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On The origin and ontology of money. A brief note.

Abstract:

The problem is: Where does economical 'value' come from, what is it, and why can it be expressed by money? Why can money 'pay' anything at all?

Two standard stories will surface, when such questions are asked. One is that the origin of money is to be found in *barter*, and that the introduction of money just facilitated exchanges by offering a standard expression of the values of things exchanged. The other story is that work was 'paid' for by food, or military service by land, but that money was introduced to express the delay of payment, thus expressing a *debt*. The first explanation fails to account for the usability of coined portions of metal to express the value of other things, since the value of the coins themselves would be unknown, undefined, or fluctuating with the value of quantities of metals without previously established use value (gold, silver, copper..., rather than iron¹). The second explanation, richer in content, presents the advantage of focussing on the delay in payment, thus the concept of debt; but it again fails to account for the equivalence of quantities of coined money, made of otherwise useless metals, and quantities of food, land, or work. It sees the expression of debt as rooted in the concept of a contract between subjects, S1 proposing and S2 accepting a promise.

So the formal aspect of the question, concerning exchanges and equivalencies, only makes sense if we already acknowledge the value of money itself; now this premiss cannot be granted without discussing the substantial aspect of the question: why metal money, and in particular, why gold and silver and other non-functional substances? It could be argued that these metals are also used for adornments. They shine. But how would that possibly motivate their use as general equivalents in either barter or the symbolization of debt?

¹ Except in China, where coins appear in the 8th century BC, made from mixtures of copper, tin lead, or bronze, brass, and iron; they imitate ceremonial objects of different kinds and shapes. These coins were used for interactions with the authorities : salaries, taxes, fines etc.

The famous findings by Denise Schmandt-Besserat² show that the earliest forms of symbolic objects prefiguring what became *writing* were small clay tokens used in accounting. They were found in Mesopotamian areas of agriculture and urbanization, from 8.000 y. BC and until approx. 3300 BC, when cuneiform writing emerged. According to the finders, they represent 'capital'³, that is, animals and goods, things to keep in the 'books', values that can be owned, owed, taxed, exchanged. They can be regarded as both money-like and writing-like symbols. They described states of property and debt, whereas the tokens or pots containing tokens were probably not themselves traded, unless they were bonds that could be 'released'.

Coined money for market-based use appears in Ancient Greece in the 8th century BC. These coins were made from gold, silver, or *electrum*, a naturally occurring alloy of gold and silver (Anatolia, Lydia). Electrum was already known since the 3rd millenium BC in Egypt, where it was used for sacred purposes, namely to cover the pyramidions, the top pieces of the pyramids.

So one part of the proto-writing practices develop toward a system of notation for language, that is, *meanings*; while another part becomes a medium representing *values*.⁴ We may consider the corresponding development of social power into an opposition or a binomium of institutional violence, notably warfare, justified by genealogical and historiographic writing, and institutional law-making based on religion and agrarian economy. The inherent qualities of 'precious metals' such as gold, silver, and electrum, stem from their religious uses. Statues, temples, and sacred items of many kinds were adorned with them, their surfaces typically covered with them. Greek temples were extravagant in their placing of gold and silver objects on the top and the corners of the pediment. An example is the Apollon temple of Delphi, which, with its immense metal treasuries, became the most important 'bank' of the Greek city states. The logic of this connection, probably inspired by the pharaonic Egyptians, but unfolding through the Mediterranean 8-7th century BC, may be the following: gold (or silver,

² 1977 - "An Archaic Recording System and the Origin of Writing." **Syro Mesopotamian Studies**, Vol. 1. *How Writing came about*, 1996, Austin: University of Texas Press.

³ The word is from Medieval Latin *capitale*, (frem Latin *caput*, head), number of heads of animals: stock, cattle (same root).

⁴ Only in modern semiotics would meanings be called 'values', while signs in general, and words in particular, would be compared to coins, their two faces being seen as analogous to the expression (the obverse) and the content (the reverse).

electrum, bronze) covers the sacred items and inherits sacred properties of these items that presentify the divinities; the metal, at least when sanctified by the temples, is therefore considered inherently beneficial. The priests can therefore use it to 'buy' the work of the workers and artists needed for maintaining and adorning the temples. Then the crafted pieces of sacred metal begins to circulate in small scale, since their owners will be able to copy the priests and further 'buy' some work and goods with them. They also copy the priests in the idea of *not working*: big scale quantities of 'priest money' would make it possible to 'buy' others to do the farming and comparable work or enterprises by which one sustains oneself. Now, in order to obtain such large quantities, one would have to borrow them from a temple, which thereby becomes a bank. But the priests would require the borrower to offer a substantial security, such as an estate, that could be expropriated by default. No estate, no loan: here begins the story of capitalism; the proletarians are those who do not get such a loan. By contrast, those who do get loans, the proprietors, can now finance work in bigger scale and further the enlargement of trade and commerce. Currencies differentiate and compete, each signed by city states protected by their divinities, as later by the banks of national States protected by a God who still needs gold-adorned sanctuaries, chapels, churches, monasteries, cathedrals, to remind the populations of the origin of the symbolic system underlying wealth.

To summarize very schematically, we may consider the elementary stages of such a development toward a money-based economy:

1. Priests to workers: gold. Workers to priests: work.
2. Workers to workers: small amounts of gold for goods.
3. Priests to proprietors: big gold loans. Proprietors to priests: estate security.
4. Proprietors to workers: medium amounts of gold. Workers to proprietors: work.
5. Workers to proprietors: big amounts of gold. Proprietors to workers: goods stemming from (4).
6. Workers to city markets: exchange of goods for gold.

The decisive step is taken in (3), which instantiates the hypothesis of money origins in debt. We know that modern versions include the bankers' investments in floating enterprises of many different kinds, ultimately anchored in real estate 'value' that can 'bubble and burst'.

The hypothesis of an origin of money in barter would start and stop at (2).

The iteration of the cycle (4) → (5) → (4) → (5)... describes Karl Marx' observation and corresponds to his analysis of the origin of profit. One interesting aspect of this cycle, the exchange of work and goods, is that quantity is fluid in work, as a mass without contours that is counted by *measure*, typically measure of time, whereas quantity is solid in goods, that is, typically as contoured objects that are counted by *number* of items. Abstract quantity, the concept we use when referring to 'value',⁵ is a cognitive entity based on a semantic operation of blending that merges measured and numbered quantity. This operation is cognitively possible, because we identify the 'giving' of one subjective instance to another subjective instance as strongly analogous to the reverse 'giving' of the latter to the former subjective instance, so that the 'objects' crossing each other in the operation of double 'giving' called exchange will also merge, despite the ontological difference between the fluidity of one and the solidity of the other 'object'. Since giving is a fundamental symbolic activity in our species, the blending in question, involving intersubjective empathy and related feelings of guilt, pride, shame, duty, moral obligation etc., becomes an abstract and potentially theological issue. We might add that it all also began with a sort of theology.

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In *Das Kapital*, Marx poetically referred to value as a 'jelly'.

