of writing**." (De Goede, 2005) For instance,

> cuneiform script on clay-boards in Ancient Babylon, alphabetical script on paper ledgers or still languages and syntaxes for software coding on a hard drive are all instances of the same phenomenon: the unfolding of money throughout human historical evolution by means of media of communication.

In this view at crossroads among philosophy of language and monetary economics, **money** is seen **as a social relation, namley the social relation of *credit***. Indeed, Costas Lapvitsas claims that modern bank money "is the glue that holds commodity owners together, the social medium through which they express their volition to each other and to the market as a whole"(Lapvitsas, 2003). Hence, **money was institutionalized as the result of discursive social interactions among different agents belonging to the same community in the broader sense of the term**. Still today, such economic agents perform – in concrete practices – the semiotic process of accounting that unfolded since antiquity through the mastering of the technology of script.

Thereby, the ontology of money does not reside **neither** in the features of the **objects that symbolize it** (shells, silver bars, metal coins, paper banknotes, plastic credit cards, etc.) **nor** into those **monetary functions** it can be implemented for (unit of account, means of exchange, standard of deferred payment, store of value, standard of value, etc.). Instead, the emergence of money is the result of an abstract formulation of value measurement, which is immaterial, conventional and inter-subjectively shared as semiotic processing and natural language are with regards to discourse *per se*. At the deepest level of analysis, money is thus not materially consistent. Indeed,

> currency architect Bernard Lietaer[1] accordingly argues for a definition of money taking into account such reality: "money is an agreement, within a community to use something as a means of payment." (Lietaer, 2001)

Only by considering money in such a new way, there is a reasonable hope to operate **an organizational monetary shift, which will convey modern society from the old social landscape typical of a mature Industrial Age to the new one peculiar of an Information Age**.

Links
[1] http://www.lietaer.com

Knowing what you count: Money as a Tool

January 17, 2011 17:31

ONTOLOGY OF MONEY: KNOWING WHAT YOU COUNT

> - Functionalized Nature of Money: philosophical assumptions of orthodox monetary economics

In the first book of the *Treatise*, **Keynes** offers a systematic account of the origin and nature of money. The primary importance of Keynes' contribution lies in this: **he presented a hierarchical account of the functions of money, with the unit of account as the top and most prominent one**. Keynes makes it thus clear that "the age of money had succeeded the age of barter as soon as men had adopted a money of account" (Keynes, 1930). What's more, Costas Lapvitsas asserts that "[money of account] is entirely abstract, an ideal construct of the mind, such as the legendary macoute. It establishes abstract accounting prices in the same way that other abstract magnitudes, such as meters and kilograms, establish abstract lengths and weights" (Lapvitsas, 2003). Therefore,

> the primary function of a concept of money is to meausre value.

True, money of account is the instrumental measure of value, which preceded coinage, the latter being the direct monetary evolution of commodity money emerged from barter economics. With an undoubtable theoretical step forward in the explanation of the origins of money in general, and modern bank money more in particular, Keynes scientifically acknowledged the origin of money in the emergence of a money of account for measuring value of goods and services in **Ancient Babylon**. Geoffrey Ingham stresses in fact that "in Ancient Babylon the *shekel* [was] originally fixed at 1 gur (1.2 hectoliters of barley) and later at a more manageable 8.3 grams of silver. However, such Ancient societies were essentially non– monetized command economies with very small trade sectors. The overwhelming majority of payments were rents and taxes to religious and secular authorities" (Ingham 2000). Moreover, there is evidence dating back to such historical period of what Rutherford (2007) refers to as 'record-keeping', i.e. clay boards onto which there was **recorded one's owed debt**.

The orthodox forms of Money

Money of account, namely **that in which debts and prices and general purchasing power are expressed**, is the fundamental concept in a pure theory of money. Indeed, Keynes stresses that "the age of money had succeeded the age of barter as soon as men had adopted a money of account": **it is 'countability' that transforms the 'commodity'**, i.e. the **medium of exchange into 'money'**. Finally, features such as **divisibility, ductiliy, homogeneity and durability are those responsible to give money the function to store value through time**. In general, Western philosophical tradition asserts that

> as long ago as Aristotle in book V of his *Nicomachean Ethics* , the threefold functions of money as a unit of account, medium of exchange and store of value were noticed.

Hence, **the functionalized nature of money is the result of an ontology which identifies the instrumental implementations of money, i.e. the primary function of modern bank money to clear debts by virtue of its own nature as interest-bearing debt**. Keynes systematically proceeded without questioning the most important issue for analysing the concept of money and get rid of the shortcomings that a superficial philosophical assessment of such a concept eventually impels. The reason is terminologically simple: **to describe the nature of money through a definition of money's functions** embedded in the narrow tenets of neo-classical economics **is not the same as defining what is the nature of money**. In other words, if one answers to the question – What *does* money? – then s/he is not answering to the question

> –What is money?[1]

Links
[1] http://www.dyndy.net/?p=395