

Book presentation

THE MEMORY BANK: MONEY IN AN UNEQUAL WORLD by Keith Hart

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(book presentation by the author)*

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The age of money

Ours is an age of money. Half the world worships money and the other half thinks of it as the root of all evil. In either case, money makes the world go round. If human society has any unity at this time, it is as a world 'market'.

There is nothing wrong with people exchanging goods and services as equals. The problem is that markets use money: some people have lots of it, and most people have much less than enough. The result is a polarized world society with an isolated elite controlling the destiny of powerless human masses to whose fate they are largely indifferent. Something must be done or life on this planet will soon be ruined.

The convergence of telephones, television and computers in a global network of digitalized communications, typified by 'the internet', is very recent. As yet, a minute proportion of humanity participates fully in it, although half the world occasionally watches major sporting events on television. This latest stage of the machine revolution is both the means of improved social connection and the main source of escalating economic inequality at all levels of world society.

The ruling institutions of the twentieth century, an alliance of government bureaucracy and big business that I call 'state capitalism', also dominate the internet. Those who are 'wired' are still a Western, largely American minority. Yet, just as Marx and Engels found in a few Manchester factories in the 1840s both the seeds of a new

world economy and its revolutionary antithesis, I explore how the internet might serve the interests of economic democracy.

Money is the problem, but it is also the solution. We have to find ways of organizing markets as equal exchange and that means detaching the forms of money from the capitalist institutions that currently define them. Instead of taking money to be something scarce beyond our control, we could begin to make it ourselves, simply as a means of accounting for those exchanges whose outcomes we wish to calculate. Money would then become multiple sources of personal credit, building on the technology that has already given us plastic.

The key to making the economy more personally manageable is cheap information. Money was previously impersonal because objects needed to be detached from people in order to be exchanged at distance. Now large amounts of information can be attached to transactions involving people anywhere in the world. This provides the opportunity for us to make circuits of exchange employing money forms that reflect our individuality, so that money may be more meaningful to each of us as a symbol of whatever associations we choose to enter.

All of this stands in stark contrast to state-made money in the 20th century, when citizens normally had access only to a single currency monopolized by a political class claiming the authority to manage its volume, price and allocation.

This is the context for my book's title, *The Memory Bank*. Memory banks are, of course, found in computers, but banks are, for most people, places to store money. Money today takes the principal form of electronic digits travelling at the speed of light over telephone wires. Capitalism itself has gone virtual, being concerned with exchanging money for money in forms increasingly separated from the concerns of real production and trade.

The line between the exchange of objects by means of money (markets) and the exchange of meanings through words and signs (language) is becoming blurred. Money is now information and information money. This allows us to reassess the positive relationship of money to culture and civilization. For the memory bank of the title is money itself.

I aim to articulate a vision of human agency in history that enables people rather than disabling them, as much of modern education and culture does. The formation of world society as a single interactive network is a means towards this end; for only when each of us can make a meaningful connection between our individual purposes and the collective predicament of humanity will we have any hope of addressing the problems with which the age of money confronts us.

Between agrarian civilization and the machine revolution

Our world is driven by a great contradiction. The last quarter century has seen humanity connected as never before and yet become much more unequal. Given that social distance has been the usual method of managing the gap between rich and poor, this suggests that something new in human history may be afoot.

The combination of money and machines that we know of as capitalism is the source of both trends and is itself undergoing profound transformations at this time. Yet

capitalism is not the only source of our predicament. Although we generally think of ourselves as a modern people, our institutions still look backwards to a civilization built on agriculture.

The economic forms we live by are archaic. Indeed, capitalism could be said to be a sort of feudal economy matched to a machine revolution whose potential we barely understand. World society today resembles the old regime of 18th century France.

This is because capitalism has been organized through the nation-state, a social form which points to the future while facing backwards to a preindustrial age. But state capitalism's contradictions offer us now the hope of economic democracy, drawing on the same social and technical forces that now threaten life on earth.

My label for the convergence of machines and money at this time is 'virtual capitalism'. Just as the factory proletariat once struggled for the value generated by the first industrial revolution, some of us will have to engage with governments and corporations for the value generated by means of the internet.

The middle classes are central to this struggle against inequality, not least because of our privileged access to the new information technologies. The intellectuals have traditionally swung between the power and the powerless, often adopting the interests of the dominant classes as their own, but sometimes leading the movement for greater equality and freedom. I address here those middle-class elements who may still be capable of stirring themselves on behalf of the general human interest.

Rousseau ends his *Discourse on Inequality* with what could well serve as a warning to our world:

It is manifestly contrary to the law of nature, however defined... that a handful of people should gorge themselves with superfluities while the hungry multitude goes in want of necessities.

Surely the stale odour of corruption which so revolted him is as pervasive today.

According to UNDP, the world's 225 richest men own more than one trillion dollars, the equivalent of the annual income of the world's 47% poorest people. The rich pollute the world 50 times more than the poor, but it is the latter who are more likely to die from the pollution. World consumption has increased 6 times in the last two decades, but the richest fifth account for 86% of it.

The world's poor are concentrated in the South, largely as a result of western imperialism in the 19th century and after. The ideology sustaining this expansion was racism, which still plays a major part in organizing cultural responses to global inequality. The world's young people are to be found mainly in the South owing to higher birth rates there, while the rich countries are getting older all the time. Women everywhere are struggling with the legacy of patriarchy.

This may be summarized as a two-class model. A rich, mainly white, ageing minority is surrounded by masses who are a lot poorer, darker in colour and especially much younger. In terms of human reproduction as a whole, a stagnant western elite is about to be succeeded by a proliferating generation of non-westerners from whom it is separated by traditions of cultural arrogance and social exclusion. Rather than embrace the logic of its own reproduction, this elite frantically erects barriers in the hope of staving off the demographic threat.

The situation is like that found in agrarian civilizations, where small urban elites sought to maintain control over rural masses condemned to drudgery and political impotence. Our world is a corrupt *ancien régime* which must soon find a new democratic revolution, if human intervention in the life of the planet is not to end in disaster.

In the 19th century, no major thinker envisaged imposing state control on the restless energies of industrial/commercial society. Yet in the course of the 20th, the rule of elites was restored. State bureaucracies now seek to regulate our lives in unprecedented ways; and world society is divided into national fragments.

The institutions of agrarian civilization, developed over 5,000 years by elites bent on controlling a passive rural workforce, underpin our societies today. These differ hugely from what went before, but there is a sameness that we choose to deny.

Are the following not common to both worlds? Territorial states, warfare, embattled cities, racism, landed property, impersonal money, long-distance trade, work as a form of servitude, world religion and the patriarchal family. We must find new social institutions better suited to the machine revolution and to a growing need for stewardship of life as a whole. The reform of money and markets is one essential step towards this end.

If you doubt my claim, ask what happened to all the wealth siphoned off as taxes by western industrial states since the second world war. It went on subsidizing food supplies and armaments, the priorities of the bully throughout the ages, certainly not those of the modern urban consumers who paid the taxes.

As Latour says, we have never been modern. We are primitives who have stumbled recently into a machine revolution and cannot think of what to do with it, beyond perpetuating the inhumanity of a society built unequally on agriculture.

The period 1800-2000 may be described as ‘the age of mechanization’. There have been three main phases, corresponding to steam power, electrical power and digitalization, respectively. Each of these has been linked to a distinctive organizational form - the factory, the office and the internet; to shifts in the power and social form of capitalism; and to changes in the economy’s location:

Three Stages of the Machine Revolution

	c.1800	c.1900	c.2000
<i>Revolution</i>	Industrial	Bureaucratic	Communications
<i>Technology</i>	Steam-power	Electrical power	Digitalization
<i>Institution</i>	Factory	Office	Internet
<i>Capitalism</i>	Market	State	Virtual
<i>Economy</i>	Urban	National	World

Marx and Engels saw that machine production entailed the centralization of society; and they hoped that the new industrial working class would seize the chance of being

concentrated in the cities to organize against the factory owners and their allies in government. Instead the bureaucratic revolution of state capitalism beat the workers to it, harnessing the energies of the middle-classes to the task of nation-building.

The internet had only 3mn users when it went public in 1993; this number increased to 100mn in the next five years, but that is still only 1 in 60 human beings. The communications revolution is based on a more decentralized technology than before and it has accelerated the integration of world society, principally as a network of markets. Does the emergence of a world market mediated by miniaturized machines contain the seeds of a new democracy or are we just witnessing the rise of a truly global capitalism run by and for huge corporations?

In 1975 Milton Friedman, a sound money fundamentalist, with a partner from the Chicago Mercantile Exchange, set out to prove that the age of Keynesian macro-economics was over. The instrument he devised, money futures, was intended to alleviate the uncertainties inflicted on Midwestern farmers by wide fluctuations in exchange rates.

From this unremarkable beginning, a new phase of capitalism emerged. In the mid 70s almost all currency exchanges financed purchases of goods and services. Today less than 0.1% of international money transactions are for that purpose; the rest is money, in a bewildering variety of instruments and forms, being exchanged for money. When the world economy rests on betting, we are all in for a rough ride.

The expansion of markets for money in countless notional forms seems to have injected a new instability into global capitalism, if only by allowing accumulation to transcend the controls which nation-states once were able to impose. What political forces are adequate to regulate the present money madness in the interest of people in general?

The unfinished middle class revolution

Engels once explained that, whereas utopian socialists looked back to a preindustrial age of communities and craftsmanship, scientific socialists looked ahead to the reshaping of the modern world by social and material forces. He saw the world moving along a path of centralization fuelled by machine industry; but this was proceeding faster at the top of society than the bottom.

Now the nostalgic left is likely to dream of rebuilding the states which once seemed to carry the aspirations of the masses everywhere. This utopian exercise fails to come to grips with the forces changing our world: virtual capitalism, a corollary of the communications revolution; weakening state management of capitalism; and the apparent dominance of markets driven by 'wild' money, that is, money no longer subject to the national controls typical of the Bretton Woods era.

What scenarios can we make out of this transition? The uneasy alliance between territorial states and corporate capital could continue to dominate the world economy; the internet would then not make much difference even to those who have access to it. It no longer seems likely that the citizens of nation-states could mobilize themselves to limit the scope of global capitalism; nor is a world revolution galvanised through the internet all that plausible. But our situation does contain prospects for political change.

If the neo-liberal conservative dream of a reversion to market capitalism holds, there may be scope, along the lines of 19th century liberal revolutions, for new alliances between some sections of corporate capital and those who can mobilise the new means of communication on behalf of a humanist agenda.

There are also possibilities for social democracy whose form is not yet apparent. These include the first stirrings of a global civil society where new coalitions oppose the power of governments, corporations and international agencies. This fast-breaking phenomenon has only emerged in the last few months.

The middle-class revolution with which the modern age began has stalled, even regressed in the last two centuries, first allying itself with landed power and then, as state capitalism, assuming the form of rule traditional for agrarian civilization.

What grounds do we have now for deploying the internet against economic inequality rather than for it? Many internet users hold to democratic principles encouraged by the relative freedom of the new medium. These are often opposed to traditional attitudes to money and markets; they include an ethos of helping out without pay; interest-free loans; community barter schemes; and so on.

Electronic commerce is growing fast, both as exchanges between firms and in consumer markets. This may well redraw the lines between liberal and social democracy. Above all, the internet offers new possibilities for building networks capable of embarrassing more immobile bureaucracies.

A fragment of the middle classes, stirred by the potential unleashed by the internet, may come to see general social reform as a more permanent solution to their private dilemmas. They might, for example, focus on a campaign to alter the world's economic institutions along redistributive lines pioneered by Keynes.

Two main problems stand in the way of any such programme. First, the internet is dominated by the big players, the governments and corporations of this world, whose power seems to overshadow whatever the rest of us may be able to muster. Second, the vast majority of human beings are excluded from participating in the internet, which may well be seen as reinforcing global divisions rather than helping to remove them.

Just because only a few people have access to the internet, it need not prevent some of us from engaging with world problems by this means. Who else will stand against the social forces which would reduce this enormous advance for humanity to a way of consolidating the old regime?

This aspiration lies somewhere between the traditions of liberal and social democracy. Self-reliance and interdependence are both indispensable to human existence. If we are to be free agents, expressing our personalities in economic life, we need to build up the stable infrastructures of money, law, education and technology capable of providing impersonal guarantees of such activity. We need also to be very clear about the sides involved in the struggle for human progress.

A political economy of the internet

Political economy was about how the value generated by commerce might be distributed with a view to economic expansion. The classical economists identified three types of resources endowed with the power of increase: nature (land), money (capital) and human

creativity (labour). Their respective owners were landlords, capitalists and workers, each with a specific source of income (rent, profit and wages). Landlords and capitalists had conflicting interests; the policy was to avoid diverting the value of market sales from the capital fund to high rents.

Only later did the conflict of interest between capitalists and workers arise. Faced with the proletarian monster the industrial revolution had brought into being, the factory owners then made an alliance with the landlords to hold workers to an unequal wage contract. This was the origin of state capitalism.

The basic division between classes formed by an interest in land, money and human creativity persists today. So how are these broad classes aligned in the present phase of virtual capitalism? Who is involved in the struggle for the value generated by electronic commerce?

Power based on control over the land has passed largely to national governments. Territorial states are able to extract taxes and rents from all activities involving money within or across the boundaries of their jurisdiction. Their ability to do so has been greatly facilitated by advances made in bureaucracy during the 20th century. But this becomes more difficult when transactions of money and commodities are conducted at the speed of light without regard to borders.

The capitalists have come a long way too. There are some three dozen firms with an annual turnover of \$30-50 bn, larger than the GDP of all but 8 countries (the same countries being the home base of these corporations). Moreover, half of the world's largest firms are American, more than a third are European and the rest, including Japan, had a lower share as a result of the financial upheavals of 1998.

The relationship between capital and the nation-state has always been ambiguous. Profit in the form of rent (income from property) remains central, even if the burden of paying it has shifted from workers to consumers. States compete for a share of the value of commodities in the form of taxes. But both rent and tax depend on a realistic threat of punishment to make people pay up. Legal coercion remains a shared concern of governments and corporations alike.

State capitalism's achievement was to make people believe in society as a place with one fixed point. But, under the influence of the internet, this is giving way to a more plural and shifting terrain. Most users have a common interest in avoiding unreasonable regulation and in retaining the economic benefits of their exchanges.

The main players in the political economy of the internet are thus governments, corporations and the rest of us, the people (the small minority who are wired). The class alliance between landlords and capitalists persists as the right of eminent domain exercised by states extracting taxes and rents on threat of punishment.

Capitalist profit is now concentrated in a handful of huge transnational corporations whose interest is not only in keeping up the price of commodities, but often in deriving rent (income from property) in the face of resistance to payment.

The class representing the general interest in retaining the benefits of our own creativity is to be found among the newly wired, the ordinary people who aspire to exchange services or simply to share as equals on the internet.

Improvements in the mobility of people, goods, money and information have undermined the effective sanctions of governments. Sir James Mirlees received a Nobel prize and a knighthood for demonstrating that the rich cannot be forced to pay more tax

than they want to. Instead of trying to clobber the rich, the rest of us might benefit from learning how to emulate them.

The rich and the corporations have enjoyed relative freedom from taxation for some time. The poor dropped underneath the tax net long ago. And criminals of all classes have succeeded in avoiding regulation with growing impunity. This leaves the middle classes to support the tax burden; but we have been given the technical means of escape, just when we are more financially insecure than ever.

Future generations may well conclude that we are passing through a cumulative tax revolt of proportions not seen since the end of the Roman empire. At present, the system of taxation depends on citizens' belief in its inevitability. We have not yet reached the stage of extra-terrestrial banking by satellite, the ultimate offshore facility; but imagine the legal arguments over political jurisdiction when we do. It is not long ago that governments doubted whether they could make people pay tax on more than a nominal proportion of their income.

Nor will corporations find it easy to secure rental income from their 'property'. The internet has opened up a revolution in intellectual property rights by making the reproduction and diffusion of print publications almost costless. It has already become a battleground for control of information and the wealth derived from it.

People are now freer than ever to decide which forms of government to submit to; so that devolution of powers to regional or local government bodies will grow in significance, since people are more likely to fund public projects nearer to home. At the same time, national governments' inability to address global problems will favour more inclusive institutions better suited to addressing them (federations, international associations and single-issue pressure groups).

How then might public economies be financed without effective means of coercing payment? It will have to be largely on a voluntary basis. If people cannot be forced to pay, they must be motivated to support public ends. And, despite our conditioning to doubt it, there are many historical precedents for doing so, for example, in the ancient world, early modern Protestantism and Islam today.

A humanist approach to markets and money

18th century intellectuals imagined their societies to be heirs to the city republics of ancient Greece and Italy. But, when faced with the mechanisation of modern life, their successors switched to a nationalist vision rooted in the imagined culture of an illiterate peasantry. If we are to survive a failing state capitalism, we must renew the humanist tradition of the Renaissance, Reformation and Enlightenment on terms appropriate to the machine revolution in our day.

For me this begins with drawing a distinction between 'making money with money', the sparsest definition of capitalism, and 'buying and selling with money', the timeless formula for the market. We must separate the two faces of money, capitalism and markets, the unequal reality and the potential equality of money.

I once attended a meeting of Trotskyites. It was principally a celebration of an author who was in his 90s. The atmosphere was warm and mutually supportive. At the end, a man stood up and said, 'Comrades, tea is now available. Unfortunately, because we live

in a capitalist society, we will have to charge you 30p a cup.' I almost wept, for the confusion between markets and capitalism is as deeply rooted on the left as it is in right-wing ideology.

Capitalism is that variant of market economy in which those with a lot of money control the right of most people to work for a living. But when someone performs a service for a few friends and seeks to recover their costs by charging a price below the public norm, that is not capitalism. The rejection of markets that led to some fairly disastrous experiments in state socialism was based on this confusion.

Money conceived of as buying and selling, as the market, expresses our hope that humanity might be connected by means of equal exchange. For this to be so, we need to approach markets as the result of human agency, as actual persons doing things with each other. This means incorporating a humanist perspective into our analytical abstractions.

The modern economy consists of two complementary spheres which have to be kept separate, despite their interdependence. One of them is a zone of infinite scope where things and increasingly human creativity are bought and sold for money, *the market*. The second is a protected zone of domestic life where intimate personal relations hold sway, *home*. The market is unbounded and unknowable, whereas the bounds of domestic life are known only too well.

The link between the two is that some adults, traditionally men more than women, go out to *work*, to 'make' the money on which the household subsists. The economy of the home rests on spending this money and performing services without payment. The result is a heightened sense of division between an outside world in which our humanity feels swamped and a precarious zone of protected personality at *home*.

This duality is the moral and practical foundation of capitalist society. It is reflected in the institutional segregation of selling and buying, production and consumption, income and expenditure, firms and households, *work* and *home*.

The attempt to construct a market in which commodities are exchanged instantly and impersonally as alienable private property is utopian. All the insistence of the economists on the autonomy of an abstract market logic cannot disguise the fact that market relations inevitably have a personal and social component.

Modern markets, it is supposed, can take place any time, anywhere; the participants are independent and unknown to each other. This assumption ('economic individualism') enables economists to construct mathematical models of great generality outside time, place and society. Moreover, markets do indeed now take on these properties, with money itself being exchanged as a commodity 24 hours a day through telephones linking computers in all corners of the world.

In order to allow the free circulation of commodities in exchange for money, both the connection between persons and objects and that between persons in groups have been weakened in law. Yet physical association between persons and objects is still quite strong, even if the social ties which make ownership possible have receded to the point of invisibility.

The idea of buyers and sellers being free to make decisions concerning the price and volume of commodities transacted between them is pretty remarkable, even when all that is at stake is a pair of shoes. Imagine the complications when the trade involves someone's ability to work or a place for a family to live in.

Either markets are universal and everything is bought and sold, as some economists insist, or personality is universally acknowledged to be intrinsic to social relations, as most humanists would argue. But the institutional separation of market and home, *forcing individuals to divide themselves*, asks too much of us. So, not only has the capitalist project never been fully realized in practice, but it has been breaking down for some time in the face of people's need to integrate the personal and impersonal dimensions of their lives.

We want to make some meaningful connection between ourselves as subjects and society as an object. Money, as well as being the means of separating public and domestic life, was always the main bridge between the two. That is why the project of integrating economic life is more likely to succeed through developing new approaches to money and markets than by turning our backs on them.

Economic analysis collapses buying and selling into a single timeless moment when the two sides achieve equivalence. But this moment is always embedded in social processes which both precede and succeed it. Thus the commodity had to be produced and brought to the point of sale; and it is then taken away to be consumed. The chain of production and consumption may be called into question for any number of reasons, as when the buyer has a complaint against the seller or producer, if the goods are faulty in use.

Market relations involve money. This is also subject to complex social procedures. The seller may offer credit, allowing the buyer to delay payment. Or, if cash is handed over, there is a time when the seller holds money that can be put to alternative uses, ranging from consumption to investment. It is therefore a particularly strong assumption to isolate the frozen moment when something is bought and sold; and it separates economists from all the rest of us. Put simply, market relations invariably involve considerations of time and social complexity.

Many of the contracts central to modern economy have a time element built into them expressing the social relations linking buyers and sellers. Why, if you work for wages, do you only get paid after you have done the work; or, if you rent accommodation, why do you normally have to pay before you use it? This inequality reflects the ability of employers and landlords to regulate who bears the risk of non-payment. But time and social inequality enter most strongly into finance, the market for money itself.

The essence of credit is that a buyer gets something for nothing initially and pays later, usually with interest. Time is intrinsic to the transaction and the social relations entailed in credit/debt are fraught with difficulty. Credit inevitably invokes the personal side of market transactions, in a way that impersonal purchases with cash need not.

The standard definitions do not capture the most important feature of money, its evolution as a means of human interaction in society. Money is *made* by us, but for most people it has long been something scarce which we *take* passively. From having been an object produced by remote authorities, it is becoming a subjective expression of our own will; and this is mirrored in the shift from 'real' to 'virtual' money.

The original condition of life on this planet was to produce and reproduce alone. The discovery of sex and society vastly increased the scale and complexity of both operations, making interdependence a necessity, especially for ours, the most social of species. The development of humanity thus consists significantly in devising ways of working for and with others.

When production and consumption are separated, mechanisms must be found to restore the linkage between them. Exchange in its various forms is the most prominent of these. Money and markets allow for a widening of the social range of exchange relations, so that people can produce for ultimate consumers with whom they have no personal ties. The world market of our day is the latest stage of a process pulling the whole of humanity into a single economy.

The means of engaging in complex, long-distance transactions, however, has been impersonal coins and latterly banknotes – detachable means of payment carrying no information about the persons involved – so that the price of economic integration has seemed to be the alienation and objectification of human work. And this was confirmed by our experience of 20th century state capitalism, an alliance of centralized bureaucracy, financial interests and scientific experts, all of them dedicated to the hegemony of impersonal processes in social life.

Seen in this light, the communications revolution looks like yet another stage in the progressive abstraction of labour through commodity exchange, with goods and services now being registered as nothing more than signs on a computer screen. It would not be surprising if most of us concluded that these developments are more about removing people from the economic picture than about restoring them to an active place in it. Yet the latter is precisely the claim I am making.

The idea that the communications revolution contains some redeeming features rests on one overwhelming fact: that large amounts of information concerning the persons involved in economic transactions at any distance can now be processed cheaply, thereby making possible the repersonalization of complex economic life.

In the last 300 years or so, the money form has evolved from metallic coins through paper notes to electronic digits. In the process, money has become dematerialized, losing any shred of a claim that it is founded on the natural scarcity of precious metals. Even the authority of states, which stamped coinage and issued the notes with which we are still most familiar as money, cannot long survive the electronic blizzard which is money in the age of the internet.

Money makes the subjective wants of individuals temporarily objective in acts of buying and selling. But it also expresses something social, about the way we belong to each other in communities. How do meanings come to be shared, and how does memory come to transcend the minutiae of personal experience? Money considerably expands the capacity of individuals to stabilize their own personal identity by holding something durable which embodies the desires and wealth of all the other members of society. An aid to memory, indeed.

The meaning of money is what each of us makes of it. It is a symbol of our individual relationship to whatever community we belong to (hitherto more often singular than plural). This may be conceived of as a durable ground on which to stand, anchoring identity in a collective memory whose concrete symbol is money. Or it may be viewed as a more creative process in which we each generate the personal credit linking us to society. The latter requires us to abandon the notion that society rests on anything more solid than the transient exchanges we participate in. And few people are prepared to take that step today.

The recent phase of modern history has been dominated by bureaucratic management of the economy; but this does not mean that the personal basis of economic relations has been entirely displaced. Most people are quite anxious about being economically dependent on impersonal and anonymous institutions. This is an immense force for reversing the historical pattern of alienation on which the modern economy has been built.

The communications revolution has been so sudden and far-reaching that it is the most each of us can do to work out a way of adjusting to it. We have little time or inclination to ask how our messages reach their destination, who supervises the standards we all rely on, what happens if the system fails? How did it get there in the first place and who takes responsibility for the next stage in the process?

That is why I take inspiration from John Locke's example. He addressed squarely the infrastructure needs of a new and better society. He was concerned with placing knowledge and language on a foundation of truth, and to rescue government and money from dishonesty. He understood that a new civil religion and morality would have to take root if liberal democracy was to work. This is to say that people have to be able to rely on stable objective conditions which anchor their volatile subjectivities. Such universals must be, to a degree, made up; but their operation depends on people being able eventually to assume them as given.

The most important of these is the rule of law; but money is not far behind in significance. We are fast approaching the stage when universal language (computing codes, numbers, the use of English) enters the frame. What do you imagine society as a whole will need so that we can live together and prosper?

Democratizing access to money is indispensable to progress. Although developments involving the internet are as yet in their infancy, some promising tendencies are discernible, following the rapid rise of digitalized personal credit since the introduction of plastic cards a few decades ago. The emergence of new forms of electronic money, interest-free savings and loan schemes, closed circuits of labour exchange and the like point in the same direction.

Economic power is being transferred from producers to consumers, from centralized bureaucracy to flexibly specialized markets in which individual consumers carry more weight than we ever did in the days when shopping involved picking undifferentiated products off a shelf.

The communications revolution makes customized marketing, personal banking and other manifestations of individual consumer power more feasible. Active participation in capital markets by individuals and groups seeking to protect their own pensions and life insurance is facilitated by the new system. It seems possible that, before long, we will look on money as one of many instruments invented by people to record some features of their interactions and associations.

The future of money

Perhaps I can best approach this topic by reflecting on the choice of *The Memory Bank* as my book's title. A 'bank' is a place where things of value, usually money, are stored for safekeeping, to be withdrawn for use when needed. A memory bank is a store from which

past experiences may be recalled. In computing this refers to files containing stored information such as operational software and more transient data.

The idea of life as a trajectory, at once individual and collective, would be impossible without memory; and its sources lie equally in shared traditions and our own unique experiences. Even as we swim in the river of life, we need to draw on the more stable sources of memory accumulating slowly at its edges. There are good reasons for approaching money as a memory bank in this sense.

To begin with, the word 'money' itself comes from the Roman mint at the temple of Juno Moneta. Moneta was Latin for Mnemosyne, the Greek goddess of memory and mother of the Muses. Thus, for the Romans, money was a store of collective memory linked to the reproduction of the arts as living tradition.

The idea of money as a source of social memory was also crucial for Locke, who figures prominently in my story. He was obsessed with money's role in establishing a progressive social order. Indeed, he believed that money launched humanity from the state of nature on the road to civil government. Money, by offering a durable store of value convertible against all useful things, unleashed the potential for property accumulation and for the intergenerational transmission both of inequality and of that cultural memory on which civilization depends.

In our own day, we have seen money transformed from metallic objects to paper notes and now to electronic digits. These 'bits' travel at the speed of light via satellite and cable, to be captured in the memory banks of computers whose operations know no territorial frontiers. Money in this form is little more than traces of memory, and the banks that keep it are mechanized minds.

The dominant form of capitalism in our day is virtual. The money circuit is increasingly detached from real production and even from trade in anything but itself. The rapid convergence of financial markets and the communications revolution provides the most compelling reason for locating money in the memory banks of computers at this time.

A likely consequence of the reduced power of states to control the economic activities of their citizens (not least as a result of internet commerce) will be to enable us to *make* money for our personal and shared purposes. It will then become clearer that its main function is to help us keep track of those exchanges with others that we choose to calculate. We will make money as a means of *remembering*.

Seen in this light, money and language are the chief cultural infrastructures that allow us to communicate. And rediscovery of this ancient truth comes precisely when humanity has formed world society as a single interactive network.

The memory bank to whose formation this book points is thus the human conversation about building a better global society. This conversation is already many millennia old and has sources everywhere that people have been. Each of us lives off that accumulation and contributes to it in our own way.

This then is our chance to find new forms of political association. The one strategic asset we have is the fast-breaking medium of the internet and, when society increasingly takes the form of a world market, our efforts at self-emancipation must be focused on the money instruments themselves. We can make money in forms reflecting the needs and interests of the people using it.

If paper notes marked a move towards the assertion of state authority over money, the cheap information contained in bits allows exchange to admit a higher degree of personal agency than before. So that, instead of debating whether money's value resides objectively in precious metals or is made by political authorities, we can revive the tradition of banking which emphasized money as private credit or acknowledgement of debt ('bank money' in Keynes terminology).

Money in this view is an expression of trust between individuals in society, an act of remembering which allows us to bring calculation to some of our interactions and relationships. This trust is two-sided also, residing in both personal responsibility and the shared memory of communities.

The internet makes it possible for people to form closed circuits of labour exchange with their own nominal currency. LETS schemes were invented in the early 1980s as a way of generating local employment during a recession. There are perhaps a thousand of these organizations in the world today, with membership ranging from a few dozen to 2,000. In France, SEL have attracted favourable publicity in newspapers like *Le Monde* as a possible source for the democratic socialist revival.

In America, there are similar attempts to establish exchange circuits relying on what people have (spare time) rather than what they don't have (spare dollars). *Time dollars* put the emphasis back squarely on the labour theory of value. People are encouraged to accept service credits for their labour, to be exchanged in the future against services they need. Here the focus has initially been on reaching disadvantaged groups such as old people, the poor and minorities. In Ithaca, New York, the currency for a local exchange scheme emphasizing community self-sufficiency is known as *Ithaca hours* (motto: in Ithaca we trust).

During the Great Depression, local currencies sprang up to help generate exchange in the absence of liquid cash. In the 19th century, America hosted numerous self-help schemes and communitarian utopias. What makes LETS and similar initiatives different is their link to the communications revolution. Cheap information – cheap in the sense of both the processing machines and their running costs – changes the scope of these activities.

The great advantage of setting up closed circuits of exchange with their own money-of-account is that they offer some respite from markets for normal money. They can give communities or networks of individuals a means of organizing some of their activities independently, without fear that the value of their transactions will somehow be sucked off to an anonymous centre of redistribution or accumulation. These are early days and the participants are handicapped as often as not by antiquated ideologies.

Internet payment systems may bring commercial sophistication to these alternative economic practices. An arena has been opened up where people can explore different methods of livelihood and co-operation. Having absorbed plastic cards faster than predicted, they can now discover ways of integrating into their lives as many kinds of money as the associations in which they are regularly involved. There are already signs of a shift towards greater democracy in the sphere of capital investment.

JAK Members Bank, a Swedish interest-free savings and loan association, is a telephone bank with 20,000 members and 25 local branches. JAK's members have deposited over \$60mn in addition to equity of \$8mn and this has been allocated as loans to 5,000 members. Interest-free loans are linked to an ideology stressing the need to avoid

exploiting people and nature. The main point is to promote dialogue about a fair and sustainable economy, more than financing loans through savings. The scale of operations is significantly larger than any LETS scheme.

Over half the value of equities in the USA and Britain is owned by pension funds and life insurance companies. What if contributors banded together under various identities to exert more concerted pressure on the managers? If capitalism is in a phase of global restructuring, then the democratic currents which have always been intrinsic to the internet suggest that, in the heartlands of virtual capitalism, the large corporations may not have things entirely their own way.

Nation-states no longer monopolize for their citizens either the source of money or the only meaningful locus of community. Most of us now live, thanks to cheap transport and telecommunications, in a plural set of associations of potentially infinite scope, the most inclusive of which is the world market. Money must evolve to reflect this and it has been doing so.

The regional power blocs are shaping up to offer currencies which aspire to general use in the world economy: dollar, euro, yen. For travellers the advantage of these would be their acceptance in many places. The money, held as banknotes, travellers' cheques, plastic credit or smart cards, would draw on bank deposits established anywhere.

One obvious victim of these developments is the independence of national currencies. Those few which are still actively traded experience destabilizing fluctuations in their exchange rate, as a result of the growing size of the free-floating funds which shape these markets.

National money will persist as a cultural expression of sovereignty, a medium of public expenditure and taxation supporting the reduced pretensions of government when citizens have traditions they wish to cling to. But this level of the economy will be squeezed between global and local interests and the money associated with it marginalized as a result.

People will enter circuits of exchange based on voluntary association and defined by special currencies (LETS). We will also participate as individuals in global markets of infinite scope, using international moneys-of-account, electronic payment systems of various sorts or even direct barter via the internet. In many ways, it will be a world whose plurality of association, even fragmentation, will resemble feudalism more than the Roman empire. This makes the need for a means of expressing our common humanity even more pressing.

Towards an anthropology of the world market

My method is anthropology, but of a rather different kind from what is normally understood by the term these days. The prevailing ideology of anthropologists since the First World War has been one of cultural relativism, the notion that every place has a right to its own customs, however barbaric.

This reflects a worldview that has the whole of humanity pigeon-holed as separate tribes, each the owner (or would-be owner) of a hybrid entity, the *nation-state*. Nationalism was an escape from modern history, from the realities of urban commercial life, into the timeless rural past of the *Volk*, the people conceived of as a homogeneous

peasantry, living in villages near to nature, unspoiled by social division, the very archetype of a community bound together by kinship.

Immanuel Kant pioneered a cosmopolitan alternative to this before the age of nationalism properly began; and it was he who coined the term anthropology in its modern sense. Towards the end of his life, he wrote the essay 'Idea for a Universal History with Cosmopolitan Intent', which included the following propositions:

1. In man (as the only rational creature on earth) those natural faculties that aim at the use of reason shall be fully developed in the species, not in the individual.
2. The latest problem for mankind, the solution of which nature forces us to seek, is the achievement of a civil society that is capable of administering law universally.
3. This problem is both the most difficult and the last to be solved by mankind.

The world is much more socially integrated today than two centuries ago, and its economy is palpably unjust. Histories of the universe we inhabit do seem to be indispensable to the construction of institutions capable of administering justice worldwide.

When Roy Rappaport wrote recently that 'Humanity ...is that part of the world through which the world as a whole can think about itself,' he was repeating the central idea of Kant's prescient essay. The task of building a global civil society for the twenty-first century is an urgent one, and anthropological visions must play their part in that.

If we are looking for continuing evidence of the cosmopolitan tradition in anthropology, we would be better off with the intellectuals of the anti-colonial movement; and none of these was greater than Gandhi. He proposed an anthropology based on two universal postulates: that every human being is a unique personality; and as such participates with the rest of humanity in an encompassing whole (the individual and the species of Kant's essay). Between these extremes lie proliferating associations of great variety.

If the world of society and nature is devoid of meaning, ruled by remote impersonal forces known only to specially trained experts, that leaves each of us feeling small, isolated and vulnerable. Yet modern cultures tell us that we are personalities with significance. How do we bridge the gap? The answer is to scale down the world, to scale up the self, or a combination of both, so that a meaningful relationship might be established between the two.

The popularity of novels and films is based on this relationship between actual and possible worlds: they bring history down in scale to a familiar frame, the paperback or the screen, and they allow their audiences to enter into that history subjectively. Once men and women prayed to God with a similar effect. What human beings need is to feel *at home in the world*.

The communications revolution may be understood in part as a response to this universal human problem. The point of virtuality is to achieve concrete results by more abstract means, to generate a physical process through applying an equation, to tell a story on celluloid. Being virtual allows us to make society at distances of time and space,

while usually losing some of the qualities associated with presence. A shift to exchange on a global scale would be impossible without it. But reliance on more abstract forms of communication also allows real persons to be involved with each other at distance in very concrete ways.

We feel at home in intimate, face-to-face relations, but we must engage in remote, often impersonal exchanges at distance. Improvements in telecommunications have this evolutionary imperative, that they cannot stop until we replicate at distance the experience of face-to-face interaction. For the drive to overcome alienation is even more powerful than alienation itself.

We have just reached the point when we have established universal communications. Now we must make world society in our own best self-image, the image of our humanity.

I believe that humanity stands on the threshold of a new era in which there will be a pressing need to develop, conceptually and in practice, an awareness of the common problems facing world society as a whole. In a sense, such a society already exists; but we have scarcely begun to establish the social, technological and cultural infrastructures we will need to survive the 21st century. These include especially, but not only money.

It is self-evident to me that the Western capitalism of our day is not the endpoint of human evolution that its apologists sometimes claim; and that the voices of the non-western masses must still be heard on their own terms. But equally, the most general processes always start out somewhere in particular, and the leaders in the machine age that is transforming humanity's relationship to the planet have been some Western societies.

We can reach out for the universal together, but each of us comes from somewhere in particular. We must never lose sight of that. My hope for human society is that this principle will come to be more widely accepted than it is at present.

For other aspects concerning this book, visit:
<http://www.thememorybank.co.uk>

The memory bank: Money in an unequal world. K Hart. Profile Books, 2000. 325. 2000. The human economy. K Hart, JL Laville, AD Cattani. Kinship, contract, and trust: The economic organization of migrants in an African city slum. K Hart. Trust: Making and breaking cooperative relations, 176-193, 2000. 296. 2000. Economic anthropology. C Hann. Manchester on my Mind. Money in an Unequal World. Money: One Anthropologist's View. Notes on the Counter-Revolution. Mismanagement by the banks has reached colossal proportions. (Crédit Lyonnais made "errors of judgement" which amounted to losses equal to the deficit on the French national social security fund!) This apotheosis of capital, its effective detachment from what real people do, has made many huge fortunes and produced devastating losses.