L. Swartz, Starbucks, Libra, and the Boring Future of Money

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In 2010, the satirical newspaper the *Onion* ran a story with the headline, "U.S. Economy Grinds to Halt as Nation Realizes Money Just a Symbolic, Mutually Shared Illusion." In the joke news report, people all over the country stop in their tracks as they reconsider "little green drawings of buildings and dead white men they once used to measure their adequacy and importance as human beings." Although the article was humorous, it reflected larger cultural and technical changes that emerged in the wake of the 2008 global financial crisis. As the general public learned about such arcane financial instruments as credit default swaps and collateralized debt obligations, money itself had become strange. And it remains that way. In the context of this chaos and creativity, some people saw an opportunity to create new kinds of money, to forge new transactional communities. During the next few years, a dizzying array of new money forms were produced—from computational "crypto" currencies like Bitcoin to trust-based community currencies.

Between 2010 and 2014, Bitcoin took hold of the public imagination as a mysterious form of money, impossibly complex and outrageously valuable. It was designed to be a kind of "digital gold," whose value was backed not by traditional governments but by markets and cryptographic scarcity, as well as a form of "digital cash" that was able to move at the global scale of the internet without the fees or surveillance associated with traditional payment intermediaries. The absence of a central authority appealed to computer-savvy libertarians, cryptocurrency activists or cypherpunks, and cryptoanarchists, many of whom promoted a stateless vision for the future of money.

We may indeed be hurtling toward a future in which states do not have a monopoly on the means of exchange. Some people, depending on their politics, look with optimism to cryptocurrencies or community currencies, and scholars have worked to understand the implications, good and bad, of these new money forms. But what about another option: *corporate* currency?

In January 2018, the Starbucks executive chairman, former CEO, and future presidential candidate Howard Schultz made industry news when he used the first-quarter-earnings call with investors to talk not just about the future of Starbucks but about the future of currency.In the call, Schulz marveled at how the world had been transformed by the internet and suggested that in the coming twenty years, the next comparable transformative technology would be digital currencies. But Schultz was not talking about Bitcoin. Rather, he anticipated that, soon enough, there would be “one or two” digital currencies, which would be produced by companies like Starbucks.

The idea of a digital currency issued and managed by a multinational corporation sounds like c-suite science fiction. And Starbucks might not be the most obvious cradle of a currency revolution. But Schultz made an interesting case. He argued that Starbucks, with its global network, unparalleled fin-tech capacity, and high level of consumer trust, was in a unique position to issue a digital currency. And in fact, Starbucks is already issuing something like a private digital currency: its loyalty program, Starbucks Rewards, which at the beginning of 2019 had 16.3 million active members in the United States.Through programs like Starbucks Rewards, loyalty is becoming a ubiquitous part of many consumers' financial lives. According to a report from the consulting firm McKinsey, three-quarters of households are members of at least one loyalty program, and the average household has eighteen memberships.

Loyalty programs aren't new. One of the earliest versions became popular in the 1930s.[31] In the 1980s, airlines began frequent-flyer programs, which were soon yoked to credit cards. In the 1990s, cards were designed with a greater variety of rewards and points systems. It might seem like quite a leap for loyalty to go from paying for an occasional latte or even a flight to becoming a full-fledged currency. But many people already talk about loyalty programs as though they issued "real money." In 2002, the *Economist* described frequent-flyer miles as "a new international currency."[2] More recently, a blogger wrote that she didn't really need Bitcoin because, as she put it, "I already have a cryptocurrency, it's called Sephora Beauty Insider Points."

Bitcoin gets a lot more attention than loyalty, igniting imaginations (of teens and drug dealers and programmers and venture capitalists and CEOs and scammers) about the potential for digital currency, but more people actually use and care about loyalty than even really know for sure what Bitcoin is. Bitcoin's power comes from its technological mystique and mystification. Loyalty is banal, but that—along with corporate power to scale unilaterally—just might be how it comes to be the mainstream form of digital currency. The headlines may have gone to Bitcoin, but the market turned to loyalty.

If Starbucks and other companies are getting into the business of making money, what would that mean? Christine Desan describes the issuing of money as a "constitutional undertaking."[3] She writes, "'Private' organizations, cities, commercial collaborators, and other entities can undertake to make money, and many have. As they organize their members, they produce their own politics.” Desan is clear, however, that the form that the “stakeholder” takes—king, church, democratic government, mining company, blockchain, community group, multinational coffee chain—has consequences. Money can be governed as an object of democracy or tyranny. It can be designed to distribute wealth and power in a variety of different ways. In turn, the design of money is constitutive of the community in which that money circulates.

The state may indeed be losing its monopoly on money. Bitcoiners and alternative-currency activists are prying its grip loose in our imaginations. But the capacity to bring functioning nonstate money to the mainstream at scale is perhaps only possessed by corporations. The mass money media of state currency will probably be displaced by social money media that does not aspire to be public or universal, free or fair. As Marx aptly put it, “Men make their own history, but they do not make it as they please.”[4]

There is an important comparison to be made between the utopian techno-economic imaginaries of alternative currencies and the historical trajectory, present condition, and mythical recollection of the internet. Bitcoin’s promoters often compare it to the early days of the internet, an idealized time marked by potentiality: governments and their regulators had not yet caught up to technology, big corporations had not yet enclosed and centralized the web, fortunes were still to be made. The internet was seen as a new frontier, a blank slate on which to build a society that would correct some of the errors of modernity, a temporal reset: it was simultaneously the distant, premodern past and the future.

And yet, the products and services that survived into the twenty-first century had shed this vision of the internet as a technology of individual liberty. Instead of “a civilization of the Mind,” as Internet pioneer John Perry Barlow put it, we got Facebook. Whereas the architectures of early internet applications like USENET distributed control among a decentralized network of independent nodes, social media systems like Facebook concentrate power and control in a single, private organization. In contrast to the peer-to-peer ideal, social media systems enforce strict hierarchies between platform owners, partners, and users. Facebook controls all of the data that circulates within its walled garden, a system of near-total surveillance with no democratic governance or avenue for redress. In an inversion of the cyber-libertarian vision, then, today's social media platforms retain all of the resistance to regulation and none of the obsession with individual civil liberties.

Loyalty is, at least in this context, the Facebook of money. The techno-social imaginaries of Bitcoin and local currencies both, in different ways, resemble and are directly influenced by those of the early social web. But like today's social media platforms, loyalty is constrained rather than open. It creates new hierarchies. It is fundamentally surveillant. It is resistant to democratic governance, and it offers few opportunities for redress.

Then again, Facebook itself may be the Facebook of money. In June 2019, Facebook unveiled its plans for a digital currency called Libra. The announcement was unsurprising as Facebook had been trying to come up with a successful payment service for some time and because, by that point, everyone from Goldman Sachs to turkey farmers was experimenting with blockchain technology. But Libra, at least as expressed in its white papers and launch materials, was far more ambitious.

Libra is envisioned as a universal, global currency: a one-world money, aspiring to pave over the differences between national currencies and payment systems, to bring all users of money, banked and unbanked, under its auspices. Unlike cryptocurrencies like Bitcoin, Libra is not rooted in a libertarian market vision. Whereas cryptocurrency advocates imagined a world without third-party intermediaries and megalithic control systems, Libra embraces them. Whereas state currencies can be subject to democratic governance, Libra is designed to be managed by corporations at the levels of both monetary policy and infrastructure.

If national currency represents liberal democracy, and Bitcoin represents some combination of techno-libertarianism and anarcho-capitalism, then Libra represents Silicon Valley feudalism. Libra is complete with its own round table: its infrastructure and monetary policy is controlled by the Libra Association. This is not a “peer-to-peer” technology; rather, it bestows a peerage.

When Libra was announced, it felt audacious. It also felt inevitable. In Howard Schultz’s 2018 vision for a future of private, branded monies, he emphasized the need for trust (he was betting on Starbucks). If trust is the key to the issuance of currency, then Facebook, one of the least-trusted companies in the world, is an astonishingly unlikely candidate. But money is a creature of network effects. Its effectiveness comes not just from trust but from ubiquity. With Facebook’s presence on billions of phones worldwide, it has the unique power to coerce users into adopting a new form of currency.

This kind of coercion, rather than trust, is fundamental to some versions of money’s origin story. The anthropologist David Graeber writes of resource-poor medieval monarchs who could “simply send out royal agents to appropriate things they needed from some hapless townsman or villager, record the value of those things on hazel twigs, and leave the stocks with the victim.”[5] These stocks, or tally sticks, were a record of the debt the sovereign owed the subject. The subject could turn around and use the stick for exchange, and once the stick changed hands enough times, it became money, marking a transactional community that accepted the deferred debt of the king as payment. But the shock of the original coerced trade remained. If we are someday forced, en masse, into the transactional community of Libra, what will Facebook leave us with?

Of course, Libra may not be as inevitable as it seemed. By 2020, ahead of its targeted launch date, most of the key members have pulled out of the Libra partnership, and the project seems to crumbling. But in 2019, Facebook had more quietly announced new plans for Facebook Pay, a payment system that would work across Facebook, WhatsApp, and Instagram. In the launch materials for Facebook Pay, there were no promises about a new global currency, about changing the world. There was no public backlash, there were no dramatic congressional hearings. The project lacked the audacity of Libra, and triggered none of scrutiny. The announcement barely registered. Libra was revolutionary, but Facebook Pay was boring.

Yet there is tremendous power in boring things. Susan Leigh Star, who playfully but accurately referred to herself and her collaborators as the “Society of People Interested in Boring Things,” makes a case for the importance of paying attention to infrastructure: “Study a city and neglect its sewers and power supplies (as many have), and you miss essential aspects of distributional justice and planning power,” Star writes. “Study an information system and neglect its standards, wires, and settings, and you miss equally essential aspects of aesthetics, justice and change.”[6] Star cites Langdon Winner’s classic example of Robert Moses, a New York City planner who made the decision that the bridges over the Grand Central Parkway would be low in height. These bridges were too low for public buses to pass through. Poor people were effectively prevented from traveling easily to and from wealthier Long Island suburbs, by design, not policy. Star writes, “there are millions of tiny bridges built into large-scale information infrastructures, and millions of (literal and metaphoric) public buses that cannot pass through them.”

The Federal Reserve has described payment infrastructures as "highway of commerce." What low bridges are built into today's emergent private "highways"? There is power in money's "tokens"—in currency itself, in the backing and authorizing of it—but as Bill Maurer and I have argued, separately and together, there is also power in its "rails"—the systems that move money around and collect data on this passage. Infrastructures, as Paul Edwards argues, "act likes laws." He writes, "To live within the multiple, interlocking infrastructures of modern societies is to know one's place in gigantic systems that both enable and constrain us."[7]

Georg Simmel argues that money is a "claim upon society": its value is derived from trust in collective systems.[8] But as Nigel Dodd points out, "it is far from obvious that the 'society' [Simmel] had in mind when he was describing it was equivalent to a nation-state."[9] This insight is the essence of what motivates Bitcoiners and others whom Maurer affectionately refers to as "money nutters" (Mark Zuckerberg and Howard Schultz not least of all) to change the money and thereby change the world. These are all infrastructural projects as much they are currency projects. But these visions are, on some level, post-democracy fantasies. What would it mean—what would it take—to, as Desan puts it, "constitutionalize" the infrastructure, the rails, not just the money that rides on them?

(This is based on and partially excerpted from a chapter from my forthcoming book, New Money: How Payment Became Social Media, Yale University Press, Spring/Summer 2020)

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