As Above, So Below

Reflections on the Democratisation of Demonetisation

Gustav Peebles

Although 'demonetisation' is only referenced directly in one of these chapters, all three authors prod us to question the meaning of this mysterious notion. Might it hold a key for us to better understand the entire spectrum of cashlessness, from its old-as-the-hills incarnation as 'cash scarcity' to its latest emergence as 'the replacement of paper money with e-money'? In their telling, each author describes how an ethereal thing known as 'value' can flit from one object to another. Cash is the material body that houses the soul qua value; demonetisation is simply the death of a given material body. But the soul—the value—is far harder to kill and simply moves on to its next shell. Taking his cue from the theologians, Marx called this sort of movement of abstract value from one concrete shell to another 'metempsychosis', as his understanding of the economy matched Hegel's and others' choice of terminology for the transmigration of souls (Marx 1992).

And yet we are accustomed to thinking of demonetisation as something that only governments manage to achieve. As if with a magic wand, they can suddenly announce that a given denomination of money has lost its capacity to represent value; governments have the bizarre capacity to convert treasure into trash by fiat. But how does this happen in reality? After all, just because a government announces a sudden severing of signified (value) and signifier (cash), the citizens could—in theory—choose to keep valuing the object. The ethnographic record, in fact, informs us of instances when colonial money had been demonetised but still circulated as value. The United States recently had a similar battle outside of the monetary sphere when some governments chose to remove statues that commemorated Confederate Civil War leaders. The municipal governments had hoped to merely cart the objects off to warehouses where they would die a slow death. But many Americans (far too many, in my opinion) protested the initiatives of their government, insisting that the statues retained intense value for them. We must, therefore, ask why and how governments seem to retain such power to instantly demonetise specific denominations of cash or coin and if the power to demonetise is perhaps more democratised than we have hitherto recognized.

As with so many other daily practices, the dominant form of demonetisation may be blinding us from seeing its many subaltern forms. The practice may have been seemingly monopolised by the state, but we should open the concept up to reinterpretation. By probing demonetisation more closely, perhaps we can begin to see it 'from below' and not only from above. Perhaps, in other words, it is not only states that have the capacity to demonetise but so too do Bitcon bandits and migrant labourers. Witnessing the power that such actors have to demonetise, we can more clearly see why governments would so forcefully want to maintain the fiction that they are the only monopoly players that can cause the death of cash.

Zabiliūtė's contribution provides the clearest point of departure for this investigation, as she explicitly refers to one of the world's most infamous demonetisations, carried out by Narendra Modi's government in India in late 2016.[1] As she explains, Modi justified this to his followers as an effort to end the corruption that was occurring due to 'intermediation'—that is, the various third parties that were making money off of cash. As with countless previous political scenarios in this vein, such intermediaries were considered unnecessary middlemen who siphoned off the wealth of the working poor. Modi, therefore, campaigned via a 'politics of "*immediation*",' wherein, as Zabiliūtė tells us, technological solutions were held out 'as a neutral grounds for human-less transfers and therefore less corruptible' (5). It is, perhaps, unsurprising that a nationalist such as Modi would critique a broad swath of 'money lenders' while simultaneously calling for the soul of money to become purified from its crass material shell. A politics of immediacy, in this sense, fits perfectly with Georges Sorel's early inspiration to appeal to emotion and 'inner' sensations in order to mobilise the masses to defend the nation (1999).

In practice, Zabiliūtė finds that the Indian working poor followed an odd and dichotomous mixture of both Modi's logic and standard monetary reliance on intermediaries. On the one hand, Zabiliūtė details how they eschewed credit cards, which are but a new modality of intermediation. The working poor, she finds, instead retained a commitment to the aesthetic and social performances that cash facilitated. On the other hand, she also shows how they found themselves turning to a variety of private intermediaries that could help them jump into the blossoming digital-based payment ecosystem, even when they did not have formalised access to it themselves. In a way, this gives the lie to Modi's project, as he was not so much opposed to intermediation as such but, rather, the informal modalities of it (see Peebles 2014). In Modi's India, then, intermediation continued apace, just following new vectors and pathways.

But more importantly for our considerations here, we can see how Modi only managed to demonetise, not to devalue; that is, Modi's blunt manoeuvre only killed cash, not its soul, which merely moved into bank accounts and into new fees paid to new intermediaries. Upon killing the cash, Indians of all stripes conceded rather than contested its death. The reason they did so is significant—cash is tethered to the government's operations, not least through its demand for payment of taxes.[2] Once the government had deemed a given note valueless, no one else wanted to trade for it either, as its 'promise-to-pay' function—as grounded at the governmental level—had been nullified. Interestingly enough, this standard insight from within Modern Monetary Theory (MMT) fits precisely with Weiner's arguments that lesser values are issued by a powerful holder of an inalienable possession as a means of keeping the inalienable possession from transferring to new ownership (1992; see also Ingham 2004 and Wray 2012).

Small's chapter moves us beyond the world of standard money by reminding us that money is just one item of value, circulating among countless other items and traded in exchange for them. Typically, we think of cash as unique, but Small's ethnographic evidence challenges us to think of motorcycles and TV sets as substitutes for the cash form; in Marxian terminology, such items are held as exchange value rather than as use value. If this is true, then what his ethnographic data presents us with is a sort of metempsychotic (see above) chaos—a tableau of mundane-to-monstrous shells that can all house economic value just as readily as a piece of paper or a set of digits. Small coins a useful term for the movement across and within this tableau, calling it 'value arbitrage' to emphasise the manner in which economic value continually traipses across the borders of space and time, spilling the banks of any one material shell as it does so.

The scene Small sets for us could be thought of as a mode of mundane and subaltern demonetisation. He depicts people who are more than happy to abandon cash, contesting its value as a device for usefully representing economic value. Cash may seem convenient to many of us, but Small shows us that the typical appeals of cash—its portability and divisibility—may pale in comparison to the more theft-proof nature of a motorcycle. Cash, in other words, does not acquire all of its value purely from its issuance by a government but also from its capacity to outcompete other goods that are also carriers of economic value; typically, it wins this competition, but not always. As he writes, 'the poor have always in fact managed diverse forms of value . . . there is a market to be tapped if one looks to the many other ways the traditionally financially excluded are also economic actors in their own right' (Small, this volume: 5). By opting to carry such items to trade with people instead of cash, they are posing, just like Modi, a threat to the role of cash in the marketplace. Here we find a subaltern challenge to the famous 'sound money' that bankers have always demanded; these people are also hoping for material forms that can transport stabilised value through time and space, but by opting against cash, they are threatening the standardised sound money that bankers seek.

Small is asking us, therefore, to pay closer attention to the myriad ways in which remittances flow, far beyond mere cash. As he explains, 'transporting material goods is itself a cashless solution to remittance transfers' (8). But importantly, such value arbitrageurs are avoiding theft not simply by common bandits but also from an array of intermediaries that seek to track and tax the movement of cash by pushing it into the digital realm. Transferring a motorcycle across a country keeps it under the radar of this 'constellation of intermediaries', allowing the working poor to hold onto more economic value for themselves. In other words, they are contesting the introduction of the digitised cashless economy by turning to a far older form of cashlessness.

Ulfstjerne provides us with a dispatch from the most notorious of threats to traditional cash, the Bitcoin bandits. In so doing, he affirms for the well-to-do what Zabiliūtė insists is true for the working poor—that people continually reimagine and redefine the technological infrastructures of money rather than passively receiving them.[3] In the case he describes, Bitcoin and other cryptocurrency proponents actively seek to transfer economic value from traditional cash into cryptocash. Via the standard techniques of trading, plus the new technique of digital mining, they become renegade demonetisers, contesting the value of state-issued cash.

Part of their inspiration for doing so comes from the ideology espoused by Bitcoin's elusive and cryptic founder(s), Satoshi Nakamoto (see also Dodd 2017). Ulfstjerne encounters libertarians and cypherpunks who hope that the blockchain can loosen the state's hold over currency. In their analysis, currency only needs the state because of its capacity to stand as an outside third-party monitor of economic transactions; once the DLT (distributed ledger technology) was discovered, this need for the state's imprimatur became redundant. The power to continually monitor currency devolved to its users, the 'just us' of Bitcoin participants.

In this chapter, we learn that currency is not merely economic value travelling on 'rails and pipes' (see Nelms et al. 2018) but also part of a state regulatory apparatus that Bitcoin activists claim to bypass. Peer-to-peer DLTs can ensure that no one individual Bitcoin is used more than once for any given transaction, but they cannot ensure that the transfer of economic value that follows is guarded by an entire legal system that protects buyers and sellers. Beyond this, additional new intermediaries pop up in Ulfstjerne's field site of Malta, mimicking the same ones that emerge in standard currency systems. To wit, we find not only an array of private, fee-demanding consultants who help smooth the running of cryptocurrency but also webs of academic researchers dedicated to its issues. As a result, Ulfstjerne notes the irony that a currency that sought to minimise the state and its infrastructure has ended up depending on it nonetheless. For this reason, here I have referred to these advocates as ‘Bitcoin bandits’, for, just like Hobsbawm’s bandits (2000), they are not so much ‘anti-state’ actors as they are ‘quasi-state’ actors. Once again, they are hoping to kill cash, but not to kill value itself. They simply want the latter to metempsychotically leap out of state-governed currency and into bandit-governed cryptocurrency.

Demonetisation from Below, Remonetisation from Above

All of this harmonises nicely with my own findings while studying the Swedish Royal Bank’s (the Riksbank) recent effort to build a so-called e-krona. When I first heard about the project, I dismissed it as pop gimmickry. It felt almost pathetic, watching an august state chase after the latest fad. But as I dug deeper, the e-krona project illuminated similar issues of demonetisation that are raised in these other chapters.

Most crucially, I learned that the Riksbank was embarking on this novel experiment precisely because of demonetisation from below. Riksbank reports and government workers emphasised that the circulating Swedish paper currency (the krona) is a good that competes on the marketplace. As such, it requires consumers who actively choose to use it, or it will die a slow death no different from any other commodity. As a monopoly good, it never used to worry about finding consumers, as it never suffered competitive pressures. It also carries high degrees of utility. But the digital world has altered all of this—and altered it fast. Suddenly Swedish cash users are ‘voting with their cards and phones’, eschewing the paper krona so much that the premier scholar of cashlessness in Sweden asserts that by 2025, 50 per cent of stores and restaurants in Sweden will no longer accept cash at all (Arvidsson, cited in Dillén et al. 2018: 13).

Responding to this catastrophic lack of demand for its premiere good, the Riksbank is now responding by taking steps to implement a national digital currency. It cannot idly stand by and watch as its hard cash is gradually demonetised by the citizenry. It recognizes—in a roundabout way, and without attribution—that the power to issue currency stands as part of a Weinerian struggle over hierarchy (Weiner 1992); it doesn't intend to lose the social status conferred by holding this 'inalienable possession'.

For our purposes, all of these different ethnographic portraits tell us something more about cash and the world's emerging cashlessness. To wit, eliminating the seemingly unnecessary mediation of third parties stands as the utopian dream of cashlessness. But notwithstanding these recurring utopian dreams, value operates via a Peircian logic.[4] Our utopian spirit may hope to find, at the bottom of a chain of value, some single object that perfectly and permanently fuses together economic value and its representation, making them one and the same—a transcendental signified (as Derrida would call it). But, alas, value is an inherently social process, emerging *out of* the denigrated 'third-party monitoring'—the intermediaries—impugned by so many. A given material object can only house economic value because *outside others* continually affirm its legitimacy. If they stop seeing it as a vessel for carrying economic value, then the value slips away. As such, the metempsychosis of economic value that occurs during a demonetisation process is neither some aberration that can be eradicated nor some tragedy that can be averted. Rather, such metempsychosis is the warp and woof of a social process that binds together economic value and its representation. From this perspective, we should assume that demonetisation—and *all* the forms of cashlessness that emerge in its wake—are here to stay.

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Notes

1. See the many contributions to the HotSpots Forum edited by Dharia and Trisal for more on this historic event (Dharia and Trisal 2017). Modi's sort of demonetisation opens up people's eyes to the fact that the cash they are holding is not quite 'theirs' but is, rather, owned in part by the government. Cash, in other words, is a walking contract between citizen and state; though this is often forgotten, demonetisations such as Modi's powerfully reminds people of this contract, as they suddenly learn that their personal 'hoard' can be turned to dust without their say-so. I discussed this counterintuitive 'co-ownership' of money in Peebles (2012).
2. As documented extensively both in this volume and elsewhere, many Indians were, of course, immensely frustrated at the demonetisation. Some even died, as they waited in the hot sun to trade in their dying cash. My point is only that they did not try to keep the cash in circulation and contest the government's killing, though, in theory, they could have.
3. See also Zelizer (1995) for an earlier version of this argument.
4. See, for example, Kockleman (2016), Parmentier (1994), Peebles (2014), all of which describe Peirce's famous triadic relation among signs, objects, and so-called 'interpretants'; in this model, the connection between signs and their objects is constantly reaffirmed, and questioned, by interpretants, thereby creating fluidity—rather than the seeming stability that connects signs and objects.

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