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Capital without Capitalism: A Currency Design Perspective

by Graham Barnes

In the capitalist model, capital accumulates as 'surplus value' following a production process supervised by the capitalist, with labour as a key input. The resulting tension between capital and labour is a fundamental aspect of capitalism, though it has become rather less visible in the past 40 years, as 'free-market' economics has progressively favoured capital over labour. Globalisation has helped capital to become way more mobile than labour, in the process limiting the bargaining power of the employed.

The recent surge in interest in the design of new currencies is partly informed by a creeping realisation of the unfairnesses of the so-called free-market and its associated monetary dysfunction.

The zeitgeist of this (still small but fast-growing) activist/ alternative movement tends to coalesce around diverse bottom-up, often peer to peer solutions. It tends to be anti hierarchical-imposed-solutions no matter how apparently well-intentioned. And it frequently unites left and right in strange ways.

The currency approaches that are developing tend to prioritise the means of exchange function over the other functions of money-forms[1]. The mutual credit approach, for example, needs no central authority (other than some form of collective risk management/ insurance) and is backed solely by the users' self-professed ability to produce going forward. It is likely that this form of P2P exchange, facilitated by social media and underpinned by new technology developments can evolve into rather more scalable economies than was ever possible with LETS schemes.

One of the challenges facing sub-economies based on these types of approach is the need, at some point, for capital investment. With preferred governance models that proscribe the accumulation of capital via profit, and deprecate the capitalist role in favour of peer-managed production, how might that capital be formed?

One possible mechanism is via the incorporation of a form of FTT (Financial Transaction Tax) whereby a peer-agreed proportion of the value of each bilateral transaction is set aside for a 'community-account' fund. But the mechanism is perhaps the easy bit.

For what purposes should the funds be set aside? To what extent can/should these be agreed in advance? What is the consensus mechanism for agreeing those purposes? Is that consensus subcontracted to a trusted sub-group? How are members of that group appointed over time?

The basic shared interest of a mutual exchange function could be undermined by differences of opinion over legitimate capital expenditure needs. Commons need protecting against enclosure attempts, but setting aside excessive resources will act as a drag on the economy.

The unit of account of the currency concerned is also a factor. For example timebanks, where the unit of account is one hour of the participant's time will accumulate hours. But other inputs than labour will be needed. And the organisation/ combination function that is traditionally the role of the capitalist must be recognised, allocated and rewarded.

The multi-functional complexity of mainstream money is non-trivial to replace. But as bubbles burst around us, it is increasingly clear that over-complex entities are prone to fragility. Re-engineering money offers us the chance to imagine and create a more sustainable economic infrastructure.

Endnote

[1] For an overview of the different functions of money see the introduction of Richard Douthwaite's *Ecology of Money*, available at http://www.feasta.org/documents/moneyecology.

About the author

Graham Barnes is a Currency Designer. @GrahamJBarnes He is a Member of Feasta's Co-Ordination Group and co-organiser of the Feasta Currency Group. He holds a PhD in Computer Science and worked at a senior level in IT and online marketing in a previous life. His current projects include the detailed design and delivery of currencies to be sponsored by a local authority; by a social entrepreneur to complement and enhance a well established sustainability methodology; and by a restaurant chain.

Feasta *is an open-membership-based think tank founded in Ireland in 1998. It aims to identify the characteristics (economic, cultural and environmental) of a truly sustainable society, articulate how the necessary transition can be effected and promote the implementation of the measures required for this purpose.*