

# The End of Money

**The current economic crisis may be another bump on capitalism's always dizzying terrain, or it may signal epochal changes**

Daniel Pinchbeck

2008

The crisis of the financial markets has taken on gargantuan proportions.

This spring saw the emergency sale of Bear Stearns, the fifth-largest financial institution on Wall Street, to JP Morgan for a paltry sum by "Master of the Universe" standards, including its flashy corporate headquarters and thousands of employees. Even this sale only came about because the US Federal Reserve agreed to cover the risks of exposure to creditors, pushing the financial costs onto US taxpayers. Despite this bailout and other interventions in the supposed "free market," the financial system is still reeling. Credit liquidity has disappeared, causing shockwaves in student loans and other areas.

With the increase in fuel prices and contracting supply of basic resources such as food and water, many commentators think far worse is still to come. Dmitry Orlov's *Reinventing Collapse* (New Society Press) argues that the United States is headed for an imminent economic meltdown that will be as devastating as the fall of the USSR in the 1990s: "Try to form a picture in your mind: it is a superpower, it is huge, it is powerful, and it is going to come crashing down," he writes. "You or me trying to do something about it would have the same effect as you or me wriggling our toes at a tsunami."

## **"Life without money is unthinkable"**

According to Orlov, an engineer and peak oil theorist, the causes of this crash include ideological gridlock, the entrenched corruption of our corporate state, the massive debt piled on by heedless US policies, and our utter dependence on a rapidly diminishing supply of fossil fuels. Predicting mass bankruptcy, hyperinflation, and resource shortages, Orlov recommends stockpiling items that can be bartered on the black market, such as razors, condoms, and liquor, strengthening local communities, and learning how to grow your own food. "For most people in the US, rich or poor, life without money is unthinkable," he notes. "They may want to give this problem some thought, ahead of time."

While the fire-sale of Bear Stearns was being arranged, I was at the Left Forum at Cooper Union in New York, an annual gathering of Leftist academics and organizers from around the world. The Left Forum featured over 100 panels on a range of subjects, from water privatization, CIA torture, to the leftward shift of South America, and many other topics. I had been invited to speak on a panel about indigenous cultures, consciousness, and social transformation—the only place at the Left Forum where social movements were even summarily discussed in relation to indigenous cultures who live "with" the earth, and not "on" it, as my fellow panelist, Tiokasin, a radio host at WBAI and a Lakota, put it, and non-ordinary states of awareness were given a nod.

During a panel on the "Decline of the Dollar," I was struck by a comment from David Harvey—an eminence grise among Leftist academics, the esteemed author of *Limits to Capital* and other works—who noted that Wall Street

bonuses in January amounted to an astounding \$36 billion, despite the heedless actions of the traders and investment houses that caused the implosion of the financial markets. At the same time, due to the subprime mortgage meltdown, over a million people have already seen their homes foreclosed, with nearly two million more foreclosures coming in the near-future, leading to more than three million US citizens deprived of their largest and most central asset. What Harvey noted is that, if we ignore the “fetishized mystical language” of the financial elite, “The loss of assets of those three million people is where those \$36 billion of bonuses came from.”

Apparently, another 8 million-plus homes—more than 10 percent of the homes owned in the US—are now valued at less than the outstanding mortgages owed. What this means is that many of those mortgage-holders may soon find it more sensible to walk away from their property—sending their keys back to the mortgage-issuers as “jingle mail”—rather than continue to cover their exorbitant debt. As a chain-reaction, this will increase the devaluation of US property.

At the same time, the next phase of the current economic crisis will extend to other forms of personal debt, such as credit cards. While the US and European Central Banks continue to pour hundreds of billions of dollars into the financial institutions that created this disaster through predatory lending practices, they have done little for the millions of poorer people facing insolvency.

As another Leftist economist noted on the same panel, one can only feel “a sense of awe” at the lack of real protest about what is taking place.

In 2006, I published my second book, 2012 The Return of Quetzacoatl, which studied the prophecies of indigenous people indicating we are in a time of massive transformation—the transition from the “Fourth World” to the “Fifth World” according to the Hopi. Based on my book, I often find myself looking over my shoulder, wondering if current events fit the prophetic timetable of the Mayan Calendar. Although the validity of Carl Johan Calleman’s scholarship has been called into question by John Major Jenkins and others, it is interesting that Calleman predicted the current year (November 2007–November 2008) to be the year of Tezcatlipoca—sinister deity of black magic and the jaguar—marked by economic collapse, war, and other threats.

On the one hand, I found many reasons for taking “2012” seriously as a threshold of some type of tremendous transition in human culture and consciousness, based on my research, my own synchronicities as well as esoteric and intuitive experiences. On the other hand, studies of the current state of global society insist that massive and accelerating change is unavoidable in all areas of life. The future of humanity is imperiled if we do not transform our social practices and fundamental paradigm within the next years.

Such a hypothesis is reinforced by many recent developments, from the sudden disappearance of honeybees and Chinook salmon to the comment made by a famous financier to a friend, later recounted to me, that currency will have no value in a few years, and the only thing that will be worth anything will be land. One of the depressing aspects of the Left Forum, along with the average age of the audience being well above fifty, was the palpable ambience of failure and defeatism in the crowd. Certainly, the last thirty-five years have been a miserable period for radicals in the US, who have watched the oligarchy consolidate power, instituting elements of a police state, and holding tight control of the mass media.

Crucial ideas and possibilities can vanish completely for a time—even for an entire generation—before they return with a new force and impetus, to start a new turn on the spiral. This has been the case with shamanic exploration of non-ordinary consciousness, which has made a resurgence in recent years in a wiser and more mature form than in the 1960s. Similarly, it is possible that the moment has arrived when a populist radical movement could reconstitute itself, and this could happen at a rapid pace. Radical movements often burst forth when theorists, sociologists, and academics least expect it. They arise when masses of fed-up people begin to seek direct redress against a system that has exploited and enslaved them.

That our financial system is fixed to reward a minuscule subset of the global population, the “ruling elite” who control the financial sector, is a realization that could begin to permeate the mass consciousness. Social awareness can only increase as the destructive delusions of the dominant ideology become more obvious. With the intermeshed networks of contemporary life, a new realization could spread rapidly, along with techniques to confront a system that has failed to protect the poor and the planet. The incredible mismanagement of the earth’s precious resources—the squandering of oceans, forests, animals, and air—is an indictment against the current order and its leaders. The continuity of this system is a direct threat to future generations. Although it seems unstoppable and

unassailable, this system is also quite frail, utterly dependent on petroleum, on the effectiveness of constant media indoctrination, and on increasingly complicated technologies.

While most mainstream commentators and even some of the critics at the Left Forum argue that the current implosion of the financial markets is one of the periodic crises of capitalism that eventually gets resolved through institutional measures and bailouts, it actually may be far more than that. This may be neither a crisis of “liquidity” nor even one of insolvency but a crisis of money itself—in other words, a crisis of faith in the entire belief system of capitalism, which has functioned as a displacement of religion, with money substituting for the banished god. As Karl Marx noted in his 1844 *Manuscripts*, money is “the visible divinity” in a capitalist world:

“By possessing the property of buying everything, by possessing the property of appropriating all objects, money is thus the object of eminent possession. The universality of its property is the omnipotence of its being. It therefore functions as almighty being. Money is the pimp between man’s need and the object, between his life and his means of life. But that which mediates my life for me, also mediates the existence of other people for me. For me it is the other person.”

When I reread some of Marx last year, for the first time since school, I was startled to encounter the tremendous depth of spiritual insight in his work. The radical essence of his thought has been obscured by the course of history, and by the desire to deny, suppress, and evade it, ever since.

Marx saw that the revolutions of the 18<sup>th</sup> Century enshrined the rights of the bourgeois individual to compete against others, rather than realizing man as a “species-being” who can only attain freedom through his communion with other men: “None of these so-called rights of man goes beyond the egoistic man, beyond man as a member of civil society, as man separated from life in the community and withdrawn into himself, into his private interest and his private arbitrary will. They see, rather, the life of the species itself, society, as a frame external to individuals, as a limitation of their original independence,” he wrote in “The Jewish Question.” Freedom was defined negatively, creating a social reality in which each individual had to struggle against others to preserve and increase their private domain.

As David Korten, Bernard Letaier, and others have written recently, our basic financial system in itself creates artificial scarcity, and induces competition and sociopathic behavior patterns that lead inexorably to disregard of the environment and mistreatment of others. When a bank gives out a loan to someone, they are not creating the extra money that the individual has to make as interest accrues. When they examine that person’s credit, they are checking to see if that person has the capacity to compete effectively in the marketplace and come up with the accrued interest, which is imaginary capital at the outset. The individual then struggles against others to retrieve the money he owes. Similarly, publicly traded corporations must maximize profits to satisfy shareholders, and this forces an institutional disregard for environmental safeguards and humane practices.

Over the last decade, the deregulation of the financial system “acted like psychotropic drugs on the minds of investors,” as one Left Forum panelist noted, unleashing increasingly rapacious and mindless greed. Pushed to its limit, the logic of the system reveals itself in transparent form. The subprime mortgage market offered loans to people with little or nothing in the way of assets or collateral that began at a low rate of interest and then ballooned to massive rates later. These predatory loans were then bundled together and sold as securities, given class “AAA” status by regulatory bodies that had little interest in compelling restraint. These securities based on corrupted loans were meshed with other types of assets and securities and sold up the financial pyramid. As in the classic pyramid scheme, when the debtors at the bottom start to default, the rotten edifice comes tumbling down.

At the same time, the crumbling of this scam is revealing deep levels of tulip-style mania in the banks and financial institutions, which had developed highly convoluted mechanisms for extracting profits by lending vast, and nonexistent, sums to each other for short-term periods. While commentators think that the amount of actual wealth that is going to disappear from the world economy is \$1.5 to \$2 trillion, the amount of imaginary capital traded in rapid fashion to amp up artificial profits was exponentially higher than this number. At a time when credit has evaporated, whoever gets caught holding the i.o.u.’s for these massive amounts faces instant insolvency.

It appears that unleashed greed incited by deregulation of the markets has led to a massive implosion of the financial apparatus that may not be fixable within the current system. This crisis may have its roots in the early

1970s, when the US took the dollar off the gold standard, and the untethered US dollar became the global reserve currency, forcing the developing world to adopt it for international transactions and debt repayment. The building of the World Trade Centers could be seen as symbolizing the shift of the focus of the US economy from productive industry to finance capitalism, as the parasitical system of speculation on derivatives and currencies became the central wealth-producing engine within the US. The lack of US productivity coupled with a virtualized currency with no real-world referent has led to the amassing of extraordinary debt, on an individual and societal level.

The crisis may actually have far deeper roots, going back to the basis of capitalism itself, an economic system that constantly requires new markets to penetrate and cannot sustain itself without continually extending its reach. In a fully globalized world, where there are no new markets to reach or new resources to exploit, capitalism may have reached its natural limit. It is also imprecise to call the current system “capitalist” in a classical sense, as it is actually one where massive subsidies protect vested interests, from agricultural lobbies to oil companies, and the ideal of a “free market” is a convenient fiction.

In a fully globalized world, the Neoliberal model can only perpetuate itself through the types of shock effects described by Naomi Klein in *The Shock Doctrine*, where destruction is encouraged and then seized upon as an opportunity to redevelop and recolonize areas already within empire. One of the panelists at the Left Forum described the mortgage meltdown as a “financial Katrina” that will allow wealthy speculators to take over urban neighborhoods where poor people have suffered mass defaults. The disastrous consequences of rampant privatization are increasingly obvious, as services become weaker, corruption increases, and prices rise.

## End of the current economic paradigm

Considering the extent of delusional capital now underlying the financial system, it is possible that the current crisis could be pointing toward the end of the current economic paradigm. This could mean a real trans-valuation of our world. As Marx points out, the function of money was to transform all qualities to quantities that are ultimately equivalent. Money “is the true agent of separation as well as the true binding agent—the [universal] galvanic-chemical power of society,” Marx writes in *The 1844 Manuscripts*. Money-as-mediator and ultimate arbiter seeks to reduce all qualities to quantities, but fails because it reduces everything to sameness, with the Midas touch of nihilism. Love and trust are basic values that elude the mediation of money.

In his great book *The Gift*, Lewis Hyde contrasts our modern market economy with the gift-based economies of tribal and indigenous cultures. He writes, “The desire to consume is a kind of lust. We long to have the world flow through us like air or food. We are thirsty and hungry for something that can only be carried inside bodies. But consumer goods merely bait this lust, they do not satisfy it. The consumer of commodities is invited to a meal without passion, a consumption that leads to neither satiation nor fire.” The gift, on the other hand, renews the communal bond, and requires reciprocity as well as trust. Hyde writes:

“The gift moves toward the empty place. As it turns in its circle it turns toward him who has been empty-handed the longest, and if someone appears elsewhere whose need is greater it leaves its old channel and moves toward him. Our generosity may leave us empty, but our emptiness then pulls gently at the whole until the thing in motion returns to replenish us.”

If modern society reduces all value to a universal exchange of quantities, indigenous cultures were conscious of qualities that did not allow for perfect equivalences of exchange. Ultimately, it was the state of mind and heart of the giver that mattered, not the objectified value of an object.

The current economic crisis may be resolved—at least temporarily—by an international agreement between oligarchic forces that will lead to some bail outs and a renegotiation, and severe reduction, of American power in the world. Or it may be that the glue that has held together the international monetary order is coming undone, in which case a deeper process of transformation may take place.

If this is the case, then the social agreement that is money itself may be up for discussion, and the nature of value may change yet again. In other words, the current economic crisis may represent, not just a reordering of power and finance in the world, but a deeper expression of a crisis of value, and the opportunity to begin the pendulum

swing back again, from an economy based on the meaningless exchange of nihilistic quantities to a different model of economy that would require alternative institutions and techniques to support the socially cohesive expression of values-based qualities.

# fifth Estate

Daniel Pinchbeck

The End of Money

The current economic crisis may be another bump on capitalism's always dizzying terrain, or it may signal epochal changes

2008

<https://www.fifthestate.org/archive/378-summer-2008/end-money>

Fifth Estate #378, Summer 2008

**[fifthestate.anarchistlibraries.net](http://fifthestate.anarchistlibraries.net)**