

## Social Theory and the Sociological Imagination: An Interview with Nigel Dodd (2 of 2)

*Part II of our interview with **Nigel Dodd**, LSE Professor of Sociology, interviewed by **Riad Azar**. Part I can be found [here](#).*

**Azar:** Your research points to a relationship between money and the Westphalian order of nation-states, one which endows national currencies with authority and legitimacy. But you go further by introducing scalar relationships, showing how trends on the local and transnational levels are competing with this authority and legitimacy, through the use of alternative currencies, BitCoin, crowdfunding platforms, and so on. How does scale work in your research? And why is an understanding of scale important to sociologists?

**Dodd:** One controversial claim the book is making is that the modern system of nation-state money, the modern system of national money, which has only been the modern system for the advanced capitalist countries, is in terminal decline. This sort of national capitalism that we've had for the last hundred and fifty years – that is geared around the national currency, that is managed through the state, usually through a central bank – that system has been in steady decline since the 1970s. Although it still exists, and it still functions, there are all kinds of stresses and strains around it.

You see this in the Eurozone obviously, which has dispensed with it. States have pooled sovereignty with fairly disastrous consequences. You see it in the stresses that states had post-2008, where the amount of public sector involvement in trying to bail out banks and resolve the financial crisis put some states under such severe strain that there was a moment where, had there been another crisis, the world would have imploded. It was that serious.

**A:** Some say that moment is coming.

**D:** That's the thing, and if it is coming, who knows how bad it will be. And then you've got all these other things going on that have accelerated since '08. For example, the resurgence of money from below, local and alternative complimentary currencies, which have been reenergized by the financial crisis. They're a lot smarter now, there are some very smart people associated with these things. They're using technology, and learning from mistakes from the past, and they know what they want to do. On the other scale you've got things like Bitcoin, the digital currency world, and Fintech, which is challenging the dominance of banks over the payments infrastructure.

Scale becomes really interesting because one of the issues with any monetary system is scale. There is an argument that Keith Hart, a great anthropologist of money, someone I teach with at the LSE, he argues that money always wants to move, and if you try to restrict the circulation of money in any way, it causes problems. Money needs to scale to some degree. But on the other hand, if it scales too much, it becomes too abstract, then it becomes problematic in itself. Take the Euro. That was a huge and deliberate scaling up. Now there are lots of reasons why the euro was established. But one of them is that the world's financial system had become so powerful and so overwhelming for smaller nation-states and their currencies, that there needed to be a super Euro currency that could punch its weight in the world of the dollar.

Once you get money operating at a certain scale – and where there isn't what the economists call an optimal currency area – then you'll find that there are anomalies where conventional tools of monetary policy aren't working. At its most extreme, you get places where mainstream money is simply in short supply. One of the key functions of money is to provide a metric which enables us to exchange very efficiently, that's missing in a community where there is no mainstream money.

But there are lots of people willing to exchange their goods and services. That's the point of certain local currencies. There will always be, on the ground, space for that. So, I don't agree with those that say money *always* has to scale up. If it scales up too much that will always create gaps and holes where you can develop forms of money that are much more specialized. It's a dialectic, of sorts.

**A:** It's fascinating to view money in this relationship of, universalized homogenous on the top, leads to localized anti-systemic on the bottom. But that's exactly it, anti-systemic materializations of money on the local level are always related to the much more authoritarian pooling of money on the upper level. Can we think about social change on the local level, with alternative currencies, if they are always going to have attached to them their dialectical opposite?

**D:** There's a premise in what you've said that somehow, because they're linked in some way, that means that what goes on at the local level will always be answerable to or determined by the condition of what happens at the global level. But to some degree there is also a lack of connection. They are parts of the same broad phenomenon which has to do with new forms of money emerging out of the edifice left by the increasingly hollow nature of national capitalism. I think there are lots of ways in which the new form of money can constitute a challenge to the system of authority that you refer to.

Some of that challenge isn't direct. Complimentary currencies are not necessarily looking to usurp the mainstream monetary system; the aim is simply that these circulate alongside conventional monies. But one of the outcomes of this might be that, for some people in some communities, they become less dependent upon the banking system. The more that people are able to complement the mainstream financial system in their lives with some other institution or network, then to me that can only be a good thing. It's not going to bring the house down, but it's going to provide for viable alternatives where such alternatives are needed. It creates a more plural monetary landscape.

The response to 2008 has worked on a number of levels. You've got the social movement response, which is how I see Occupy, for example. You've got the regulation response, which has to do with debates about what we do with banking and shadow banking. Then there is a response which seeks to reform the monetary system itself, and I would include campaigns like Positive Money here. And finally, there is a technological response, such as FinTech and digital currencies like Bitcoin. It's interesting to see that the banks are being challenged not only by politics and by regulators, but also by technology companies who are doing some of their stuff better. That, in a nutshell, is where I see the future of this debate.

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