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***Forms of Money Power, systemic Crisis and Alternative Currencies.***  
(Oral Presentation - DRAFT)

**1. MAIN ISSUES**

In this presentation I will focus only on a few, more important aspects among the many I considered in my paper “Forms of Money power” (FMP) uploaded in the web site of the conference.

I will mainly consider “Intrinsic value-power” of currency and the lack of a “sense of economic measure”, because they tend to involve most of manifestations of current systemic crisis and in particular crisis of the monetary systems.

Such crisis become more serious when speculative activities intensify their attack as it could happen in case of an Euro crisis, and this can concern Alternative Currency Systems (ACS) for many reasons.

First because certain species of ACS can be useful to counteracts some of the systemic crisis manifestations, and second because also some ACS are affected by “intrinsic value” or “lack of economic measure” problems.

However we can not forget that there are many other characteristics of monetary power that ACS try to counteracts and that could be relevant in a systemic crisis.

In first part I briefly consider forms of value - power involved in official currency (Sl. 2), problems related to intrinsic value of currency (Sl. 3), and some relations with the lack of economic value measure (Sl. 4).

In second part I focus on “alternative currencies and the problem of savings of economic resources” (Sl. 5), and on “potentiality and limits of ACS regarding to long term credits and measure of economic value” (Sl. 6).

I conclude considering some advantages of time based credit systems (Sl. 7) and some hypothesis on parallel currency as sustainable alternative to the euro monopoly (Sl. 8).

## 2 FORMS OF MONETARY (MONEY AND CURRENCY) VALUE-POWER

There are many forms of monetary power and here we mainly consider the power of “command” or “purchasing” implicit in the value of money (as *abstract wealth*) and in a currency (that represents it).

Following analyses largely delineated by Karl Marx and taken up again in different forms by orthodox Marxists such as C. Bettelheim and by innovators such as Michel Aglietta and André Orleans, we can say that the **value - power implicit in currencies of capitalist systems is characterised by at least eight features** that we can sort in four groups:

I) it is considered: **a) “intrinsic”** to a currency as such, and **b) valid “per se”**, irrespective of values, constraints and purposes external to economic processes;

II) it seems almost universally: **c) convertible**, and **d) fungible**, especially because it is considered valid for almost all uses and purposes within economic systems;

III) it is: **e) impersonal**, and **f) anonymous**, since it can circulate and impose its right to dispose or command irrespective of the identity or intentions of the person holding it or exchanging it;

IV) its dynamics and processes display : **g) objective characters**, b) spreading out like **physical or mechanical orders**, i.e. they prove to be valid irrespective of the will of single persons or the collectivity.

Although all these characteristics are linked and have more or less serious implications, point I-a) or “intrinsic value” of currency could be considered the most important.

It makes all the other characteristics of monetary power possible, as well as the reproduction of basic official currency functions - unit of account, medium of exchange and store of value – in capitalist contexts (but not in general, as I pointed out in FMP).

Above all, intrinsic value is important especially because it is the most significant aspect of the economic crisis that involve monetary systems: of the official currency and of a significant part of Alternative Currencies too.

### 3 INTRINSIC VALUE OF CURRENCY AND CRISIS IN THE MONETARY SYSTEMS

First we have to note that intrinsic value is not necessarily “material”, it could be purely symbolic or ideal and conventional, as in current official currency (and in some ACS too): however trends and problems do not change so much, may be they get worse.

In practice, considering monetary value as intrinsic to currency leads to:

- undue growth of currency;
- loss or devaluation of their value;
- growing debts - economical and ecological.

Such aspects may seem similar to the implication of money power as “value per se” but matter is significantly different:

- money “in se” value leads people to consider the creation and possession of money as an “end in itself”, and this lead to indifference to the “environmental implications” and social or existential “costs” of the creation and accumulation of monetary wealth (rising mainly “environmentally” crisis);
- the fact that the currency circulating in capitalist economies manifests as having an “intrinsic value” generate conditions of economic crisis that are mostly internal to the monetary systems and mainly lead to a downsizing of monetary power or to a devaluation or loss of value of a currency.

However systemic crisis manifestation related to intrinsic power of a currency (and to value power as and “end in itself”) are also generally linked to a lack of a sense (and instruments) of measure of economic value.

And this is particularly tightly linked to the attribute of “intrinsic value” of currency when currency has (or appear as) an “exchange value”.

#### **4 LACK OF ECONOMIC MEASURE AND ACCOUNTABILITY OF EXCHANGE VALUES**

Having “intrinsic value” structurally prevents the monetary systems from fulfilling the functions of genuine measure – regular and sufficiently stable – of economic values, for many reasons.

In first place, because giving a “value” and particularly an *exchange value* to a means for measuring values necessarily involves subjecting it to continuous variations.

And this undermines the attribute of stability and regularity that should be a characteristic of a modern system of measurement (as highlighted in Marradi 86, Kula 87).

Moreover continuous variations of value of “measurement medium” must in turn be measured.

And this requires instruments and measurement criteria that cannot be found within the official monetary systems, owing to its continuous variability, nor in external dimension because “auto-referential” feature of monetary values excludes any reference to “external” (non monetary) values and costs.

Since currency displays an intrinsic (exchange) value it can only give rise to a system of *account*, a simple enumeration/count of the variability of exchange values.

Monetary values refer directly to “power of command” (or to dispose) on goods but this don’t rely on any concrete value, resource or work, as it mainly rely on always changing power or domination relations between agents.

But, basic problem does not lie solely in the fact that money manifests as having intrinsic value, nor that it is a commodity having an exchange value.

The main problem lies in the lack of identification of a system of measure that must be significant to express essential material and symbolic condition or basis of existence, identifying precise limits or boundaries for economic production and consumption.

Official monetary systems cannot offer such a measure of economic value because of the main features of its constitutive elements: “in se” value (power) of *money* and “intrinsic” value (power) of *currency*.

Briefly, we have to achieve different, alternative “monetary” (or measure, exchange and credit) systems.

## **5 ALTERNATIVE CURRENCIES AND THE PROBLEM OF SAVINGS OF ECONOMIC RESOURCES**

Most experiences of AC spring from criticism of money as “per se” value and as medium of wealth accumulation, and both aspects are overcome by dismissing the store of value function and by reducing the functions of AC to simple medium of exchange.

Such approach however does not solve problems related to intrinsic power of currency and the lack of measure (and limits) of economic values and processes.

It instead raises some other problems such as the neglect of the function of “saving” and of the long term credit, which remain consigned to the official bank and the financial systems.

In FMP I pointed out why “saving” and “long term credit” functions are crucial in current economic context and systemic crisis: to deal with growing debts - economical and ecological - and for questioning dominance of banks and financial powers.

I outlined some structural constitutive conditions that should allow SMA to develop relationships of long term credit without inflation and without interest, enabling them to cope with the attacks of speculative finance and tackling the current systemic crisis.

From this stand point I summarized some of the problems raised and the solutions proposed by leading SMA schemes: those which more or less consciously reproduce conventional intrinsic value of currency; exchange systems without their own currency, mainly inspired by the clearing house principles; time banks type exchange and credit systems.

## **6. LIMIT AND POTENTIAL OF ACS REGARDING LONG TERM CREDIT AND MEASURE OF ECONOMIC VALUE**

Irrespective of the aims pursued or restriction of the life cycle of currency with intrinsic value, its creation and development raises various problems for ACS, not only regarding excess issue of currency and falsification, but also regarding the law, which generally prohibits the creation of monetary instruments with intrinsic value, parallel to official currency.

These problems arise above all when ACS increase in dimension, as in the case of the Argentine Trueque, but legal problems also depend on how specific laws are applied in different countries.

Intrinsic value of currency can be excluded in barter (such as clearing house) systems because the basis of economic value lies in the goods and services exchanged.

The problem of the accountability of value of goods and services is usually solved simply by reference to official currency (and it is irrelevant that the system claims to have its own unit of account with its own name, because the latter is merely an appendix to accounting systems in official currency).

Essentially, these systems do not seem constitutively able to: tackle the problem of long term credits (that they usually remove), recover a sense of measure of economic values, fix some natural/environmental constraints on economic activity (production, exchange and consumption), establish adequate principles of equity in the determination of exchange values of goods and services.

As it is well known restoring a sense of measure and more equal and supportive forms of economic relations is the main purpose behind time bank systems, which directly use the labour time necessary to produce a good or provide a service to determine exchange values, also using it as a unit of account for recording all credits.

Time banks systems refer to objective, universal and un-variable units of measure that are steady in long terms and can be significant from an economic and from an existential point of view.

They can give count of significant economic cost and of existential condition of social production and individual life. They could also be significant for indicating time of regeneration of natural reproducible resources (that are limited as they are limited for individuals and society resources in time labour).

But time banks systems encounter serious limits in their ability to become widespread, due to the rigidity of their exchange principles (one hour of any activity is generally considered to be worth one hour of any other activity), and this also rises problems with converting into time units costs sustained in official money.

## 7. SOME SIGNIFICANT ADVANTAGES OF TIME BASED CREDIT SYSTEMS

Certain long-running experiences (such as Fureai Kippu and Ithaca Hours) however demonstrate that these limits can be overcome, at least technically, by reference to an average social value of time labour and above all by a distinction between stable measurement / registration of credit value and variable determination of exchange values of goods and services.

I have elsewhere considered benefits allowed by credit systems in time units, based on the reference to an average or standard value of labour time and on the distinction between a stable measure registration of credits and the formation of values exchange of goods and services (see Ruzzene 2008, 2012, 2015).

Here I only can consider a couple of most relevant issues:

- 1) by referring to an *hourly wage* of average value (as in Ithaca hours) it becomes possible to convert all costs in official currency into time-based credits;
- 2) registration of credits in time units can protect individual savings from inflation (as it happens in Fureai Kippu system) and - in long term and in a wide perspective – it can protect credits and savings from being destroyed by financial attack and crises.

This greatly widens the potential application of time-based credits, making them quite suitable to tackle competition from credit and accounting systems in official currency, even with respect to alternative financing of public and care economies and of a significant part of public debt.

Interest paid by banks to small savers is always much lower than the real rates of inflation measured in the long period, at least for most goods and services that significantly determine the cost of living, and this could endow credits recorded in time units with big advantages over credits recorded in official currency: the former undergo considerable revaluation compared to official currency and in terms of buying power in current capitalist contexts, especially in the long term.

This could be very important for refinancing internal public debt without interest or inflation, giving small savers a motive to convert their savings into time-based credits, and giving community a chance to avoid increasing public debt relate to paying high interest on debt.

Of course we requires a new generation of alternative currency systems, aimed at tackling with current financial and monetary systemic crisis, mainly inflationary crisis as it can happens with Euro crisis.

## 8. QUESTIONING THE MONOPOLY OF THE EURO ?

To achieve adequate criteria of economic and political rationality we probably have to develop and let coexist a plurality of monetary dimensions, *alternative* to (in competition with) each other and at the same time *complementary*:

- **the euro, in the dimension of international payments**, could be maintained for those exchange of resources for which use of a strong mono-currency is opportune, or for subjects who can and would compete globally;

- **national currency should return to reflecting real economic (capitalistic) trends**, with the inevitable levels of inflation that affect economic systems currently functioning at a loss (or generating increasing debt that in any case needs to be continually reduced);

- **an interest- and inflation-free system of credit in time unit should form the underlying fabric and provide basic resources for Public, Solidarity and Care Economies** which cannot pay interest and monetary rents because they can not grow continuously, but which could gradually expand with an interest-free credit systems to a large part of tertiary economies.

These would be *parallel* monetary and socioeconomic systems, functioning in different manners and with different aims and speeds of development, institutionally enhancing the components most functional for balanced, sustainable socioeconomic production and reproduction, and capable of attracting the most valuable human resources of a country.

Finally, time-based credit systems could also be applied (in whole or in part) to monthly payment of large portions of fixed incomes (salaries and pensions), both in the public and private sectors, in order to subtract them from inflation of national currencies and the Euro in the case of a systemic financial crisis.



## **9. NOT TO CONCLUDE**

I must close by noting that clearly these are preliminary and rather problematic reflections, to be analyzed and developed.

I consider appropriate to introduce them in order to sustain, in some ways, common research and debate on the possible forms of social change of current monetary and financial systems.

Last few decades have witnessed the strong hegemony of formalist as well as pragmatic, empirical and short-period approaches, that at least “francophone monetary institutionalism” has sought to oppose, providing its most significant contributions in the analysis of money and currency power legitimacy and of their multiform crisis.

From these contributions it is possible to move forwards, addressing the new challenges as well as new opportunities for social change perhaps created by the current monetary systemic crisis, and by the growing need to escape from the euro cage.