

**OVERCOMING THE  
BLOCKCHAIN AND  
CYBERCURRENCY  
HYPE:  
INTRODUCTION TO  
MONEYLAB READER 2**

INTE GLOERICH,  
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## OVERCOMING THE BLOCKCHAIN AND CYBERCURRENCY HYPE: INTRODUCTION TO MONEYLAB READER 2

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From place to place, to those many still left open,  
where there's perplexity and darkness but also gaps and rapture...

—Wisława Szymborska, *Labyrinth*

Welcome to *Overcoming the Hype*. This second MoneyLab Reader prods emerging, rising, crashing and burning digital money memes. Ever since its inception, in 2013, the MoneyLab project tinkers with digital money and finance experiments. We question persistent beliefs, from Calvinist austerity, growth, and up-scaling, to trustless automated decision-making, and freedom on the dark web, from (anarcho-)capitalist dreams of the days of yore to the special sauce of neoliberal entrepreneurialism and its right-wing libertarian counterparts.

Entering the 10<sup>th</sup> year of the global financial crisis, it still remains a difficult yet crucial task to distinguish old wine from its fancy new bottles. We need to recognize the ruling financial system in its ostensible alternatives. Neoliberal concepts and convictions such as growth, scale and free markets are often repackaged in mystifying and depoliticizing wrapping paper such as 'sustainable', 'parallel', 'local economies', 'co-ops', 'disruption', 'universal basic income (UBI)', and 'flexibility' but lack or misfire structural and systemic critique, or cleverly shadow-box their way around it. We are 'willing slaves of capital', as Frédéric Lordon wrote,<sup>1</sup> and if we trust the Believers, we will soon be (neo-)liberated by internet-based, autonomous payment systems or UBI.

With the monopoly of Central Banks crumbling, the very definition of money is up for grabs. MoneyLab considers blockchain technology, cryptocurrencies and other experiments with value exchanges as spaces of political contestation and possibility. Designing internet-based payment and network-based revenue models is a political project, and one with an equally important aesthetic program. MoneyLab asks designers, geeks, researchers, artists and activists: what role can criticism play when technology accelerates? And how can we work together to make a difference?

Over the past years, the Cyberworld fantasies of yesteryear have been rekindled, in updated and automated form, in stories about invincible, decentralized blockchains and heroic crypto-currencies, promoted as a refreshed parallel universe of digital value storage that can weather any storm as well as overcome the incessant global financial crisis. This tweet by Brett Scott pretty much sums up the MoneyLab critique of the

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1 Frédéric Lordon, *Willing Slaves of Capital: Spinoza and Marx on Desire*, New York, NY: Verso Books, 2014.

hype: ‘Crypto logic 101: Bitcoin is worth holding onto because it will become worth more Why will it be worth more? Because more people will start using it But aren't they just holding it, rather than using it? Yeah, but eventually we'll use it What for? To cash out into US dollars.’<sup>2</sup> For many, such Bitcoin critique is Maoist-style self-criticism. There is not much intellectual clout in constantly having to ‘reveal’ the bubble nature of financial schemes. For fintech speculators, there is no deeper value in crypto-currencies, only possible profits in buying and selling after an uncertain period of hoarding. For them, Ethereum is just another financial asset, accumulated under the sign of ‘collective self-interest’.

The question of how digital money can actually be woven into the broader architecture of the internet is not their concern in the least. Due to speculation fever, the larger debate around what design of digital money would be desirable has come to a complete hold. What remains are security questions of wallets and exchanges, the use of crypto-currencies inside countries in crisis (such as Venezuela), as payment method in the case of ransomware, and as carrier in (illegal) cross-border transactions.

While blockchain technology offers some interesting visions on future scenarios, most of the potential has been swallowed up by business logistics. Decentralized, free software approaches have been sidelined along the way. Unfortunately, the new toys are often ideologically damaged, dead on arrival or corrupted early on by a handful of fund managers looking for ways to jump the crypto-currency bandwagon. Blockchain technology, too, raises fresh concerns over citizen privacy and the rise of financial surveillance, and while a cashless society looms closer, the virtues of paper money are rekindled. As crypto-currencies are so far failing as payment systems, it is important to diversify the issue of alternative internet-based revenue models and complement it with community funding, subscription-based support (such as Patreon), local barter exchanges, mobile money, and blockchain solutions that are disconnected from any speculative crypto-currencies.

Chained on a block, automated, wireless, digitized and cashless: money has become a virtual medium of exchange, an interface, yet another speculative asset, and therefore highly vulnerable to political currents, sudden glitches such as stock market crashes, infrastructure breakdowns, miscalculations, cyberwar, ransomware, and the five elements of nature.

With Yanis Varoufakis we say: there's no such thing as apolitical money.<sup>3</sup> And there is no such thing as an apolitical crisis. Ever since the 2008 ‘crisis,’ financial activism has played a role for people's parties in Europe, demanding transparent, open, and more democratic forms of governance. Populist policies, regardless of being left or right wing, inherently form around a general desire to unhook politics from fi-

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2 @Suitpossum, ‘Crypto logic 101: Bitcoin is worth holding onto because it will become worth more Why will it be worth more? Because more people will start using it But aren't they just holding it, rather than using it? Yeah, but eventually we'll use it What for? To cash out into US dollars.’, Twitter post, 13 November 2017, 9:38 AM, <https://twitter.com/Suitpossum/status/929991744648810496>.

3 Yanis Varoufakis, *And the Weak Suffer What They Must?* London: Penguin Random House, 2016, pp. 98-99.

nancial corruption. As popular people's parties near an electoral majority, what can be learned from these types of decentralized, bottom-up movements? Campaigns for UBI and transparent participatory budgeting should also be contextualized from an increasing awareness of financial corruption and economic inequality. As political reformation spreads through Europe, small alterations within local and national governments have been made, but are these improvements minor repairs to a broken system?

For Valarie Solanas, author the radical-feminist-punk-anarcho *Scum Manifesto* (1967), real liberation does not come from economic equality. Part satire, part political science-fiction, part pamphlet, *Scum Manifesto* states that economic equality amounts to nothing other than 'co-managing the shit pile.' Solanas therefore argues for what could be labelled as a fully automated society without a money system. The real challenge we are facing, Solanas observes quite appositely, is a conflict between those that buy into the money-work system and those that refuse the money-work system altogether.<sup>4</sup> Today, fifty years later, the money-work system is still wading nostril-deep through a quagmire of systemic malaise and oppressions of various kinds and degrees. Automation is considered both the Pearly Gate and the Final Countdown. Concern over wealth distribution, poverty, precarity and accountability has given rise to both political populism and a financial counterculture. If we want the 'whole bloody bakery,' and not some leftover bird-crumbs, we need to go the core, and reimagine and redefine the power of money itself.

The black box of finance has been etched into the imagination of the public and there has rarely been a more generous context to manifest working alternatives for the 99%. Cooperative platforms, decentralized technologies and direct democracy movements indicate profound attempts to rebalance the distribution of wealth and power. As resistance towards poverty, precarity, tax havens, algorithmic speculation, and financial crimes grows, the challenge ahead is to find ways to improve and sustain such financial experimentations and do more than 'fail better'.

In amongst the cacophony of economic dissent of the past decennium, some brave the 'shit pile' and invent practical solutions to protect their livelihoods and design new ways to distribute value and make a living. Rather than wait to implement changes in traditional legislation, they are attempting to transform governance by writing smart contracts into decentralized systems. Programmers and designers quickly meet the increasing demand for decentralized services by building infrastructures that harness the scope of the network and rely on the database to enforce new forms of governance with smart contracts. In their efforts, artists offer perspectives on how collective ownership can provide security or establish terms for contracts and licenses that enable equitable incomes.

Platform coops are not just ethically responsible alternatives to exploitative on-demand business models: they offer practical solutions for providing social security and equitable income for the 'unnecessariat'. Writers and publishers also endeavor to create working solutions that circumvent extractive platform monopolies. Musi-

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4 Valerie Solanas, *Scum Manifesto*, New York, NY: Verso Books, 2004.

cians are equally desperate to reshape an industry that, in an attempt to stamp out piracy, has turned digital streaming into a murky, penniless revenue model that only serves platform-based superiority. They all join a growing precarious class of creative workers desperate for an exit strategy from exploitative platform monopolies and inequitable licenses that siphon off and centralize profits. From p2p distribution models to collective piracy, print and digital publishing, all demonstrate intuitive alternative means to survive within a digital economy. MoneyLab continues to investigate these and other attempts to circumvent and overcome the challenges faced in the austerity economy.

For god's sake, don't take financial advice from cryptographers.  
—Matthew Green

MoneyLab steps away from old-school critique of the political economy. It is justified to make pyramid schemes and parasitic logic inside fintech software visible, but this is not yet a strategy for change. In his dialogue with Krystian Woznicki, Brian Massumi explains how we can move beyond the accelerationist agenda of 'outsmarting' capitalism with IT innovations through 'adventure capital'. The new models (also expanded upon by the Economic Space Agency in this Reader) 'would be owned collectively, without division into individual shares, and would be only used to further the activities of the collective.' A key idea that is pushed further, here, is the trustless automatic execution of contracts with the aim to 'refuse any formal decision-making procedures, whether vote-based or consensus-based.' The idea would be to 'activate tendencies agitating at the infra-individual level [...] generating a surplus value of life that is irreducibly collective, and entirely event-based.' Terms developed in this context are 'event-derivative' and 'occurency'. The overall aim is 'to hijack cutting-edge tools of runaway speculative finance', to become more speculative than the speculators, turning the dark casino parasite logic of financial capital into a gift economy.<sup>5</sup> The MoneyLab line is here to bring together radical critique with an equally radical imagination. We will never accept having our ruthless negative attacks be played out against a so-called constructive form of New Age positivism. Experiments at MoneyLab are notoriously beyond good and evil, and do not accept any *Denkverbot*.

We need to get a critical understanding of the nature of the Financial Intellect. What is the social expression of all these alternative efforts? We're not only producing software and platforms. Our class-in-becoming is well aware that the internet and its infrastructure no longer is a tool, a means to something else. There is no more money outside the digital. Production can no longer be situated outside of digital flows through networks. In the past, geeks tickered with obscure operating systems. No one cared. Today, geeks are entering highly attractive, dangerous territory. As apprentices they enter a Faustian workshop where digital alchemists are creating money out of nothing (but energy...). Let's return to Goethe to find out how this episode will end. Is it time to rewrite and update your Goethe? Do you agree with Johan Sjerpstra's statement: 'I think of crime when I'm in a crypto state of mind'?

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5 Brian Massumi and Krystian Woznicki, *After the Planes: A Dialogue about Movement, Perception and Politics*, Berlin: Diamondpaper, 2017, pp. 146-147.

Whereas the first MoneyLab Reader from 2015 dealt with payment systems, money theory, critical currencies and projects that accelerated our financial imagination, this second Reader presents an update on alternative models such as platform cooperativism (Trebzor Scholz), debates around universal basic income (Patrice Riemens; Dmytri Kleiner), and cashless society (Brett Scott). The idea of a coin of the commons that was proposed in the first Reader is now embedded in a broader concept of a Common-fare society that combats widespread precarity (General Intellect) like that evidenced by crowdfunding campaigns for medical procedures (Silvio Lorusso). In 2015 we still wondered whether internet banking was the real killer app. We're now witnessing the unforgiving consequences of the demonitization project in India (Tripta Chandola). The Panama and Paradise Papers showed the true cash cows of tax evaporation/evasion are to be found at the top of financial hierarchies; still the US government continues to double down on petty welfare fraud and individual freedom for the poor (Nathalie Maréchal). Monetary and financial instruments subject society to their automated visions through data captures and surveillance (Emily Rosamond), while popular representations of the financial sector fail to move beyond the epic tale of the Wall Street (anti-)hero (David Hollanders).

Two approaches stand out in both MoneyLab Readers. First of all, the critique of right-wing libertarian tendencies inside fintech is not expressed out of some resentment but always coupled with alternative practices. The second angle is the way in which we integrate artists and art projects into the larger picture. The art contributions here are neither illustrations nor isolated pieces. We see art as a vehicle to focus on the very basics of value creation and exchange. That being said, MoneyLab does not want to repeat the old Romantic chestnut of the artistic genius evading the political and climatic dissipation of Western capitalist civilization. We repeat, we do not believe an automated workforce or blockchained currencies will found a new global social order routed in equity, love and solidarity. We do aim for broadening a critical space for the deconstruction of capitalist realism,<sup>6</sup> and to enlarge and diversify digital non-capitalist imaginaries, concepts, activities, and exchanges of value. As a result, some authors critically engage with a diverse array of waxing and waning practices that have been over-coated, overlooked or overrated by capitalist realists. Others work to broaden the scope of our economic imaginaries. Taken together they form a necessary contribution to overcome the hype and a counterargument to capitalist realists that cannot think of alternatives outside of their self-maintained capitalist cage.

We start off with such a priori complexity withdrawal and capitalist realism (Patricia Reed) and move on to questions such as: how do we imagine ourselves as part of the world/system called necro-capitalism (Nina Power)? What happens when digital money invades our lives as apps, stored and traded on our intimate smart devices (Nathaniel Tkacz & Pablo Velasco)? How can we cut through the algo-mysticism that surrounds supposedly disruptive financial technology (Martin Zeilinger) and see the power relations that they perpetuate (Robert Herian)? How did we end up with the vision of blockchain marriages in which vows are seen as smart contracts (Max Dovey)? Can 'code is law' be subverted by rebelliousness and wokeness on the

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6 Mark Fisher, *Capitalist Realism: Is There no Alternative?* London: Zero Books, 2009.

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blockchain (Jaya Klara Brekke) or can economic spaces be programmed to be modular and flexible in nature (Economic Space Agency)? Tokenization as art form (Laura Lotti) and the financialization of the arts (Max Haiven) are both already implemented phenomena. What does human agency mean among algorithm-based, market-driven Internet of Things objects that transact increasingly independently (Rachel O'Dwyer)?

Fintech rushes through our veins, causing a whirlwind of concepts in our head, featuring all the possibilities and alternatives that our imagination and political spaces can bring. Welcome back to MoneyLab.

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