

**Abstract for the Fourth International Conference on
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Working Titel:

**Money and Freedom in the view of Polanyis Great Transformation
*Decommodification by constituting alternative monetary institutions***

JEL Classifications: Q57, B25, P11, E02, E42

Key words

Money as institution, monetary constitution, growth imperative, Transitions Initiatives, decommodification

Short Abstract

This paper focuses, first, on successfully best-practice cases of alternative monetary systems introduced by so called *Transitions Initiatives*; as well know as *Transition Towns/Networks*. Second, the paper is keen to highlight different possible features of alternative monetary constitutions to empower communities to emancipate individually and to organize collectively bottom-up a transition process towards a permacultural circular flow economy, which overcomes the growth imperative of the overarching monetary system (i.e. a ‚steady state economy‘ in terms of *Herman Daly*). The third endeavor of this paper is to discuss the potential of a complementary monetary institutions established within social movements as mean to decommodificate resources, and to set up a self-organized new market mechanism coupled to the social needs of a free and pluralistic society and the reproductive bio-capacity of the nature. The paper considers the institution of money not only as mean of information to distribute and clear market produce efficiently, but also as mean of free political participations, mean of free social-bondings (e.g. in terms of ‚co-creation‘) and eventually a mean of information with regard to free individual behavior as fundamental cultural driver to form new normative orders for conviviality (*,buen vivir‘*).

Long Abstract

‚The Great Transformation‘ written by *Karl Polanyi* (1944) examined the causes and the consequences of the institutionalized commercial market mechanism, which commodificated the essential factors of production of a rapidly expanding industry as for example labour work force, natural resources and money. *Polanyi* contented this commodification of essential elements of any reproductive process in nature as ‚fictitious‘ because neither labour nor land or any other natural resource are naturally produced for sale and thus can by definition not be

treated as commodity. Including them into the commercial market as tradable commodity evokes a subordination of its inherent natural free substance to the rationality of efficiency of the commercial market mechanism; i.e. individuals return maximization, while minimizing risk. According to *Polanyi* this commodification process ‚disembedded‘ the social economic order from the informal and internal institutions of coherent local communities on the one side. And on the other side embedded the ‚disembedded‘ social economy order into the formal and external institutions of the emerging commercial market economy of national states. He termed this twofold ascent as ‚Market Society‘. *Polanyi* argued that the institutionalized commercial market mechanism is not a natural institution but caused the formation of normative orders in line with the market economy. From a system-theoretical point of view by *Niklas Luhmann* (1984) *Polanyi's* ‚Great Transformation‘ illustrates a reversal of ‚self-production‘. Thus, no longer the economic system depends on the self-producing environmental system, but ultimately the social and ecological environmental system becomes a function of the self-producing economic system (i.e. commodification). Correspondingly to *Polanyi's* analysis the commodification of money grounds the starting point of the modern monetary constitution and its economic growth imperative. In the light of multiple crises the paper focuses on alternative monetary constitutions on basis of numerous complementary currency schemes of *Transition Initiatives* world wide, which illustrate cases of direct political participation to decouple the monetary growth imperative and community welfare. Complementary currencies indicate a way to break through the monopolistic monetary constitution and its eminent growth imperative. This paper focuses, first, on successfully best-practice cases of alternative monetary systems introduced by so called *Transitions Initiatives*; as well know as *Transition Towns/ Networks*. Second, the paper is keen to highlight different possible features of alternative monetary constitutions to empower communities to emancipate individually and to organize collectively bottom-up a transition process towards a permacultural circular flow economy, which overcomes the growth imperative of the overarching monetary system (i.e. a ‚steady state economy‘ in terms of *Herman Daly*). The third endeavor of this paper is to discuss the potential of a complementary monetary institutions established within social movements as mean to decommodificate resources, and to set up a self-organized new market mechanism coupled to the social needs of a free and pluralistic society and the reproductive bio-capacity of the nature. The paper considers the institution of money not only as mean of information to distribute and clear market produce efficiently, but also as mean of free political participations, mean of free social-bondings (e.g. in terms of ‚co-creation‘) and eventually a mean of information with regard to free individual behavior as fundamental cultural driver to form new normative orders for conviviality (‚*buen vivir*‘).