Interview

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Making 'Making money': A discussion with Ole Bjerg

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Abstract

Stephen Dunne recently sat down with Ole Bjerg to chair a discussion about his new book *Making Money: The Philosophy of Crisis Capitalism* (Verso, 2014). We publish an elaborated version of the book's concluding chapter – 'Life after Debt' – within this special issue. This interview and question and answer session puts Ole's argument there, as well as the arguments of his book more generally, into a broader context.

Keywords

Money, debt, philosophy, crisis, capitalism, revolution

Stephen Dunne (SD): This seems to be a book primarily written for over-educated cynics who, after having read much too much political economy and philosophy, know that the one thing they hate more than capitalism is themselves. Your book provides these people (us?) with an alternative to despair by re-framing how money gets discussed in two clear ways: firstly, by providing a philosophical critique of money; and secondly, by providing a political critique of money. We'll consider these two lines of analysis throughout but let's begin with the structure of the book. It has three distinct yet clearly interrelated sections, while triadic observations persist throughout. Does the persistence of three-fold imagery have anything to do with the fact that your analysis owes a lot to the work of Slavoj Žižek?

Ole Bjerg (OB): Very much so. The first part of the book provides an analysis of financial markets and is simultaneously an excuse, or at least an occasion, to introduce the reader to the thinking of Žižek. I don't know if that works but that's what I was aiming at. With Žižek, in the first part, I attempt to figure out the ontology of financial markets: how do they actually work? Issues of representation and fantasy play a large role here and I try to flesh this out

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using Žižek's work. The second part of the book is more directly about money, and here I develop a theory of money with Žižek. In the last part I combine the two analyses, of financial markets and of money, in order to claim that money itself has been financialised, that we live in an age of post-credit money.

Throughout the book I describe how the money system and the financial system work together to make money function. The theoretical apparatus of the real, the symbolic, and the imaginary – indispensible within Žižek's work – plays a huge role here. In order to understand money, I insist, we need to understand it across three fundamental dimensions. First, I discuss the commodity theory of money, which we find in Adam Smith and Marx. This is the idea that the value of money is the same kind of value that we can find in physical entities, such as gold, and it corresponds to the dimension of the real. Second, I discuss what is called the state theory of money, where money is a production of the law and this corresponds to the dimension of the symbolic. Finally, I consider the credit theory of money, where money is debt – a promise of redemption – which in turn corresponds to the dimension of the imaginary. Whenever we look at actual systems of money, I argue, we have to look at how these three crucial dimensions interact.

SD: One thing that is very clear throughout the book is your insistence that philosophy has something useful to say about money. You do that with Žižek, with Heidegger, with Kant, with Wittgenstein, and many others besides. You also show that since Marx there seems to have been a parting of ways between, let's say, political economy, on the one hand, and philosophy, on the other. Why do you think these two have parted ways?

OB: Until recently, I'm not sure we really even had political economy – I think we just had economics. Toward the end of the nineteenth century philosophy goes one way and says well, the question of money belongs to the economists. The economists, for their part, begin building calculative models, leaving the question of what money actually is, and where it comes from, in abeyance. One of the few good things emerging out of the financial crisis is that a lot of people within philosophy, anthropology, sociology, and related disciplines have started to take up this question again. What philosophy can do very well is question the mathematical basis of the dominant economic paradigm, opening it up to alternative ways of thinking and doing. One of the things I wanted to do with the book was to show that the money form is extremely malleable and that this malleability has crucial political consequences.

SD: With this distinction between economic accounts of money and philosophical accounts of money you suggest that there are different meanings to the term 'making money'. Your question isn't so much 'what is money?' as it is 'how is money?' What is the difference?

OB: The way we usually think of 'making money' is as follows: now I'm gonna go to work in order to make some money, that is, in order to earn some of the money currently in circulation. Curiously, when politicians talk about money they usually do so along the same lines: who should get a tax cut, who should get benefits, and so on – that is, what we should do with the money that is already in existence. The philosophical question I ask is how can we make money out of nothing? Where does money come from? Following Heidegger's distinction between the ontic and the ontological domains, we need to consider the meaning of the questions we are asking more carefully. So I want to probe into the very being of money. Heidegger, if he were alive, would probably not be very happy about this but that doesn't stop us working with his ideas. He uses a beautiful word in German: *Seinsverfassung* – constitution

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of Being – and for me, I guess, I want to consider something like the *Seinsverfassung* of money.

SD: Constituting the project in that way makes it easy for economists to dispense with it as something aside or apart from the real business of economic analysis. Is that a concern of yours? Are you trying to get onto the economic terrain, in the way that Marx did, or are you trying to create a philosophical monetary preserve apart from economics?

OB: When I finished the book I was asking myself if I really needed Žižek. Perhaps his philosophy plays the role of Wittgenstein's ladder – something to climb up and subsequently dispense with. I'm still not sure. There was almost two full years between my initial submission of the manuscript and the book's eventual publication and, during this time, I wrote a shorter version, in Danish, without Žižek. That came out around last August and I suspect it will have much more of an impact than the one we're discussing right now. One thing I do hope Žižek's presence creates is an invitation for other philosophers to enter into this area. I don't pretend to be alone in this sort of work, instead, I simply think there should be much more of it.

SD: The philosophical question of how to make money becomes a political question as the book progresses. The concluding chapter, in particular, takes the question of revolution as its point of departure. You point out there that, within the classical Marxist analysis, the distinction between the working class and the capitalist class was the principal site of antagonism. Today, you suggest, the class of debtors is best understood as the site of revolutionary potential. How so?

OB: I certainly don't want to dispel the idea of an antagonism between contemporary workers and capitalists. Instead, my argument is that there is another axis of contemporary class struggle which is very predominant today. Insofar as any of us have money in the bank, of course, we are creditors, I'm not denying that. Nevertheless, in a more fundamental sense, there are some individuals and some institutions in society who literally have the capacity to create the money which the rest of us need in order to participate in the economy. They make the money which many of us need to borrow and they're certainly not handing it out for free. The extraction of interest, in this sense, is comparable to the extraction of surplus value analysed by Marx. Interest, this line of argument suggests, amounts to a form of financial exploitation.

Within such a context, what would a revolution look like? With Marx, the general strike amounted to the most effective revolutionary weapon. That doesn't seem such an effective proposition today. Many people don't have jobs and, even if they do, they usually find themselves in remarkably precarious and therefore dispensable positions. So what are the possibilities of resistance from the class of debtors? Some sort of debt resistance, of course, some form of refusal to pay debts. If we admit that debt is a key matter of contestation, we can already see political struggles around it. The Rolling Jubilee movement, which emerged out of Occupy Wall Street, is a clear case in point. Certainly it is a quite peaceful form of resistance, but more confrontational means of debt resistance are also emerging. The political argument of my book is that we need to look into struggles around debt as a site of revolutionary potential.

SD: Hopefully that gives a sense of the project to those who haven't yet read the book. Let's open up for questions from the floor.

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Q: You talked about economists and mathematicians but what is the role of accountants in your analysis? Secondly, why Žižek and not Lacan?

OB: One of the points of the book is that most of today's money doesn't come from the state but is created by private commercial banks when they issue credit in the form of loans. In this sense money is made through bookkeeping and the accountant is a kind of alchemist. While economists tend to be ignorant of how money is created, accountants tend to know its peculiarity all too well. If you're taught economics at university today the money problem never actually strikes you as an interesting problem. This isn't true of accountancy training; not at all. As for Lacan, quite simply, I don't understand his work. Honestly, at first I started reading Žižek and thought this is great, I'll go back to the source and find out more. Then I started reading Lacan's work and I just couldn't make sense of it. It's as simple as that.

Q: I've two questions also. Firstly, how do you position yourself with respect to David Graeber's Debt: *The First 5,000 Years* (Melville House, 2011)? Secondly, do you have a layperson's critique of quantitative easing to share with us?

OB: I think Graeber's book is brilliant. I'm very inspired by it and there are many points where I am just affirming what he has already said. At one point he says money has no essence, that the theory of money always has been and always will be a matter of political contestation. That's exactly what I'm saying, though I say it along a different trajectory. Graeber is an anthropologist and his work accounts for how historically and geographically dispersed peoples have accounted for money in different ways. What I try to do, more straightforwardly, is present a theory of money. That's only a minor issue of disciplinary differences though – I really don't think we'd disagree on so many things. One criticism of Graeber's work which I have heard – and that I tend to agree with – is that he has a tendency to over-emphasise the role and significance of violence. It is obviously true that you should look into violence if you want to understand money, but I think there's also more to it than that.

Quantitative easing, straightforwardly speaking, is where the central bank makes money and pumps it into the economy. They don't do this physically; instead, they put it into the accounts that private banks have in the central bank. The good thing about this is that the state is here deploying its capacity to make money. For me it is better for the state to make money than for private banks to do so. What is problematic about quantitative easing is the way it is currently being conducted. Quantitative easing should be undertaken for the sake of injecting money into the productive economy, for the provision of tax cuts, for the funding of public initiatives, that kind of thing. Instead, quantitative easing is currently being used to lend money to private banks at a very low rate of interest. The ideology underpinning this strategy is that these private banks will subsequently lend this money out to entrepreneurs but in fact it is either used to buy financial assets or converted into treasury bonds, upon a profit through the pocketing of a margin.

Q: Have you anything to say about initiatives such as bitcoin? Commentary around such initiatives seems to suggest that we can make our own money, and that we don't need to perpetuate the money system we've grown accustomed to.

OB: It's not in the book bar a brief mention at the end, but it is something I'm working on at the moment. The value or exchange rate of bitcoin has fallen since recently but I don't think we've heard the last of it. Nor do I hope we have. The best thing to say about bitcoin is that,

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even if it fails tomorrow, it will have opened up the question of money. It provokes people to think about money. This is a philosophical and political issue. Bitcoin, I think, should be understood as a symptom of the failure of prevalent monetary systems. That's how its advocates describe it, of course, and I think they're right. This isn't to say that we should just think of bitcoin as if it is going to be the next universal currency. It is just going to supplement other forms of currency, and that is probably how it should be.

Q: Another theorist engaged in a similar project to yours and David Graeber's is Maurizio Lazzarato, particularly in his *The Making of the Indebted Man* (Semiotexte, 2012). The suggestion coming from his more recent work, and from the post-workerist tradition more generally, is that the fundamental basis of the Marxist Labour Theory of Value has been radically challenged by the financialisation of capitalism. Do you have any thoughts on this?

OB: There's a tendency on the Left that, whenever something is being said about economics, or money, Marxism becomes the obligatory language. There are a lot of great things to say about Marx's work, obviously, but his theory of money is just not very good – it's wrong in fact. The leftist tendency to go back to Marx's theory of money in an effort to graft it onto today, in my opinion, just doesn't question money correctly. As regards Lazzarato, I only read his book recently and I thought it was great. He makes similar distinctions to those I make and he did so before me, but that's OK!

Q: You mentioned that the way in which governments produce money leads to inflation but I don't see any evidence of that.

OB: You don't see any evidence of inflation? When did you last buy a house?

Q: Inflation rates are…

OB: Flawed! We measure inflation by looking at consumer price indices, not what we pay for the houses, stocks and assets whose price tends to become inflated through the excessive creation of credit. In Denmark we have a flat inflation rate of 1-2% but that doesn't factor in a lot of things. In the US the real inflation rates are also under reported. The *Shadowstatistics* website is well worth a look.

Q: You suggest the government should take the power to make money from the banks. How would that actually happen?

OB: There's a British organisation called *Positive Money*, which has a proposal for monetary reform that I very much agree with. Central banks, they argue, have the monopoly on creating physical cash. If I start creating it, however, I go to jail. Same goes for all of you. Nevertheless, most of our payments are not made in this kind of money but through electronic transfers undertaken by private commercial banks. The group's proposal is that the central bank's physical money-creating monopoly should be extended to digital money. Rather than me having my current account in a private bank, then, I would have it directly at the central bank. Private banks already have accounts with the central bank. You basically extend the privilege which private banks have with the central bank to all citizens. Then, when private banks lend out money, they would physically have to take it from one place and put it somewhere else, rather than just creating it.

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Q: When does credit money erupt into the public consciousness as a political issue, and how can we hasten such a process?

OB: I don't want to sound over dramatic but I think that's already happened. When I speak to economists, they don't really know what I'm talking about. When I talk to ordinary people, if they exist, they say 'money is difficult to understand', 'economics is difficult to understand', 'you can't really understand it without a PhD in mathematics'. That's bullshit: it's easy to understand! What is difficult about it is that, in order to understand it, you have to wade through all the bullshit. Most people know that banks are screwing us. They don't quite know how they're doing it: they just know that they're doing it. When you tell them banks make money and that's the way they screw you, they're kind of like 'ah, yeah, yeah, I knew that they were screwing us and now you told me how they do it, OK, I can see that now'. The *Positive Money* movement has been going on for three or four years now and it's spreading; similar organisations are popping up all over Europe. Even Martin Wolf, a renowned commentator in the *Financial Times*, has recently come out of the closet, saying that banks make money and that we need to address this situation. The change is already happening, we should just go along with it.

Q: Žižek points out, I can't remember in which book, that in the US government bailout, the goal wasn't to support the banks but to support the banking system. It was a matter of confidence, in other words. It reminded me of the end of the Soviet Union, hyperinflation, and the end of the Ruble. Again, this wasn't really a structural economic problem so much as it was simply a case of many people refusing to play the game any longer. So is it as simple as that? Is money just a social construct and, if we all stopped playing the game, the banks would collapse?

OB: It's not just a matter of confidence. It's also, as David Graeber would say, a matter of the people with the guns. If tomorrow I call up my credit union and announce my decision to no longer have confidence in money, and to therefore no longer fulfil my contracted debtor obligations, it isn't going to end well for me. This is why I try to avoid using the concept of confidence and instead prioritise the concept of fantasy. Unlike the more unhinged versions of social constructivism, Žižek's work pays careful attention to the places where the symbolic order is tied to the real. The problem today is that there doesn't seem to be many alternatives: it is very difficult to just jump out of the money system. You need to go somewhere else, which is why I like initiatives like bitcoin: they hint at alternatives. It isn't enough to just stop believing in money. The people with the guns don't care if you believe in it or not, they just want you to pay.

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