Money: Myths, Truths and Alternatives
By Mary Mellor
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Digital Cash: The Unknown History of the Anarchists, Utopians, and Technologists who Built Cryptocurrency
By Finn Brunton
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DESPITE THE BEST PREVENTATIVE EFFORTS OF THE FINANCIAL SECTOR, AND THEIR many allies in the economics profession, politics and the media, the global financial crisis of 2007-8 has triggered significant and far-reaching discussion about the nature of money and brought forth numerous attempts to change the existing structures of monetary power. These developments were well overdue. As James Buchan put it a decade before the crisis: 'one of the curious aspects of modernity is that, in an epoch where money has infiltrated every human relationship in almost every country in the world, we know absolutely nothing about it' (Buchan, '"Fie On't"'). This is only a slight exaggeration. Crises in the monetary order have given rise to vigorous if intermittent public debate for more than three centuries in Europe and much longer in China. And while many such debates have been confused and repetitious, some of them have yielded worthwhile and occasionally profound insights.

The overall tendency of these episodes, however, has been to cement an almost impenetrable intellectual wall of orthodoxy around an 'unalterable' status quo, even as the status quo has changed beyond recognition. Previous crises and debates themselves are presented merely as necessary phases in the inexorable unfolding of the current perfection of the institutions and principles of 'sound' monetary policy (For an example, see Wood). The 'losers' in those arguments—advocates of devaluation in the recoinage debate of the 1690s; nineteenth century opponents of the gold standard; advocates of various kinds of social credit in the early twentieth—are to be viewed as reactionaries, charlatans or cranks. Nowhere does the Whig interpretation of history—demolished almost ninety years ago by Herbert Butterfield—survive more robustly in practice than in standard accounts of the history of money.

It has thus proved almost impossible to sustain a vibrant tradition of monetary critique: arguments have sputtered out with the passing of crises and heterodox insights have sunk into obscurity. This is not to say that nobody has thought about money in fundamental ways in the intervening decades. Indeed, it is now possible to discern a definite upsurge in heterodox academic studies (perhaps prompted by the Euro project) from a number of different perspectives and disciplines beginning in the mid-1990s and gaining momentum even before the subprime mortgage crisis began.[1] The crisis gave that work enormous impetus; the challenge now is to sustain it and to develop durable, coherent and effective movements for change.

Mary Mellor's intellectual trajectory illustrates some of these points. A sociologist with a focus on environmental, feminist and socialist political economy, Mellor started to think critically about money in the 1980s, when contemporary intellectual resources to support such an endeavour were scant. She first published on money in 2002 and was writing a major work when the crisis hit. The crisis delayed the book a year, but ensured that money would remain her central preoccupation.[2] She is now closely associated with the 'Positive Money' movement, founded in 2010 'because no one was talking about how banks create money, and the role this played in the 2008 financial crisis'.[3] Mellor, like Positive Money, is determined that we not only understand this issue, but that we change it. *Money: Myths, Truths and Alternatives* is a contribution to that effort.

The book is implicitly organised around its subtitles, beginning with a discussion of conventional views of the nature and origins of money (myths), followed by Mellor's own analysis of its nature and origins (truths) and concluding with an account of various proposals for monetary reform, including some which Mellor supports (alternatives). It is written in a jargon-free, non-academic style, presumably in order to educate and persuade a general readership. This is a fine ambition, and broadly speaking it is difficult to disagree with any of Mellor's arguments about the monetary past and present. And the monetary future she advocates is not merely attractive but, it could be argued, absolutely necessary.

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[1] The most conspicuous examples, from sociology, geography, history and literary and cultural studies are: Ingham; Dodd; Helleiner; Helleiner and Gilbert; Leyshon and Thrift; McGowen; Valenze; Wennerlind; Zelizer; Buchan, *Frozen Desire*; Poovey.

[2] Positive Money, 'Understanding Money Session 1—What is Money'—Prof Mary Mellor, https://www.youtube.com/watch?v=5IZRWQn5jgk> (0:00-01:57). See also Feder.

[3] 'Our History', Positive Money website, <https://positivemoney.org/about/our-history/>.

Most of Mellor's points will be familiar to anybody who has studied money from outside the perspective of orthodox economics, where the fundamental questions about money are considered to be fully resolved and not especially important. The central myth she sets out to puncture is that money is in short supply, an idea which she thinks relies on the myth that money is 'backed' by some commodity such as gold, which in a very limited sense was true in the era of precious metal standards. This myth gives rise to what Mellor calls 'handbag economics', in which the position of the state is understood as analogous to that of a woman who has to make ends meet with the housekeeping money she has been allocated from the finite family earnings (23). This scenario leaves public goods to compete with each other politically for an insufficient pool of funds. In fact, as Mellor explains, contemporary money is made out of thin air: what needs to be decided is who will create it, and for what ends. At present, around 97 percent of the public currency is created by commercial banks in the form of loans (which create 'deposits' in the act of lending). This is done purely in the pursuit of profit, insulated from any democratic accountability or consideration of the public good. It was the indispensable pre-condition for the Global Financial Crisis.

Mellor would scrap this system and confine the prerogative of money creation to the sovereign state, restoring the balance of monetary power to something resembling that of late medieval Europe and early modern Europe, before the power of money creation was partially ceded to bodies like the Bank of England. She goes to great lengths to show that this is money's historical origin and proper place, with one chapter devoted to demolishing the 'fairy tale' of the origin of money in barter (possibly the oldest zombie in the history of ideas) and another devoted to outlining the decisive role of political authority for most of money's history.

Despite its merits, the book has flaws which make some of its arguments less convincing than they should be and renders it unlikely to succeed in its aims. To begin with, it is difficult to imagine the reader Mellor has in mind. The 'educated general reader' of academic imagination would surely be antagonised by the somewhat folksy tone, amusing digressions and laboured devices. Such readers are probably well aware, for example, that paper money is no longer 'backed' by gold, which Mellor explains in laborious detail. In short, the book seems to talk down to the reader, which is especially unnecessary as Mellor herself has set out her ideas elsewhere in ways that are reasonably accessible without being condescending (For example: Feder; Mellor, 'Neoliberalism'). If the book is intended for a more popular audience, then it is difficult to imagine them taking the book up in the first place, rather than watching one of the many valuable talks or animations available online—not least some by Mellor on the *Positive Money* site. If the purpose is to persuade sceptical adherents of monetary orthodoxy, then its too-frequent minor inaccuracies leave the book more vulnerable to the distraction of petty criticism than the strength of its overall arguments warrants.

The final chapters of the book are open to more serious criticism. First, like many currency reformers in this very broad tradition—from Thomas Attwood to some of the Owenites to Social Credit, Mellor disposes rather too glibly of the argument that untrammelled money creation by the state carries a significant risk of inflation. Unlike some, Mellor acknowledges the problem, but believes that it can be managed by expert analysis of the size of the money supply the economy can bear at any given time. Perhaps so, but the issue needs a much fuller and more persuasive treatment than Mellor has given it here.

Finally, the more caring, equitable and environmentally sustainable future Mellor portrays as a possible product of the reclaiming of monetary sovereignty by the state will be attractive to many, but will allow conservative critics to dismiss the whole project as Utopian fantasy without engaging with its monetary critique. In another vein, one might argue that—as Mellor implicitly acknowledges elsewhere (Feder, 50)—there is no reason to suppose that even a democratic state would use its restored monetary power to further human flourishing, rather than, say, buy votes, accumulate armaments, extend the technologies of surveillance and control, build internment camps for refugees or line the pockets of kleptocrats. Sovereign money would certainly break neoliberalism, as Mellor suggests, but neoliberalism is hardly a necessary condition for political corruption, war, domestic repression, xenophobia or rapacity, although it may be a sufficient condition for some of them.

Finn Brunton would understand why it is as important for Mellor to describe her imagined monetary future as it is for her to set out an account of the monetary past. Both are components of what he would call her 'cosmogram'—'an object that contains a model of the universe and a plan for how to organise life and society accordingly' (Brunton 10). In Brunton's view, the 'stories and fantasies of history and the future' that cosmograms provide are essential to every 'utopian and speculative monetary project' (3).

This concept provides much of the analytical drive of Brunton's account of the origins and significance of Bitcoin, whose inventors' and early proponents' cosmograms envisage irrevocable and total disruption of a present they appear to find intolerable. Disruption of the current monetary system will provide the 'escape route' into an as yet unimaginable future (Brunton 19). Brunton is not the first writer to draw attention to the centrality of a particular kind of ideology to the entire bitcoin project (See, for example, Golumbia), but his book presents the fullest account so far of the evolution of the social and intellectual milieu that laboured for decades to produce it. In doing so he portrays what amounts to a group of nihilistic idiot-savants who fantasise about taking over the world—a chilling reminder of the dangers inherent in the combination of powerful technological intelligence with risible social, political and economic ideas.

Brunton describes this milieu thoroughly and engagingly, although he sometimes tries too hard to entertain with set-pieces about its weirdness, and to contrive an air of suspense that is merely irritating. In particular, his discussion of the milieu's interest in cryogenics is heralded by too many 'teasers' and goes on for longer than its relevance to the topic strictly warrants. His explanations of the technical aspects of bitcoin and the evolution of its underlying technologies are less clear than they could be for similar reasons: a bland, concise and self-consciously instructive style would have served the reader better than Brunton's unnecessary and sometimes confusing efforts to manufacture excitement. These, however, are quibbles against what is otherwise a fascinating and informative read.

Most of the ideas Brunton describes are tediously familiar. They include an extreme version of the economic 'libertarianism' much favoured by young and youngish prosperous white American men of the type that largely created Silicon Valley (Brunton 3). This 'libertarianism' partakes of most of the usual paranoia of the far-right about the historical and contemporary state. Predictably, bitcoiners fantasise about futures in which the state will have disappeared, leaving them entirely free of constraint in the pursuit of hedonistic desire. The notion that there may be any constraints inherent in nature appears to be beyond their ken: a myopia that enables a crucial feature of bitcoin's design. Similarly, they appear not to consider that some state-like entity might be necessary to protect their property. This may be because, as Brunton shows convincingly, they translate American far-right historical fantasies and yearnings about the self-sufficient frontiersman to the metaphorical 'frontier' of the internet. It may also be because, as becomes clear in the book, they imagine a future in which all or almost all property—perhaps even the whole of existence—exists only digitally.

In its monetary articulation, this package of ideas comes in a wrapping supplied by Austrian school economists. Brunton finds this counter-intuitive, but it would be far more surprising if the people he describes were to adhere to any other economic or monetary thinkers. The bitcoiners draw simultaneously on the mutually contradictory monetary ideas of Hayek and von Mises: Hayek for advocacy of 'free money' in which anybody can nominate or produce anything as money, constrained only by market acceptance; von Mises for his 'hard money' dogma that money must be wholly based on a valuable commodity (typically gold). The bitcoiners resolve this paradox by producing something that they choose to regard as money, which is ontologically independent of the state, but that derives its value from scarcity in the same way that gold does. This is why, as Brunton and others have noted, bitcoiners and goldbugs find a strange affinity (Dodd, 'Social

Life' 42-3). Thus medieval and early modern beliefs about the source of monetary value are married to 21st-century technology.

The consequence is an ongoing act of gratuitous environmental vandalism. The 'mining' of Bitcoin (to use the tellingly inapposite metaphor of its inventors) and the distributed verification of its transactions requires massive computational power to solve increasingly difficult mathematical problems of probability and to prove that they have been solved. This is how both its scarcity and its security are maintained. To achieve this Bitcoin consumes—at the time of Brunton's writing—as much electricity as Sri Lanka (or Las Vegas) with a correspondingly large carbon footprint. It is hard to disagree with his conclusion that the devotion of such resources to the 'discovery of meaningless hashes' may well be 'the monumental folly of our age' (Brunton 168, 201).

In her all too brief discussion of bitcoin, Mellor also stresses its growing consumption of electricity, but misses the point that this is necessary to its design, speculating about whether there might be a way found to make it 'more sustainable'. Similarly, while she notes that the 'monetary community' Bitcoin produces is anonymous, she rather naively seems to think that this provides a 'social focus' that is in itself a positive (Mellor, *Money* 141-3). In contrast to her contribution to this forum, Mellor's discussion of bitcoin in *Money* thus neglects Bitcoin's roots in extreme forms of the neoliberalism that she wants to subvert through radical monetary reform. To use Brunton's terminology, she has failed to appreciate that the bitcoin 'cosmogram' is antithetical to her own in every possible way. If Mellor and Brunton are correct this might not matter, for they are both convinced that Bitcoin is not and probably can never be money, as its promoters hope, but merely another vehicle for speculation, and, as Brunton adds, for 'hoarding, display, begging, conspicuous waste and status competition' (201).

Between them, these books set out two alternative monetary futures: one intended to underpin a modernised, communitarian version of social democracy, the other to drive neoliberalism to its apotheosis. The former rests on an intellectually defensible (albeit contestable) conception of what money was and is, the other on an ignorant hash of medieval myth, 'libertarian' fantasy and technological hubris. It is therefore a matter for regret that while almost everybody has heard of bitcoin, relatively few people are aware of the kind of monetary critique mounted by writers like Mellor. Ironically though, the upshot may well be that the advent of cryptocurrencies—and especially their proponents' outlandish claims to have found a radically new monetary future— will stimulate more widespread interest in fundamental questions about money and start more debates about possible monetary futures than will Mellor's most recent attempt to reach a general audience. But if the monetary future is to be any better than the past, it is vital that her voice and those of other serious monetary radicals are heard clearly as those debates begin to unfold.

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