Where has all the (xeno)money gone?

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It is not particularly worrying if you and I, ladies and gentlemen, do not know exactly what money is. But it is absolutely terrifying if even the specialists and those who are responsible for money don't know, don't really know what money is.


Introduction – Two disappearances, one return.

The graph climbs steadily, business as usual, shares trading normally almost up to the moment of collapse. Things start to dip a little as media reports proliferate, but nothing catastrophic. Then, suddenly on September 15th 2008, the graph drops like a stone – the point at which the global economy goes into freefall. This was the moment US Bank Lehman Brothers collapsed and became the first major casualty of the 'credit-crunch'. Lehman did not cause the ensuing crisis single-handedly (though they certainly did their bit), but their demise has nevertheless come to symbolise the collective insanity and ineptitude that gripped the financial markets and institutions at the time. In the days following the Lehman collapse we all learned more about ‘sub-prime markets’, ‘toxic
debt’ and ‘market correction’ than we’d ever wanted, and that $US trillions had been
‘wiped’ from the value of the global economy. That's the disappearance everyone knows
about.

The lesser known disappearance happened 17 months later. To be precise it happened at
2.45pm, EST, May 6th 2010. In fact the 'Crash of 2.45' as it became known (more
commonly the 'Flash-Crash') unfolded over a slightly longer period of time – about half
an hour all in – 2.45 representing the bottom of a dizzying 995.55 point fall in the Dow
Jones Industrial Average. Shortly before 2.45 someone had the wherewithal to pull the
plug on the machines that, in the space of a few hectic minutes, had traded away much of
America's (and by extension the world’s) accumulated and future wealth. Once again,
$US trillions were ‘wiped’ off the value of the major US stocks. This time, however, and
much to everyone's relief (and surprise), shortly after 2.45 the machines started behaving
themselves and within half an hour or so most of the value of the markets had been
restored. A few people got very rich, some got burned, some of the sillier trades had to
be cancelled, but by and large things went back to ‘normal’. In the case of the Flash
Crash, this is to say, the ‘wiped’ $US trillions came back.

In 2008, once the scale of the disaster became apparent, the question, ‘Where has all the
money gone?’ was routinely asked. Given the way that the ‘losses’ were reported in the
media, this seemed eminently logical. If, as everyone claimed, the markets were worth
$x trillion one day, hour or minute, and $x-n trillion the next, what did this mean in
practice? The response to this question – technically correct, but unsatisfactory - was that
the lost 'money' had never actually existed. Rather, what was being described as a 'loss'
was the difference between the nominal values of stocks, assets, securities, cash and the
rest before and after market 'corrections'. If, however, the ‘losses’ reported in 2008 were
simply ‘corrections’, was this also true of all that reported value ‘regained’ in the minutes
after 2.45 on May 6th 2010? The restoration of market value once the machines had
calmed down was certainly treated as real enough at the time. If the money lost in 2008
never actually existed, surely the money regained in 2010 was similarly illusory? This,
of course, begs the further and much more important question: ‘What is money,
anyway?’ And this question, again routinely asked in 2008, was not really answered at
all, even by (perhaps especially by) von Bethman’s ‘specialists and those who are
responsible for money’.
In practice the ‘what’ and the ‘where’ of money are, at any given time, intimately connected, if never simple. If the questions provoked by the ‘disappearances’ of 2008 and 2010 were not answered satisfactorily this is because the nature of this interconnection is both ambiguous and counter-intuitive. This is partly because of the peculiarity of money as a ‘substance’. Money’s effectiveness, as has been observed many times before, is a function of its mobility – the velocity with which it circulates and the spaces within and across which it is able to move. These spaces include, of course, the ones we imagine when we read media reports about the economy which roughly equate to the ones we see when we consult a world-map – areas of flat colour enclosed by neat black lines. These are supposed to be the ‘national economies’ of, say, France, Greece, Australia, Russia, Somalia and the other 190 or so (depending on what and who you count) ‘sovereign’ states. But the spatiality of money cannot be reduced to the ‘formal’ spaces of sovereignty. Not only can money’s mobility not be explained fully through conventional spaces of economy, its complexity also creates ‘other’ spaces – spaces without magnitude and without territory, but which arguably represent the true domain of contemporary money. Money, this is to say, is intrinsically extraterritorial: – it is always beyond territory however much we might kid ourselves that ‘we’ have pinned it down\(^1\). And this begs the question not only of where it might go during and after financial crises, but what it is and where it might have started from in the first place.

*Mobile money: Venezuelan Taxis, Ghost Coins and the State*

One of the counter-intuitive aspects of money stems from the ‘truths’ about it we, as economically active citizens of states, have had drummed into us throughout our lives: that it is both fixed and legible. Fixed, because we give it a name that connects it unambiguously to a territory or territories – Pound, Dollar, Euro, Rouble, Dinar, Rupee, Real, Yen, etc. National and/or inter-national currencies, but all connected in our minds with known places and spaces. Legible, because whenever money is discussed, these are

\(^1\) In the terms of this project money is also fundamentally 'extraterritorial' – without territory altogether rather than simply being outside territories, which is the literal meaning of extraterritorial. Exterritorial is rarely used in English and so I will stick to extraterritorial for the purposes of this paper.
the terms used to establish a common frame of reference and, therefore, exchange. That common frame always involves some level of allusion to, or simply assumption of, money’s territoriality even if in practice we might be a bit hazy about what actually means. Defining money in this way is, however, always problematic.

Although, as suggested above, the currencies we use in daily life all have some form of territorial referent, the money they represent (and here it is important to note that currency is not money, but a representation of it (Simmel 1991, Ingham 2004)) moves very freely. Should we, as happily cash-rich individuals, for example, wish to move a sterling-denominated bank account or even a suitcase of sterling notes into Euros there is little or no restriction on that movement. This is because both the £ and the € are freely exchangeable with each other and with most other major national and international currencies. Whilst most of us now simply take this for granted this was not always the case. Until relatively recently many states imposed tight controls on the scale of exchanges with other currencies in an attempt to protect their reserves of ‘hard currency’ and thus their balance of payments with international trading partners. Although this has now become a distant memory for most people in the so-called ‘advanced’ economies, such attempts to restrict monetary mobility persist.

Travellers from the wealthier ‘advanced’ economies of the world travelling to Venezuela, for example, encounter the difficulties of ‘currency controls’ even before they arrive, and from an unexpected source. Booking a taxi from the airport to Caracas involves not just arranging a time and destination, but also a brief but important lesson in Venezuela’s complex monetary system. The local taxi firm ‘Taxi to Caracas’ (2012) devotes an entire section of its website to helping its prospective clients negotiate the anachronism of state-controlled money. The site helpfully includes a brief account of Venezuela’s recent monetary history, including the devaluation of 2008 in which the Bolivar Fuerte was adopted resulting in the confusing circulation of three differently denominated local currencies. More importantly, it provides user-friendly advice in faultless English on how to circumvent the poor official exchange rates through the local black-market in foreign currencies:

The black market gives far higher rates of exchange than the official, government regulated ones. If you do not use the black market rate, Venezuela is a very
expensive country to visit. The only way a tourist will usually encounter the black market is in the form of a man approaching you (at the airport for example), quietly saying 'dollars, euros'. Changing money this way has a huge amount of risk (you could be given old bills/notes or simply be led away and robbed), however it is the only way to get the best value for your currency and consequently the best value for your visit to Venezuela (Taxi to Caracas 2012).

The emphasis on the risks of black market transaction may not be entirely unrelated to the firm’s invitation to help with ‘useful tips’ on currency exchange further down the page. Indeed, it is possible that this firm is offering more than transport. However, what is important here is what this says about Venezuela’s ‘national’ money. The attempt by the government to control the flows of currency in and out of Venezuelan currency space – in an effort to protect the Bolivar Fuerte from the ravages of the international monetary system - is clearly simply stimulating alternative routes. The controls will slow down the flows of currency to some extent, but the evident freedom with which the black market operates suggests not by very much.

Venezuela’s attempts to control currency flows at a time when most states have long-abandoned such restrictions highlights a peculiarity of modern ‘state’ money. Venezuela's attempts to control its currency does not have a significant effect on the global economy, but others, particularly China, can inhibit the circulation of major capital flows (hence the pressure China has been under from many capital-starved 'advanced' economies to float, even partially, the Renminbi on international markets (Mallaby & Wethington 2012). It is often assumed that the historical transition from monies based on and often made from specie (precious metals such as gold and silver) to paper banknotes and electronic currencies, signals increasing mobility. In practice, however, the creation of ‘national’ currencies guaranteed by law rather than backed by metal (though the two systems have often run concurrently and not without confusion) was an attempt to curb money’s tendency to move freely. Prior to the introduction of fully paper monetary systems (starting at the very end of the 18th century, but taking over a century to fully develop (Davies 2002, Helleiner 2003)) and also before any form of functional currency control, specie money was, paradoxically, highly mobile. In Europe, for example, during the 17th century many hundreds of different currencies were in circulation at the same
time. Their mobility arose not from where they were issued or by whom, but by the capacity of the network of money-changers (precursors to modern banks) to translate between coinages on the basis of the weight of metal they contained. Thus, for example, London merchant Gerard de Malynes’ *Lex Mercatoria* first published in 1622 as a guide to ‘international’ trade, lists hundreds of different coins with their corresponding weights, fineness, and, therefore, relative values (Malynes 1685). Most of these would have circulated within relatively small geographical areas, but some, such as the *solidus* (or *bezant*) – the so-called ‘dollar of the Middle Ages’ - were used for long-distance trade over centuries (Lopez 1951).

The gradual process of ‘standardising’ money began with institutions such as the Bank of Amsterdam (f.1609) which, at the centre of one of the world’s predominant trading ports at the time, had to process many different coinages. To make transactions within the port simpler and cheaper, the Bank took in any coinage or bullion as deposits and recoined and reissued the whole lot as the standard *guilder* (de Vries, 1976: 229). This standardisation of coinage greatly increased the efficiency and profitability of Dutch trade and over time became the model used by ‘national’ banks as they emerged at the end of the 17th century (e.g. Bank of Sweden, f.1668, and Bank of England, f.1694).

Although the standardization of coinages happens everywhere eventually, it is not in itself a simple process whereby money becomes steadily and more legibly materialised. This is because even long before the advent of paper and electronic monies, functional money need never have any material embodiment. Writing about the major ‘currencies’ of the European middle ages, for example, Carlo Cipolla (1956:38) notes the strange existence of spectral coinages:

2 As this was prior to what we would now call either inter-national or even ‘global’ trade, this term is a little misleading. De Malynes and his colleagues and competitors could trade with anyone, anywhere and in any currency they liked, the only restrictions being the geographic reach of shipping and the difficulties of translating monetary and commodity values. The *Lex Mercatoria* was intended to ease the latter of these.

3 A transcription of the names of all the coins cited in Malynes’ treatise can be found here: http://xenotopia.wordpress.com/2010/10/21/the-poetry-of-money/
[...] here the mystery begins, during the greatest part of the Middle Ages and the first centuries of the modern period, with the exception of a few short periods, nobody ever saw many of these “moneys” about which everybody talked. For instance, nobody for centuries saw a real pound, for the simple, but paradoxical, reason that the pound during the greatest part of its life did not materialize into a real, visible, and touchable coin. It was a ghost money.

Ghost, ‘imaginary’, ‘bank’, 'political' moneys and ‘money of account’ were all categories used to describe the phenomenon of monetary units in use in daily calculations of prices (particularly by banks and merchants, but also the wider population when needed), and treated as coins, but which were seldom, if ever, actually coined. Although used largely for the convenience of accounting (it is much more practical to tally large sums in ‘ghost’ pounds than in ‘real’ silver shillings), in the context of Europe’s burgeoning banking and finance markets these imaginary monies became every bit as ‘real’ as their metal counterparts and were, of course, the distant forerunners of the ‘fiat’ money of the modern state (Einaudi 1953).

The imperative to limit the territorial mobility of money coincides with the efforts of the state to define its boundaries (social, cultural, political, legal as well as economic) and to define a ‘national’ population – the ‘imagined community’ of the nation state (Anderson 1991, Cameron and Palan 2004). The standardisation of money in the form of national currency is part of the efforts by emergent states particularly in the 19th century to create what Mary Poovey (1995) described as a ‘social body’ – the state as a single, integrated, quasi-organic, corporeal whole. In Britain, for example, which because of its industrial power largely defined what a 'normal' state would look like (cf. Habermas 1992), the shift from specie-based to wholly paper money – starting with the ‘Suspension Act’ of 1797 – led to the introduction of, among other things the income tax (1799), disciplinary ‘Poor Laws’ (1820s onwards), the reining in of the autonomous power of ‘Municipal Corporations’ (1835), banking ‘reform’ (i.e. consolidation and agglomeration, 1844 onwards) and much else that forced the ‘nation’ together and disciplined the way it used money. As Pierre Bourdieu noted with respect to the significance of taxation to the creation of a ‘disciplined’ and monetised national community such legislation and tendencies towards territorialisation were mutually reinforcing (1998:p.43. Emphasis in
The institution of the tax (over and against the resistance of the taxpayers) stands in a relation of *circular causality* with the development of the armed forces necessary for the expansion and defense of the territory under control, and thus for the levying of tributes as well as for imposing via constraint the payment of that tax. The institution of the tax was the result of a veritable *internal war* waged by the agents of the state against the resistance of the subjects, who discover themselves as such mainly if not exclusively by discovering themselves as taxable, as taxpayers.

Money in the form of national currencies and tax systems was used to consolidate ‘territory’ and to link it, for a time at least, with a ‘national population’, but this does not mean that money itself is necessarily territorialised. This is why despite the restrictions, foreign travellers, black market traders and, on occasions, taxi firms can circumvent the strong nation-state simply by creating a temporary extraterritorial monetary space between themselves. This also explains why, as the routes by which money can circumvent the conventional legal space of the state proliferate (whether through helpful taxi firms or, more likely, the internet), we are increasingly discovering ourselves as nations of ‘tax-avoiders’4.

*Something for nothing – placeless money*

That we no longer have 'ghost' or ‘imaginary' money as formal accounting categories, is not because money has all somehow become real, but because since all money is now effectively fictive such categories are redundant. Contemporary state money – so-called *fiat money* – is fundamentally a creature of *law* (Mann 1992, Ingham 2004). There is nothing new, of course, about the legalization of money – not least because at least since

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4 At the time of writing (July 2012), for example, the issue of tax avoidance is gaining extensive news coverage in the UK and continental Europe. In the UK many wealthy ‘celebrities’ are being exposed as ‘tax-dodgers’ by pressure groups such as UKuncut, whilst in Europe, the ongoing crises of the Greek, Italian and Spanish economies in particular are in part being attributed to endemic tax avoidance among both corporations and the general population.
the beginnings of the centralised monarchic states of the early European Middle Ages, the issuance and regulation of money has been a function of ‘sovereignty’ – hence the many coinages named in relation to ‘sovereign’ entities: **sovereigns** themselves most obviously, but also **riyals, crowns, nobles, ducats, krone**, etc.

Until the introduction of first paper and then fiat monies, the value of money was, at least in theory, fundamentally guaranteed by the substance from which it was made – gold, silver and copper/bronze. As has been noted many times, however, even during periods when specie coinages were paramount, metal alone was never enough to define or maintain value (Keynes 1914). This is partly because of the perennial problem of ‘debasement’ – monarchs manipulating the metal content of coinages to artificially, and always temporarily, increase their apparent wealth – but also because the relationship between 'tale' (what a coin is supposed to be worth and/or or the number stamped on it) and 'weight' (what its metal content is actually worth according to the money-changers' scales and the vagaries of the market) was never stable (Davies 2002). Values fluctuated both in relation to other coinages of the same metal and to the many thousands of fractional currencies of different metals that circulated alongside larger value coins (Timberlake 1981, Sargent & Velde 2002). It is for this reason that economic historian Luigi Einaudi described the experience of the modern analyst looking at medieval money as being 'to wander for a while in a dark forest' (Einaudi 1953: 235). If the standardisation of money during the period of the 'strong' nation state (roughly 1870s to 1950s) was supposed to make this dark forest easier to navigate, by thinning out both the trees and the undergrowth, more recent events have caused it to grow back more strongly than ever.

To return briefly to the first of our 'disappearances' above, for example, the precise nature of money with respect to some of Lehman's later transactions is at best ambiguous. The Valukas Report (2010), commissioned by the SEC to explain the collapse of Lehman, closely examined the bank's use of a particular accounting technique called 'Repo 105'. This monetary sleight of hand involved Lehman making a 'loan' to the financial markets, but, by undertaking to repay 105% of the value, the loan was defined as a sale. The sum in question – around $20 million worth of outstanding debt in Lehman's case – was thus removed from the books until the 'sale' was completed. According to the Valukas Report
Lehman's Global Financial Controller confirmed that “the only purpose or motive for [Repo 105] transactions was reduction in the balance sheet” and that “there was no substance to the transactions”

Although not clarified in the report, ‘substance’ here refers primarily to the transaction because no ‘real’ asset was transferred. Essentially Repo 105 and related processes use legal and accounting loopholes to redefine one asset in terms of another in order to conceal it and/or to make it more ‘tax efficient’. However strange and sometimes fraudulent such activities may seem, they are routine aspects of the management of the byzantine financial structures of contemporary corporations. The various activities that allow wealth to be concealed in the world's many tax-havens or protected by the many varieties of 'tax-shelter' currently marketed by the world's accountancy industry, all involve the manipulation of the legal meaning and/or location of money (Palan 2003, Cameron 2008). Such activities are only possible because the money in which such transactions are denominated is itself without substance. Since money is already a legal fiction, this is to say, it is not very surprising that enterprising lawyers and accountants find ways of rewriting that fiction to their own advantage.

These substanceless transactions on the part of Lehman, for all the damage they ultimately caused, were relatively minor examples of the abstract nature of contemporary money, particularly those rarified creatures of the global financial markets that circulate on a very large scale – Eurocurrencies, Eurobonds and derivatives of all kinds. Such monies – for all that they continue to be reported in familiar currency terms – are in practice of a very different 'substance' to the money embodied in the notes and coins used for ordinary daily circulation. As Jean-Joseph Goux noted some years ago even with respect to small-scale transactions, the means of payment – cash, check or charge – has a determinant effect on the meaning of money and our personal relationship to it (Goux 1999). This is even more the case with transactions that take place in the distanciated currencies of high finance and the obscure mathematical markets through which they continuously flow. It is partly because of this that no adequate or final explanation has yet been found either for what caused the flash-crash or, more worryingly, perhaps, what
the ‘loss’ and ‘return’ of so much ostensible ‘value’ actually means.\(^5\)

Because of their social as well as economic significance, various attempts have been made to make sense of these monies over recent years, particularly in terms of their location. Brian Rotman famously described the 'placeless' monies of the Eurodollar markets that emerged in the late 1950s, for example, as 'xenomoney' (literally 'strange money') (Rotman 1987:90)

For ‘Euro’ and ‘dollars’ one should write ‘xeno’ and ‘money’ respectively. The Eurodollar has long since shed its attachment to Europe. It is in fact, no longer geographically located, but circulates within an electronic global market which, though still called the Eurodollar market, is now the international capital market.

Rotman is correct to emphasise the separation of ‘euro’ currencies from the territorial space of Europe (they are so named because they originated in the 1950s as $US traded in European interbank markets (Burn 1999)), but this does not mean that they have no geographical location. The ‘space’ of Eurocurrency trades may no longer equate to the territories of the currencies they adopt, but that does not remove it altogether as though the domains printed on the map exhaust the possibilities of space (Cameron 2012). A rather different way of visualising this space comes more recently from Italian economists Amato and Fantacci, in trying to explain the nature of finance after the crisis of 2008 (Amato and Fantacci, 2011:104):

[...] It was precisely in virtue of the totally free space reserved for capital movements on the eurodollar market that it was possible to prevent them from generating pressure on balances of payments and hence on national currencies, at least as long as that space remained separate from the national monetary and financial systems. On this condition - which, however, remained implicit and problematic - the eurodollar market can be considered an autonomous monetary area with its own currency.

\(^5\) Various explanations have been put forward blaming, variously, anomalous trades, algorithmic and high-volume trading systems, worries about the Greek economy (a riot against fiscal austerity took place in Athens just before 2.45), an extra 0 added to a purchase order by mistake by a ‘fat-finger’ on a keyboard, etc. The SEC report into the Flash Crash did not reach a definitive explanation, but recommended the installation of circuit breakers to trading system to at least prevent the fall being so great if, or perhaps when, such an event recurs.
In contrast to Rotman’s non-geographical space, Amato and Fantacci are suggesting that the Eurodollar markets effectively have their own mode of quasi-territoriality – an ‘autonomous monetary area with its own currency’. Whilst this may make the Euromarkets seem more legible as monetary spaces, it does not really capture their spatial peculiarity. Eurocurrencies, for all they are traded completely independently of their ‘home’ currency domain, nevertheless trade on the existence of that home: even as they undermine its ‘fiscal sovereignty’. Similarly, Eurocurrency markets are not defined positively in terms of an ‘area’ they create, but negatively in terms of the territorial currency area that they do not inhabit. This means that they are defined as the very antithesis of territorial money.

Whatever the strengths and limitations of these attempts to explain current monetary realities, it is important to note that both start from the assumption that money is normally territorialised. Hence, although they do it differently, both accounts find a way to express the relationship of the ‘new’ money of the Eurodollar markets using the language of ‘normal’ spatiality. However, as suggested above, the ‘strong’ territorialisation of money practiced by the nation state and its national currency has in fact been a relatively short exception (less than a century) in a much longer history of monies with little or no necessary connection to territory.

Although this comes as a surprise to many commentators for whom all money is necessarily territorial, the intrinsically exterritorial nature of money is a function of its more general and fundamental lack of substance. This aspect of money was explored throughout the 1970s by performance artist Joseph Beuys who staged many events that sought both to highlight and investigate the paradoxical ‘nothingness’ of money. These involved, for example, ‘defacing’ banknotes with slogans such as ‘Kunst=Kapital’ (art equals capital) and signing them. Such an act both destroyed the face value of the note as money, but at the same time massively increased its value as an object by turning it, with a few strokes of a pen, into an art-work. Beuys was commenting as much on the dubious and still controversial relationships between art, money and systems of value as he was on the nature of money itself, though many of his ‘lectures’ dwelt almost exclusively on the latter (for a recent exploration of these same issues, cf. Lind & Velthuis 2012). This aspect of his work culminated in a public panel discussion held in 1984 in Ulm that
brought together Beuys himself with a group of bankers and economists to address the question, ‘What is Money?’ (Beuys et al 2010). The difficulty of defining money in substantive terms was posed directly by development economist Rainer Willert in his opening remarks to the meeting (Beuys et al 2010:11):

'What is Money?' 'Nothing': that's the only possible answer. But it works. Money works because in our heads, yes, we don't think of it as nothing. And because entire networks of institutions – here I'll mention only banks and the pricing system – emerged from this same falsehood and established themselves on its basis, making it their business to hide this nothingness from view. So money works. And its most important work is to secure its future: in other words to make sure we go on desiring it in [the] future too.

The ‘nothingness’ of money is, paradoxically, crucial to its capacity to carry and store value in advanced economies. In place of the relatively inflexible (though arguably more stable) currencies of the period of the gold standard (which finally died with the unpegging of the $US in 1971), contemporary money derives its value from a highly complex mix of legal decree, global market interactions, banking policies and practices and the definition of what ‘counts’ as money at all. Only a money evacuated of any and all substance (including a fixed territorial location) can function in such a complex system. It is because money is essentially nothing that also means that it is potentially everything – money is a ‘meta-commodity’ that is universally applicable. Beuys own interest in money stemmed precisely from this transcendent universality, something he felt had been undermined by contemporary monetary practices (such as the style of high-risk banking practiced by the likes of Lehman), but which nevertheless had an emancipator potential. Just as Beuys’ ethos as an artist was based on the idea of universal participation, so he envisioned a de-institutionalised money that would serve mankind (cf. also Hart 2001. North 2007).

This potentiality of money was noted a long time ago by Jorge Luis Borges in his short story ‘The Zahir’ in which the main protagonist considers the power of a ‘substanceless’ coin (Borges 1949):

[…] I reflected that there is nothing less material than money, since any coin
whatsoever (let us say a coin worth twenty centavos) is, strictly speaking, a repertory of possible futures. Money is abstract, I repeated; money is the future tense. It can be an evening in the suburbs, or music by Brahms; it can be maps, or chess, or coffee; it can be the words of Epictetus teaching us to despise gold; it is a Proteus more versatile than the one on the Isle of Pharos. It is unforeseeable time, Bergsonian time, not the rigid time of Islam or the Porch. The determinists deny that there is such a thing in the world as a single possible act, *id est* an act that could or could not happen; a coin symbolizes man’s free will.

The ‘substance’ of money is, therefore deeply ambiguous. The mobility of contemporary money is both a product of its successive abstraction from national currencies (i.e. from attempts to regulate in through territorial legal/political systems) and the source of its power and value. Although the velocity at which huge volumes of electronic ‘money’ can now circulate is partly a function of its lack of material substance, the significance of velocity to its function has long been recognised. Hence Georg Simmel in his *Philosophy of Money* noted – after paper money was the norm, though before fully-fledged ‘national’ currencies had been fully realised: ‘The functional value of money exceeds its value as a substance the more extensive and diversified are the services it performs and the more rapidly it circulates. (1991: 143). In other words, the functionality of money stands in inverse proportion to its physical ‘reality’.

*Money in between or money’s morbidity?*

If money has more functional ‘substance’ the less real it is, however, this begs a question about the nature of its mobility. If there is no substance – as Lehman’s financial controller happily admits – what moves? The immediate answer is, of course, nothing. If money is, as Willert suggests above (cf. also Rotman 1987), fundamentally nothing, then the answer to ‘Where has all the money gone?’ is easy (if troubling): it has gone nowhere.

Although this may sound peculiar, historically money has not necessarily been a mobile thing in its own right, but a special sort of boundary zone through which other things, commodities of various kinds, are able to move. Money, this is to say, is fundamentally a means of intermediation – translating the worth of disparate objects, services and entities
through a common framework of value. As such, money is the means by which mobility is achieved for commodities, rather than being a mobile commodity itself. This mediating boundary function of money and markets is of great antiquity, long pre-dating the creation of the stuff we now call money. For example, idea of a money/market space was attributed by the ancient Greeks to Hermes – messenger of the Gods (and thus, just like money, able to move between states of being), but also in his own right God of both theft and the market place. In his analysis of *Hermes the Thief*, Norman O Brown describes the connection between the divine trickster and the spatialization of trade (1947):

The most primitive form of trade, "silent" trade, has features which we have already noticed in the cult of Hermes. In "silent" trade the parties to the exchange never meet: the seller leaves the goods in some well-known place; the buyer takes the goods and leaves the price. The exchange generally takes place at one of those points which are sacred to Hermes - a boundary point such as a mountaintop, a river bank, a conspicuous stone or a road junction.

Money and the ‘sacred’ space of the market here perform no other function than intermediation – a neutral, exterritorial space (with divine protection) – through which trade could be managed without conflict. This externalised and externalising feature of money and trade continued for centuries until the market place and the institutions of money were gradually brought inside the city walls of medieval Europe and then progressively interpolated into the territories of the state (cf. Lefebvre 1991, Tilly 1992). At its most fundamental, money however defined and whatever it happens to be made of retains this intermediating function and for that it needs no substance. However, over many centuries we have given money concrete form as currency and, in doing so, allowed it to become not just the conduit for commodity value, but a commodity in its own right. This produces the paradoxical-sounding situation whereby money as currency is traded through the intermediating space of money – territorial money mediated by extraterritorial money.

The question, ‘Where has the money gone?’ therefore appears not as ‘wrong’, but as anachronistic: it assumes that money has one set of essences – solidity, durability,
physicality and, above all, territoriality, when in practice all of these have largely dissipated. Contemporary money retains a vestige of these attributes because to function as a commodity, it must maintain a connection – even if only negatively – to a territorial currency and, more importantly perhaps, to the various institutions, laws, debts, assets and the other paraphernalia of contemporary societies through which its value is established. The abstraction of currency into the quasi-spatiality of the Euromarkets has allowed some articulations of ‘currency’ (the currencies used by the markets rather than the ones embodied in the notes and coins in your pocket) to become very close to money in the ‘pure’ sense, but without ever losing its capacity for that internal differentiation (a consequence of borders, interest rates, banking reserve requirements, taxation, etc.) that allows it to generate profits. Why trade in the messy and unpredictable corporeality of a ‘real’ commodity, when – assuming you can trade enough of them, fast enough – the marginal fluctuations between the commodity monies of the forex markets will generate vast revenues. And because the substance and spatiality of currency is already fictional, the new fictions generated by the hedge funds, the futures markets, the accountants and the lawyers cannot be excluded from the mix of commodity monies in circulation. As the ‘treasury function’ of the world’s bigger companies has gradually overtaken their manufacturing and trading functions as a source of profit, so ‘money’ in all its strange and abstracted forms, has more and more come to dominate economic global activity.

Although the scale of this shift in the nature and importance of money has grown at a geometric rate in recent decades (particularly since the vast influx of petrodollars into the forex markets in the 1970s), the uneasy relationship between money as intermediary and money as commodity is not new. John Maynard Keynes recognised the dangers inherent in it long before it grew beyond our collective control. Dreaming of a future when we would not value money as something to own and horde, he argued (1931:369):

> We shall be able to afford to dare to assess the money motive at its true value. The love of money as a possession – as distinguished from the love of money as a means to the enjoyments and realities of life – will be recognized for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialist in mental disease.
Commodity money, territorialized money, Keynes was already suggesting in the 1930s, is a sign of collective insanity. The curious disappearances of 2008 and 2010, and our manifest inability to comprehend them, despite their concerning that substance that we use every day of our lives – money – might seem to confirm the madness at the heart of our economies.

**Conclusion: Changing the mental map.**

For all his condemnation of what territorial money had become, Keynes did not suggest that it should or could simply be abolished. Rather he envisaged a gradual change over the course of a century or so, after which the contradictions in and unsustainability of modern money would render it obsolete. Whether his prognosis will prove accurate remains to be seen, but it is certainly possible that the crises witnessed since 2008 not just in the functioning of money but in its very meaning, signal what Amato and Fantacci (2011) suggest might be the ‘end of finance’.

At the very least our ‘terrifying’ collective inability to understand the true nature of money – “you and I, ladies and gentlemen, and the specialists” – should cause us to start to re-examine it. With respect to its location, international political economist Benjamin Cohen concluded his analysis of *The Geography of Money* in the following terms (1998:168):

> If public policy is to remain at all effective [...] we must update our mental maps of money to close the widening gap between image and fact - between the conventional myth of One Nation/One Money and the reality of a deterritorialized galactic structure of currency. Westphalia's territorial trap must be avoided. We all need to learn to think anew about the spatial organization of monetary relations.

More recently, the ‘Occupy Wall Street’ protesters began to issue new mental ‘maps’ of money, using money itself. To highlight inequalities in the US economy, they overstamped dollar bills with graphic representations of the huge disparities of income and wealth in the US⁶.

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⁶ There are various different versions, all available to download from: [http://www.occupygeorge.com/](http://www.occupygeorge.com/) (accessed 13/7/12).
This may not look like a map, mental or otherwise, but that is only because we assume that all money is the same – a dollar is a dollar. But in addition to pointing out how unequal the distribution of dollars of all kinds is, the ‘Occupy George’ bill also subtly alludes to the fact that the dollars represented to the left – those controlled by the 400 richest Americans – have a fundamentally different location to those on the right. Where money is, where money goes and, ultimately, what money is, are, therefore, a matter of scale. Those to the left of the Occupy George Bill are able to access the extraterritorial world of the so-called HNWIs and Ultra-HNWIs. Most of those to the right have no choice but to live within the confines of territorial money – the relatively immobile domain of state controlled money: of cash.

Clearly, and despite the efforts of Occupy George, our mental maps are not yet up to date with the emergent geographies of money. The anomalous, partial explanations of the crises of 2008 and 2010 – both of which are, of course ongoing – further underline the disconnect Cohen observes between the ‘image’ and the ‘fact’ of money. That we cannot yet with any degree of certainty answer the question, ‘Where has all the money gone?’, suggests that we need not just an ‘updating’ of our mental maps, but some fundamental changes in the way extraterritorial money is created, managed, regulated and distributed.


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7 High-Net Worth Individuals and Ultra-High-Net Worth Individuals. There are various definitions for these people, but the most commonly used is that HNWIs have at least $1 million in disposable income available to them (i.e. not fixed assets such as real estate). Ultra-HNWIs have at least $20 million.
London, Verso.


Bourdieu, P, 1998, *Rethinking the State*


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