Workshop 'On either side of the economic science of money', Nanterre, 18-19th September 2009

Mediation and memory in the theory of money

Keith Hart[1]

Money as mediation

Anthropologists and sociologists have long rejected the impersonal model of money and markets offered by mainstream economics. Viviana Zelizer, for example, shows in *The Social Meaning of Money* that people refuse to treat the cash in their possession as an undifferentiated thing, choosing rather to 'earmark' it -- reserving some for food bills, some as holiday savings and so on. Her examples generally come from areas that remain invisible to the economists' gaze, especially domestic life. People everywhere personalize money, bending it to their own purposes through a variety of social instruments. This was the message too of Parry and Bloch's *Money and the morality of exchange*. When money and markets are understood exclusively through impersonal models, awareness of this neglected dimension is surely significant. But the economy exists at more inclusive levels than the person, the family or local groups. This is made possible by the impersonality of money and markets, where economists remain largely unchallenged. Money, much as Durkheim argued for religion, is the principal means for us all to bridge the gap between everyday personal experience and a society whose wider reaches are impersonal.

Money is often portrayed as a lifeless object separated from persons, whereas it is a creation of human beings, imbued with the collective spirit of the living and the dead. Money, as a token of society, must be impersonal in order to connect individuals to the universe of relations to which they belong. But people make everything personal, including their relations with society. This two-sided relationship is universal, but its incidence is highly variable. Money in capitalist societies stands for alienation, detachment, impersonal society, the outside; its origins lie beyond our control (*the market*).

[1] Professor of Anthropology Emeritus, Goldsmiths, University of London. Email: keith@thememorybank.co.uk.

Relations marked by the absence of money are the model of personal integration and free association, of what we take to be familiar, the inside (*home*). This institutional dualism, forcing individuals to divide themselves every day, asks too much of us. People want to integrate division, to make some meaningful connection between their own subjectivity and society as an object. It helps that money, as well as being the means of separating public and domestic life, was always the main bridge between the two. That is why money must be central to any attempt to humanize society. It is both the principal source of our vulnerability in society and the main practical symbol allowing each of us to make an impersonal world meaningful.

The two great means of communication are language and money. Anthropologists have paid much attention to the first, which divides us more than it brings us together, but not to money whose potential for universal communication is more reliable, in addition to its well-advertised ability to symbolize differences between us. As a symbolic medium of communication, money informs our subjectivity and gives concrete expression to our desires, releasing and fixing our imagination in many ways. It is a store of individual and collective memory, the stuff linking persons to their communities.

> Just as my thoughts must take the form of a universally understood language so that I can attain my practical ends in this roundabout way, so must my activities and possessions take the form of money value in order to serve my more remote purposes. Money is the purest form of the tool (…); it is an institution through which the individual concentrates his activity and possessions in order to attain goals that he could not attain directly. Simmel *The Philosophy of Money*

Indeed, as Marx argued, money is a means of communication so powerful that we often ascribe human or quasi-divine agency to it and what it buys. In some ways, Money is the God of capitalism and most of the inmates are believers.

In order for us to do things for each other in society, the services we perform have to be detached as commodities from what we do for ourselves within the confines of the small groups we live in. This process of social abstraction, *commoditization*, draws us into ever-widening circles of interdependence, the most inclusive of which are calculated in terms of money. The classical political economists, from Smith to Marx, distinguished between a commodity's concrete value in use (quality) and its higher-order ability to enter into abstract relations of exchange with other commodities through money (quantity). They concentrated on the latter function, but there is a dialectic at work here. The commodity remains something useful and in that use lies its concrete realization. We now rely on the products of abstraction to engage with others in highly concrete ways. It can provoke considerable anxiety, when we don't understand the machines we depend on or lack the money necessary to take part. Nevertheless, the current wave of market expansion through the internet supports interactions at distance that were unimaginable a short time ago; and any discussion of money today has to address that development.

The reality of commoditization is therefore not just universal abstraction, but this mutual determination of the abstract and the concrete; and our method must somehow reproduce that relationship. If you have some money, there is almost no limit to what you can do with it, but, as soon as you buy something, the act of payment lends concrete finality to your choice. Money's significance thus lies in the synthesis it promotes of impersonal abstraction and personal meaning, objectification and subjectivity, analytical reason and synthetic narrative. Its social power comes from the fluency of its mediation between infinite potential and finite determination. To turn our backs on markets and money in the name of collective as opposed to individual interests reproduces by negation the bourgeois separation of self and society. It is not enough to emphasize the controls that people already impose on money and exchange as part of their personal practice. That is the everyday world as most of us know it. We also need ways of reaching the parts of the macro-economy that we don't know, if we wish to avert the ruin they could bring down on us all. Perhaps this was what Simmel had in mind when he said, in *The Philosophy of Money*, that money is the concrete symbol of our human potential to make universal society.

Marcel Mauss held that there are two prerequisites for being human: to be self-reliant to a high degree and to belong to others, merging our identities in a bewildering variety of social relationships. Much of modern ideology emphasizes how problematic it is to be both self-interested and mutual, to be economic as well as social. When culture is set up to expect a conflict between the two, it is hard to be both. Yet the two sides are often inseparable in practice and some societies, by encouraging private and public interests to coincide, have managed to integrate them more effectively than ours. It was also Mauss's idea in *The Gift*, building on Durkheim's *The Division of Labour in Society,* that the principal function of money and markets is to extend society beyond its existing limits. Thus Malinowski's study of the *kula* ring in *Argonauts of the Western Pacific* could be taken as a metaphor for the world economy of his day, with island economies that were not selfsufficient being drawn into trade with each other by means of personalized exchange of valuables between local leaders. These canoe expeditions were dangerous and magical because their crews were temporarily outside the realm of normal society. This always happens when society's frontiers are pushed rapidly outwards, as they have time and time again in the last two centuries and long before that. The recent period of 'neoliberal financialization' could be compared with previous episodes in the history of global capitalism.   It is easy enough to harp on the irrational excess and sheer inequality of the neoliberal era -- the heedless speculation, corporate skullduggery, outrageous looting of public assets, not-so-creative destruction of nature and society. But there are lasting institutional effects, just as there were to previous booms which generated transport and communication systems; a mildly inflationary gold standard; new industrial uses for rubber; stock markets and colonial empires. The extension of society to a more inclusive level has positive features; and, before we demonize money and markets, we should try to turn them to institutional ends that benefit us all.

Money, meaning and memory

Conventionally, money and meaning are an oxymoron. Money both is and is not like language. Language has words that have specific meanings, but money itself has no meaning or, let us say, because it is abstract it can become any meaning. Money, unlike words, allows us to turn anything in particular into what is ours, so that personal identity can become anything through money. Money allows us to speak any language of meanings, but the reverse is not the case. There has been a close historical relationship between money and meaning that links it to language in distinctive ways.

The word *money* comes from Moneta, a name by which the Roman queen of the gods, Juno, was known. It was in her temple that coins were struck, making it an early example of a *mint* (from Old English *mynet*, coin). Most European languages retain the word 'money' for coinage, using another word for money in general. Moneta was a translation of the Greek Mnemosyne, the goddess of memory and mother of the Muses, each of whom presided over one of the nine arts and sciences. It was derived from the Latin verb *monere,* whose first meaning is 'to remind, put in mind of, bring to one's recollection' (other meanings include 'to advise, warn, instruct or teach'; and later 'to tell, inform, point out, announce, predict'). For the Romans at least, money was an instrument of collective memory that needed divine protection, like the arts. As such, it was both a memento of the past and a sign of the future.

Money conveys meanings and the meaning of money itself tells us a lot about the way we make the communities we live in. In *Frozen Desire*, James Buchan suggests that money is principally a vehicle for the expression of human wishes. In order to realize our limitless desires, they are trapped for a moment, frozen in money transactions that allow us to meet others in society who are capable of satisfying them.

> Money is one of those human creations which make concrete a sensation, in this case a sensation of wanting…Quite early in its history, money….passed from being a mere conveyance of desire to the object of all desire… For money is incarnate desire. Money takes wishes …and broadcasts them to the world…[It] offers a reward that is not in any sense fixed or finite…but that every person is free to imagine in the realm of his own desires. That process of wish and imagination, launched or completed a million times every second, is the engine of our civilization.

This formulation does not go far enough. Like the economists of our day, Buchan emphasizes the subjective wants of individuals and the way these are made temporarily objective in acts of buying and selling. Money also expresses something social, about the way we belong to each other in communities. We need to understand better how we build the infrastructures of collective existence, money among them. How do meanings come to be shared and memory to transcend the minutiae of personal experience?

The eighteenth century Neapolitan philosopher, Giambattista Vico pointed out that the Latin word *memoria* once meant not only remembering, but also imagination. Then, with the coming of the empire, a new word, *fantasia*, was coined by intellectuals and entertainers who claimed to make things up without benefit of the collective memory, thereby breaking the link between the two meanings of *memoria*. He asks us to recall the vivid memories of childhood. The child relies on remembered images to bring live experiences to mind and reshape them in a process that owes nothing to reasoning. Later we learn to rely on rationalizations and on memory stored in containers outside the mind. The rules we have been taught to abide by supersede the act of remembering for ourselves. We pay entertainers to imagine for us. Money gives expression to the child in each of us, by venting our desires. It is also how we learn as adults to participate in normal society.

This was why memory played such an important part in John Locke's philosophy of money. When market transactions take place over time, as through the extension of credit, the abstract models of economics take on greater human and social complexity. Locke's theory of property rested on the idea of a *person* who, by performing labour on the things given to us in common by nature, made them his own.

> Man, by being master of himself and proprietor of his own person, and the actions and labour of it, has still in himself the great foundation of property. (Locke *Two Treatises of Government*)

But, in order to sustain a claim on his property through time, that person has to remain the same; and personal identity depends on consciousness:

> Since consciousness always accompanies thinking, and it is that which makes everyone to be what he calls self, …in this alone consists personal identity, *i.e.*, the sameness of a rational being: and as far as this consciousness can be extended backwards to any past action or thought, so far reaches the identity of that person; it is the same self now it was then. (Locke *Essay on Human Understanding*)

Property must endure in order to be property and that depends on memory. According to George Caffentzis in *Clipped Coins, Abused Words and Civil Government in John Locke's Philosophy of Money*,

> The great enemy of property is oblivion, since the loss of conscious mastery over time and succession leads inevitably to the breakdown of property. Thus the forces of oblivion are antagonistic to the self and property, while all the techniques of mnemonics are their essential allies.
>
> What drove society from the state of nature to the social contract and civil government was the invention of money. Scarcity, for Locke, is not natural. It was only with the invention of money that wealth stopped being defined and bounded by use. With money a man could own more land and produce more than he needed for his own necessities. While still abiding by the natural law, he could accumulate wealth in a quasi-eternal form which he need not share with others….Money trains its possessor, whether legal or illegal, in abstractness as well as in the potential infinity of satisfaction. The accumulation of money is thus the exercise of our power to suspend our determination, which is for Locke the highest expression of our liberty, before an infinity of choices.

Money thus expands the capacity of individuals to stabilize their personal identity by holding something durable that embodies the desires and wealth of all the other members of society. Money is a 'memory bank',[2] a store allowing individuals to keep track of those exchanges they wish to calculate and, beyond that, a source of economic memory for the community. The modern system of money provides people with a wide repertoire of instruments to keep track of their exchanges with the world and to calculate the current balance of their worth in the community. In this sense, one of money's chief functions is *remembering*. If the proliferation of personal credit today could be seen as a step towards greater humanism in economy, this also entails increased dependence on impersonal governments and corporations, on impersonal abstraction of the sort associated with computing operations and on impersonal standards and social guarantees for contractual exchange. If persons are to make a comeback in the post-modern economy, it will be less on a face-to-face basis than as bits on a screen who sometimes materialize as living people in the present. We may become less weighed down by money as an objective force, more open to the idea that it is a way of keeping track of complex social networks that we each generate. Then money could take a variety of forms compatible with both personal agency and human interdependence at every level from the local to the global.

So money is a means, but it is also an end; and one of its ends may be to express all meanings and none. Money persuades through its potential control of meaning in general. Money can be held over time and lets us defer commitment to any particular meaning. It works something like a dictionary. It is in this sense a memory bank; but it also allows us to erase memories, by temporarily emptying our mind of particular meanings. Money's value could be said to lie in its having no immediate value beyond its ability to valorize anything later. As Buchan suggests, this is one reason for money's centrality in the modern imagination. Advertising plays on our fantasies by offering an escape from the everyday and it is money that allows this. Money supports the retention of memories, but it also lends itself to their destruction, by allowing us to generate new meanings.

Oswald Spengler on money and number

In *The Decline of the West*, Oswald Spengler emphasized the part played by money and number in the history of Western European civilization and its North American offshoot. The first idea I draw from him is that money is just one of several abstract universals of which number, time and space may be more relevant than language. The second is that, for all their apparent universality, these

[2] Keith Hart *The Memory Bank: Money in an unequal world*, London, 2000. See www.thememorybank.co.uk.

should be approached as cultural particulars with their own historical patterns of growth and decline. Third, world history in our period has been dominated by the West owing to its adoption of a specific form of economic life, based on money and machines, that normally goes by the name of 'capitalism'. Fourth, rather than adopt a timeless form of words for what interests us today, we should embrace the dialectic of 'becoming and become', in order to understand both the immanent direction of our present circumstances (history) and their finitude as the residue of what has already happened, the past (nature). So, finally, the question of money's power is historically and geographically relative: we need to attend to the relationship between measurement of money as something perceptible to the senses (*magnitude*) and money as a category of thought expressed intangibly as abstract relations (*function*).

According to Spengler, the West had exhausted the historical impulse given by its modern version of economic life (featuring money and machines) and a new phase, based on politics, national religion and war, was about to take over. This was not a bad prediction, but Spengler's interest for us lies in how he conceived of the relationship between money and other universals. Following Goethe, Spengler made a contrast between history (becoming) and nature (what has become). The counterpart of *longing*, of the desire to move forward that is becoming, is the *dread* of having become, of finality or death; and this pair together drive cultural creativity.

> Life, perpetually fulfilling itself as an element of becoming, is what we call 'the present', and it possesses that mysterious property of 'direction', which men have tried to rationalize by means of the enigmatic word 'time'. (Ibid: 41)

On the one hand, there is measurement of time as duration; but the idea of history as becoming, as irreversible direction, is particular to the West. Number belongs to nature as the chief sign of completed demarcation, of all things that have become themselves.

> Mathematical number contains in its very essence the notion of a *mechanical demarcation*, number being in that respect akin to *word*, which…fences off world-impressions.

Spengler identifies a break between classical antiquity and the modern West. For the Greeks, number is *magnitude*, the essence of all things perceptible to the senses. Mathematics for them was thus concerned with measurement in the here and now, visible and tangible. 'Numbers are symbols of the mortal'. All this changed with Descartes whose new number-idea was *function* – a world of relations between points in abstract space. Whereas the Greeks sought perfection within the concrete limits of nature and society as they experienced them, now a passionate Faustian tendency towards the infinite took hold, married to abstract mathematical forms that increasingly freed themselves from concrete reality in order better to control that reality. The new mathematics was thus immaterial, resting on abstract analysis, dissociated from magnitude and transferred to a transcendental relational world, a process culminating in 'victory over the popular and sensuous number-feeling in us all'.

> The nexus of *magnitudes* is *proportion*, that of *relations* is *function*…All proportion assumes the constancy, all transformation the variability of the constituents…Every *construction* affirms, and every *operation* denies appearances, in that one works out what is optically given and the other dissolves it….The classical mathematic of small things deals with the concrete *individual instance* and produces a once-for-all construction, while the mathematic of the infinite handles whole *classes* of formal possibilities, *groups* of functions, operations, equations, curves…There has been growing up *the idea of a general morphology of mathematical operations*.

Western mathematics is 'the copy and the purest expression of the idea of the Faustian soul'. This leap from a geometry of the concretely real to a world of pure relations was mediated by the algebra of the 'Magian' Arabs (and, we may add, by the Indian discovery of the number zero).

Spengler returns to this theme when considering 'the form-world of economic life'. Economics is British, materialistic and has no room in it for a notion of the national soul. There has been a shift, parallel to that in mathematics, from thinking in terms of goods to thinking in terms of money.

> A form of limit-defining is abstracted from the visible objects of economics just as mathematical thought abstracts something from the mechanistically conceived environment. Abstract money corresponds exactly to abstract number. Both are entirely inorganic. The economic picture is reduced exclusively to quantities, whereas the important point about 'goods' has been their quality.

He points to the widespread confusion between pieces of money, the value-token, and money as a category of thought. In fact, tangible property has been replaced by fortune, a purely numerical quantum of money that is mobile and undefined. The middle-man elevates mediation between producer and consumer to the level of monopoly and ultimately primacy. 'He who commands this mode of thinking is the master of money'. The result, citing G. B. Shaw, is that money and life '…are inseparable: money is the counter that enables life to be distributed socially: it *is* life...Every idea, to be actualized, has to be put into terms of money'.

The Apollonian idea of money as magnitude (which is classical) and the Faustian conception of money as function are opposites. 'Classical man saw the world surrounding him as a sum of bodies; money is also a body' (talents, coins). With the rise of double-entry book-keeping, economic function became not even the ledger entry, but the act of writing it. When a businessman signs a piece of paper to mobilize remote forces, this gesture stands in an abstract relationship to the power of labor, machinery etc. which only takes the form of money numbers in a retrospective accountancy process. In this way, western economic life was progressively emancipated from the notion of magnitude. Modern money is the result of creative thinking, mentally devised as an instrument of Faustian life. Thinking in money generates money. It turns the world into subjects and objects, consisting of a few executives and the many who follow them. Each individual is either a part of the money force or just a mass.

> And so they created the idea of the machine as a small cosmos obeying the will of man alone.

Spengler concludes with a prophecy that the world of money and machine-industry will be overthrown by 'blood' as the dominant life-principle; and at this point we leave him. But his framework contains much of value for an analysis of the conscious and unconscious influence of money on our actions today.

Spengler points to the important relationship of money to time, specifically as a *promise* to pay in future. This obligation, as is well-known, is of uncertain value. It therefore requires *belief* for the promise to work; and this may take the form of faith, trust or confidence. The degree of our emotional attachment to a belief is inversely related to the empirical evidence for holding it, strong in the case of 'blind faith', weak for 'open-eyed confidence', with 'trust' somewhere in between. Money therefore always exists in time as something apparently certain, yet deeply uncertain. It appears in society temporally both as 'work', a tangible principle of scarcity (magnitude), and as a principle of virtual increase, 'interest' (function). The payment of money, like words and numbers, fixes the transience of life and lends it a certain finality. But, in the historical form of modern capitalism, money also makes a break with the object-world and becomes the aspiration to infinite growth. The power of money to mobilize resources at distance is commanded by only a few — once the 'captains of industry', now in the age of finance 'masters of the universe' — while the masses experience money mainly as the immediate consequences of an anonymous force organizing their lives. Spengler's argument that magnitude was replaced by function in Western history would serve our purposes better if conceived of as an ongoing dialectical relationship. In this context, we must also acknowledge the machine revolution of the last two centuries, the latest stage of which involves perhaps the most dramatic transformation of money to date, its digital separation from material existence (from atoms to bits) as a virtual artefact of the internet.

Conclusion

Money is the primary vehicle of social abstraction, lending objectivity to our ideas, actions and status. Only idealists think that retreating to some higher realm of abstract value is the goal itself. Money is a means to many ends, but in capitalist societies it often seems that money is the end, not just a means. It is easy to lose sight of the common human purposes it was designed to realize and of the myriad particular actions it makes possible. To paraphrase Marx on the method of political economy in the introduction to *Grundrisse*, we start from the concrete circumstances we live in, develop some abstractions after it and then insert them back into the concrete, which is the main point of it all. In this respect, we need to learn from and improve on structural linguistics. Grammar is at the heart of language; it is both universal and highly variable, operating for the most part at an unconscious level. Can we talk even vaguely about the grammar of money and, if so, what would it look like? It may be profitable to explore money's rules and how they are understood, consciously or unconsciously. But the structuralist movement elevated the generation of universal grammars to a position of precedence over concrete communication; and it should be the other way round. The grammar of structural codes must be complemented by a grammar of usage in which the potentiality of meanings is temporarily fixed in speech events, as in money transactions. The reflexivity of money and language as signifying practices is formalized by a grammar of usage. The danger then is to lose sight of structure in a morass of detail. It is easy to get stuck at one pole or the other of the dialectic.

In Parry and Bloch's *Money and the Morality of Exchange*, a convincing case is made that, for many of the world's peoples, money lacks the apparent autonomy it enjoys in the West and is usually subordinated to the long-term social purposes of groups. I have drawn on Spengler here to highlight the cultural sources of such a contrast. In capitalist societies, money has come to define an infinite field of possibilities and, within that field, it acts to create groups of relationships between abstract entities, as well as to increase practical control over innumerable social activities. Modern money only connects with concrete magnitudes after it has created this relational network. The realistic image of money as concrete number is a somewhat illusory formulation of its social significance, an instance perhaps, in Whitehead's phrase, of 'the fallacy of misplaced concreteness'. Those anthropologists who reject the higher-order abstraction that quantification makes possible in order to embrace particular cultural meanings as indicators of quality are giving voice to a deep-seated mistrust of the idea that money is somehow isomorphic with its own concrete properties. Nevertheless, I have tried to show here why this one-sided rejection of money's dialectical unity is anachronistic.

Money is the ocean we swim in these days. Despite or because of this, its role in human affairs continues to be demonized and the attempt to return it to the marginal role it was confined to in agrarian civilizations always finds a ready audience. Money surely generates value and significance in human interactions as much as it erodes it. It is a symbol of our relationship as an individual person to society (hitherto more often singular than plural). This relationship may be conceived of as a durable ground on which to stand, anchoring identity in a collective memory whose concrete symbol is money. Or it may be viewed as the outcome of a more creative process in which we each generate the personal credit linking us to society. The potential for shifting meanings, identities and memories lies in the reflexivity of money and language. This latter outlook, however, requires us to abandon the notion that society rests on abstract grounds that are more solid than the transient exchanges we participate in. Few people at present are prepared to take that step, preferring to receive the money they live by, rather than make it. When the meaning of money is seen to be what each of us makes of it, we may be less inclined to think of Money as the somewhat archaic God of capitalism that it has become.