Eske Bockelmann

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Understanding Modern Society

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WHAT MONEY IS

THIS BOOK

was written for a good reason, but this reason is a decidedly negative one.

This reason is the state of the world today. The condition of this beautiful Earth is so dire that we are constantly warned that something must be done about the climate *now*—at the very latest now—and about the ruthless exploitation here, and the poisoning there. The destruction everywhere must finally end now, for it is high time to protect this and preserve that. There are countless areas where we should treat the world completely differently than we do today. However, despite all the pleas and all the assurances that these pleas will soon be heeded, nothing is really happening, and what little is being done is taking place on a laughably low scale that is far below what is required. This brings us to the deeply philosophical question of why we are not doing better, although we know better.

But the reason is clear for all to see: When even the most powerful nations on this abused Earth are not effectively stopping this maltreatment, it is because they must expressly take something *else* into account—indeed, they *must*. Without exception or being able to avoid it, today's highest powers are obligated first and foremost to guarantee the well-being of something else other than the planet Earth: the well-being of what is referred to as the "economy"—in other words, *money.* The economy today is based on money; it needs money. It needs profit in the form of money that, in turn, needs to lead to more profit in the form of more money, again and again. Only when this succeeds is the economy—not the world—doing well. And the economy must do well in order for *us* to do well. But are we really doing well in this picture?

We know we depend on the economy doing well by generating profits in the form of money. But are we really doing alright if the economic necessity to create profits ruins the planet as a result? Are we doing fine if most of our food is full of poisonous substances because it is produced in a "conventional" way? Are we okay if we can lose our livelihoods simply because a company does not generate enough profits in the form of money? Is humanity doing well if most people are forced to earn a living by doing a job that is depressing, dispiriting, and exhausting but must be done because that is the only way they can earn enough money? Are we doing alright if clean air is a rare luxury, if hundreds of millions of people get sick every year from pesticides alone, if several times as many people are simply going hungry, and if we can see how severe weather conditions are becoming increasingly worse?

We could continue this list almost infinitely, but why do we tolerate all of this? Why do we stubbornly stick to this and even come up with the best arguments to defend it? Apparently, because it *must* be done—because the type of economy that is dominant today makes it a *necessity*, because the institution of money *forces* us to. According to money's logic, it makes sense for Brazil to continue cutting down the rainforest because it generates the necessary money, it makes sense for countries to drive famers off their land in droves because some company will make more money with that land, and it makes sense for masses of animal species to become extinct because the land must be farmed in a way that generates money—even if, without the animals, this same land will someday no longer be farmable because the food that we (surprise!) also need to survive can no longer be grown there.

If money forces us to pursue an economy that is turned against us in this way, then where does this compulsion come from? What gives money the power to force us to do all of this? And most importantly, how can we find a way out?

Given the supremacy of money, we have good reasons for why we want to know how money evolved and what it is. However, as incredible as it may sound, we still have not found answers to these vital questions that are truly essential for our survival to this day—at least none that can bear scrutiny. In fact, hardly anyone even asks these questions, because "as omnipresent as money may be, there have only been very few attempts to explain what money is, why it evolved, and how it works."[1] Among those who have made one of those rare attempts are such great names as Adam Smith, Georg Simmel, John Maynard Keynes, and most importantly Karl Marx. Yet even they were unable to solve the mystery of money. The academic field of economics has also failed in this, as one economics professor cautiously but honestly says: "Economics has, so far, not been able to present a generally accepted concept of money."[2] This is a serious statement, and one shudders to think that, to this day, we cannot clearly see what it is that forces us to treat our world the way we do, although we should not continue for even one more second.

This book will provide an answer. I am well aware of how presumptuous my claim sounds. I only ask readers to not reject my explanations, but to please examine them instead. When I began this work years ago, my plan was not to delve this deeply into the matter. Initially, I simply wanted to criticize several current suggestions regarding how money crises could be brought under control, provided money would allow this. However, I kept getting stuck because I realized how few of the fundamental questions regarding money were clear. For example, whenever someone was claiming to know how money evolved, this claim was never based on historical sources or analysis, but was always simply blindly assumed—and it was clearly wrong. Even my rather minor questions about money could not be answered with certainty as long as something as fundamental as this had not been resolved. I was therefore drawn deeper and deeper into a lengthy investigation of these major initial questions that lasted many years.

What money is and how money came about is what I will present in this book, not only to solve this mystery or because it is high time, but because everything is at stake here. It is only if we know what money is all about that we will be able to cope with what it does to us and to our world.

That is the reason for this book.

Part One

A WORLD WITHOUT MONEY

PROLOGUE

des wil ich wesen gelt

King Gunther, Lord of the Burgundians, embarks on a long journey to the court of Attila, King of the Huns, together with such valiant heroes as Hagen of Tronje and his entourage of one thousand people. Attila's wife, Gunther's sister Kriemhild, has invited him there with secret and sinister thoughts of revenge, however, and the visit will ultimately end in an ugly bloodbath. This tale belongs to the story of the *Nibelungenlied*. During this journey, it comes to pass one day, when the horses are tired and the provisions are getting low, that the entire train reaches the castle of Margrave Rüdiger. King Gunther sends a few of his people to the castle to ask to be met with a hospitable reception, and Rüdiger immediately sends the answer that he will happily welcome the newly arrived guests. When they stand before him and he welcomes them in person, the Margrave even honors his guests with the assurance that he will take care of everything that they have with them: horses and equipment. He adds that, if they should happen to lose anything while staying at the castle, "*des wil ich wesen gelt*," which literally means he wants to *be* "geld," or money, for it.[3]

Margrave Rüdiger wants to be money? That's odd. He does not say that he wants to *give* money for something, or that he wants to *have* or *get* money for something—no, he wants to *be* money. How is that possible? How can someone want to *be* what we know as money? For us, money means quite naturally something that we use to buy things. This means Rüdiger can't *be* such a medium of exchange. And even if he did want to have a kind of medium of exchange, it would not be of much use to him in this situation, because there is nothing to buy. There is no market anywhere in the vicinity at that time. The text explicitly states that there is nothing to be purchased far and wide.[4] Basically, the money that Rüdiger is referring to cannot mean something that could be used for buying anything.

Could he then be talking about *value*, which we also naturally associate with money today? If, for example, one of the guests' horses were to die, would Rüdiger then reimburse its value? No, Rüdiger could not promise to *be* value either, if that's what this is about. He then gives an order to his servants that also proves this cannot be about value. Rüdiger orders them to unbridle the horses and let them graze freely. According to the *Nibelungenlied*, Gunther and his people have never (in the German text: *vil selten*) experienced such hospitality before. What is unique about this treatment is that the guests neither have to take care of feeding their horses themselves, nor do they have to compensate for this. The Margrave does not need to procure anything to let the animals graze either; grazing does not represent a value for which he must charge himself or anyone else. The animals only eat grass; they do not use up money or devour value.

All of this takes place without money—without what we call money and what we understand as money. We cannot *be* money as we know it. From this we must conclude that what Rüdiger wants to be cannot be money as we understand it today. Apparently, *gelt* is something decidedly different for him and his time. Around 1200, when the *Nibelungenlied* was written, *gelt* therefore did not correspond to our concept of money at all.

What is the situation of money in medieval Europe then? Coins had been around for a long time already, and it was possible to buy certain things by offering coins or other things in exchange. However, neither these coins nor anything else used for paying were regarded as money. There was also no medium of exchange as such called *gelt*, nor was there any other word in the Middle Ages that would have signified what we refer to quite naturally as money today. This says much more than simply that a *word* for money was missing. The European Middle Ages did not have a *concept* of money: the *idea* of money did not exist. None other than the great medievalist Jacques Le Goff has stated that there was an "absence of a medieval notion of money" when he wrote the following:

> The men of the Middle Ages, including the merchants, the clergy and the theologians, never had a clear and unified conception of what we mean by this word today.[5]

This means, in short, *they did not know money*. Even in the Middle Ages in Europe, money did not yet exist. This clearly contradicts everything that we naturally take for granted about money today, which is why we immediately feel a strong resistance to this statement. If it is correct, however, then we must come to the somewhat embarrassing realization that money emerged much later than every single one of us assumes today: hundreds of years *after* coins were introduced, for example. What is even more disconcerting is that this means that we simply know nothing about how money emerged at a certain point in time. We don't have the slightest clue. If we knew even just a little bit about this, we would not be able to believe in the early origins of money without exception or dispute.

Of course, the lack of a concept of money is just the first indication, and we should rightfully demand further evidence and, more importantly, further explanations. Nevertheless, it is legitimate proof because, where money is concerned, the lack of a unified *concept* necessarily proves the lack of the *thing itself*. Unlike a stone, for example, which is what it is, money never exists as such; it only exists because humans *treat it as money*. No material object, not even a minted piece of metal, can be money in and of itself. Only its *use* as money *makes* it money. It thus *becomes* money for the people who use it. Therefore, if money only exists if people use it as money and it means money to them, then they must also have a concept of money—one that is as simple and self-evident as it is to us today. The existence of money, the handling of it, requires a concept of money. This also means that where there is no such concept, there is also no money.

Money does not exist without people having a concept of it—a concept that, as Le Goff correctly remarks, must be unified. Although we may have difficulty clearly defining money to this day, we still have a concept and an idea of money, according to which we understand money as a *unified concept*. For example, whether we are dealing with money in the form of coins, bills, simple numbers on an account, or the valuation of property that we own, we recognize and refer to money in all its different forms consistently as money.

During the Middle Ages in Europe, no one was able to do this. No one needed to. Money was unknown and *hence* there was no concept of money at that time. Whatever people had relied on before, whatever they had used for trading and buying, *it was not money*. Something major must have shifted and changed in history for *gelt* to be transformed from something that an individual could *be* to the *geld*, or the money, that dominates the world.

From Eternity to Eternity

Le Goff's statement may have seemed insignificant at first glance; it is actually very telling. We only need to take it seriously. But this seems very, very difficult. Neither the academic world in general nor Le Goff's fellow historians in particular have been able to do this. Le Goff himself explicitly did not draw the necessary conclusions from his own observation. Like *all* of us, specialists naturally "know" that money had existed for a long time before, and hence definitely during the Middle Ages. Everything that contradicts this is either ignored or made to fit. Medieval studies, for example, work with the crutch that, while there may not have been a concept of money, there were at least "surrogate words" for it. This proud academic field hence intentionally turns a blind eye to the fact that these "surrogate words," if they were used for money, would not only have been *surrogates* for words that signify money; they would have signified money *themselves*. Yet the lack of terms that signify money is the very problem these "surrogate words" are supposed to solve in the first place. These words are missing because the *thing* itself is not there—not because a "proper" word for it had not been found.

What is not missing, however, are words we falsely attribute the meaning of money to in retrospect. Not only words from the Middle Ages, but also words from antiquity and Old Egypt—in short, from all ancient historical periods—are interpreted to mean "money" because we absolutely *want* money to be there. These words serve us as surrogates for a word that did not exist anywhere at that time. Familiar ancient words, like the Latin *pecunia* or the Greek *chrēmata*, are thus all translated in modern dictionaries as "money." We also have other words in Latin, like *nummus*, *res*, *opes*, and *fortunae*, or *aes*, *argentum*, and *aurum*, which are also translated as "money," according to today's understanding. The meanings of these words at the time, however, in no way corresponded to our current unified concept of money. Instead, they signified different things, like "coins" or "objects," "things" or "goods," "possessions" or "means," "wealth" or “power.” They defined metals such as copper, silver, and gold, while *pecunia* meant “valued good,” “property,” or “proceeds.”

Because we immediately associate the idea of money with all of these things today, we ask ourselves: Haven’t coins *always* been money? Aren’t proceeds *necessarily* calculated in money? And are not wealth, goods, and possessions values that are *fundamentally* measured in money? No, they are not—not fundamentally, not necessarily, not always. This is only the case for us—or to be precise, for everyone who deals with or handles money, and hence deals with the concept of money. For all of us today, coins, goods, and wealth are necessarily always connected to money and automatically represent a part of this unity that we regard as money. Yet this unity did not exist anywhere in the world before the end of the Middle Ages in Europe.

Regardless of what ancient historical culture these words come from, we are essentially translating them *wrong* if we use the word “money.” But we do this simply because we assume that whenever and wherever people traded and handled goods and wealth as well as metals and coins, this means they also handled money and hence must have used words with this meaning. As a result, however, we not only misinterpret words; we also misinterpret the times and cultures in which they were used. What is worse, by consistently and falsely identifying money in the Middle Ages, when money was not known, we also misinterpret money as we know it.

If we take something for money that was not money in the Middle Ages, we apparently lack a clear knowledge of what money is and therefore cannot distinguish it from what it is not. Even if there were coins in the Middle Ages that could be used to buy something, among their other functions, they were still not money. This is a fact we need to acknowledge, yet we still mistake coins for money. Or does anyone know of a modern portrayal of the Middle Ages or an earlier time—either a scholarly book, a documentary, a historical novel, or even stories from a pseudo-medieval fantasy era—where people do not handle money as naturally as we do? It's like at renaissance fairs today: People are wearing more or less convincing costumes and the currency used is simply called "thalers" or the like instead as if this were the only historical difference. Yet there must be a difference between medieval coins and what we call money, and it must be an important, fundamental difference. As long as we do not understand this, we will not understand what money is.

But this seems to be happening more and more. At the moment, there is a tendency to claim that money evolved even earlier than the Middle Ages. For a long time, the historical assumption was that money evolved with coins—in other words, around seven centuries before Christ. Although this is already much too early, the current trend is to go back even further. David Graeber was convinced it was 5,000 years ago—the amount of time that he argued money and debt existed together. Soon after he said this, 5,000 years were dismissed as peanuts, and the stakes were raised to between 150,000 and 200,000 years, because that is apparently how long *Homo sapiens* have existed. The reason money must therefore have been around as long as this is because—and this has been argued in all earnest—we know perfectly well what the earliest humans wanted and thought, because we only have to look at ourselves, and *we* think about money.

What is already not correct for the Middle Ages—namely, that people have always wanted the same things and thought just like we do today—is supposed to apply *to all ages* in all eternity. Against all hard-earned insight into the great historical variability of the human situation and how this relates to the way humans think, people today declare even more rigorously than ever that people must have always thought *like us*, regardless of when they lived. They must have had money and thought in terms of money, *like us*!

This is a baseless assumption already for the Middle Ages, and yet we hold on to it. Apparently, money forces us to make this particular mistake of seeing it everywhere, even where it has no place historically. We assume with growing enthusiasm that money existed in all conceivable (pre-)historic times because we are increasingly less able to *disregard* money, both when looking back at the past and when looking forward toward the future. The same power that money wields over the world today also shapes our thinking. Its forms are so deeply ingrained in our thoughts that we compulsively believe we have discovered money where it does not exist. It is as if money has etched a pattern onto our eyes, and now everything we see appears to have the exact same pattern. We look at the first humans and we see them according to this pattern: We see them handling money.

Back to the Beginning

Once again: We must be wrong about money if we are so fundamentally wrong about when and how it emerged. *How* we are wrong about money will be explained by establishing an understanding of money itself. First, however, it is important to drive home the fact that all of us are wrong about money. At least, we are so consistently and extensively wrong that, so far, no one has ever objected to the incorrect assumption that money emerged at an early time in our history. However, if the fact that everyone agrees on this alone is not enough to disprove that it is a deception in the first place, then something decisive must be clarified, because this means that, whenever we think about money, something almost *necessarily* fools us. It must fool our thinking with the same certainty with which a conditioned reflex is formed. We therefore need to explain what causes this reflex and what compels it. For if we do not, we cannot explain money.

It helps to know in which direction the reflex points. We can find it in today's commonest explanation for how money emerged historically. It is a deduction we are all familiar with, that suggests itself to each of us, and that is still preached from on high at universities: People invented money to simplify and improve what was originally a barter economy.

This has long been disproven, however—recently, and most prominently by David Graeber. My goal here is thus not to prove its incorrectness yet again, but rather to show what causes this mistake in the first place. This deduction seems so simple—as if there could be no hidden fault within it. We only need to imagine two primitive humans or even hominids, as one Nobel Prize-winning economist assumes. These humans exchange items that one of them has too much of and the other too little. Because it would have been tedious for each of them to find the ideal partner for their exchange, they would have had to come up with a medium of exchange that always fits, which is why they invented money. What could be wrong with this? What could be deceptive?

We believe we are imagining a world without money, and yet we reflexively presuppose that money is already there without even wanting to or even noticing. *That* is the mistake. Even if we simply imagine a kind of exchange of goods that takes place without money—but that would, on the other hand, only really work well *with* money—, we are presupposing much more than two people engaged in a friendly exchange of goods or services.

In fact,

– We automatically imagine these two neighborly exchanges as belonging to a society where *everyone* exchanges goods with each other, in principle. Individual people exchanging goods could otherwise never find a use for any kind of money—that would only make sense in a barter economy that includes more or less everyone. We thus presuppose an entire society in which people generally buy and sell.

- We then assume that it is necessary for everyone to find a suitable partner for each barter, regardless of how tedious this may be. Why else would a society need a medium of exchange, and hence money, to exclude the randomness with which a barter otherwise occurs? In our case, we presuppose a society that, as a whole, depends on this kind of barter—a society in which everyone relies on things that they can only get from others by bartering. Procuring goods that are needed in this society would therefore be contingent on the success of the buying and selling among all of its members. This would form an overarching connection between them: a market.
- In this scenario, we also presuppose from the beginning that people exchange their goods as *values*. Without having to think, we already "know" that everyone in such a barter economy would make sure to receive something of the same value as what they are offering. We take this principle of equivalence as a given; we assume it reflexively. That we presuppose this can be seen in the fact that the invention of money in our compelling origin myth is what ultimately completes this kind of barter: Money, precisely because it represents value itself, is always the fitting medium of exchange that such a society needs.

With our imagined, modest barter scene, which to us seems as primordial as Neanderthals sitting around a campfire, we automatically presupposed an entire society, a specific *type* of society, no less—a society in which it is necessary for everyone to acquire the goods they need by way of an *exchange of equivalents*. Such a society cannot exist without money. Never in the entire history of humanity has there been a society like this that did *not* handle money openly and did *not* have a self-evident concept of money. Our popular explanation of money's origins has therefore been proven wrong because, if we turn this around, wherever such a society exists, this society necessarily has money. This means that, by presupposing this type of society, we also presuppose money. We do not deduce anything in our imagined primitive barter scene; we simply presuppose what should be deduced. In our origin scenario, we subtract money from a society that, because of the way we presuppose it, cannot be imagined without money. This is as if we would imagine a vending machine without coins, only to explain afterward how logical it would be to invent coins to use it.

This is how the reflex works that fools us about how money emerged. It causes us to automatically presuppose the existence of money in some form or another—a form we know nothing about. Most importantly, we do not know that this form contains money, means money, and is precisely that: a *form of money*. We are so unaware of presupposing this social context that we do not even realize that this is what we are doing. By holding up a simple barter economy as the origin of money, we believe we are not assuming anything, *although that is what we are doing*. It seems to us to be so completely lacking presupposition that it appears primordial, which is why we think we are looking at a time of origin with impartiality. Even if we make a deliberate and strenuous attempt to imagine a world without money, this reflex that we are not aware of forces us to imagine a world *with* money.

Our goal is thus to finally overcome this reflex, so that we can see money more clearly. To do this, we need to begin by looking at a world that once existed without money. It is only by distinguishing what money once was not that we will be able to recognize what money is.

I
GIFTS

The Distant Here and Now

A world free of money, it existed once, but seen from our day and age, it looks like a separate primordial past. Yet at the same time, we can be certain that even the Middle Ages were money-free, and that we do not need to look at Noah's ark or into the mind of the Turkana Boy to find a world beyond money. In general, how large or small a role money plays for people cannot simply be measured by how far back in the past they lived. There is no principle that states that the further back we go in time, the further we are from money. Even today, there may be one last tribe hidden in an overlooked corner of the globe that has not yet been deforested who knows nothing about money, while all around them a world of finance exists that handles those enormous amounts of money.

Long after money had become established in European countries, followed by other parts of the world, there were still entire empires that either did not use money at all, or were forced to use it only when exchanging goods with emissaries from the first nations that used money. Yet sooner or later, their freedom from money ended because, wherever modern Europeans went in their "conquest of the world,"[6] as European expansion is correctly called today, they forcefully ended money-free life there. At least the Europeans documented much of what they encountered in these places before reliably destroying it.

Even in the recent past, ethnologists and anthropologists could still study a few remaining smaller communities whose social life was hardly, if at all, influenced by money.

Because the pattern of money relations had such a decisive impact on them as observers, however, they also regularly misinterpreted what they learned about these "savages" and "primitive peoples." Even the most rigorous of researchers, like the greats Claude Lévi-Strauss and Marcel Mauss, who already suspected this mistake, were not able to escape its influence entirely. It is therefore all the more remarkable and extremely important that one social anthropologist from our present time finally succeed in avoiding this mistake: Heinzpeter Znoj has proven that ethnology, understood in the broadest sense, has persistently interpreted even those social contexts that decidedly have nothing to do with money according to money's categories and has thus fundamentally misunderstood them. Znoj's comparatively new insight is essential if we no longer want to have a distorted perspective on the world as it once existed without money. Also, thanks to his analysis and descriptions of communities who live without money or where money only plays a very small role, we are able to rectify and read earlier documents correctly.[7]

How much or how little of a role money plays cannot simply be measured in terms of how far back in time we travel. It can only be measured by the extent a people, tribe, or even a single village has, or has *not*, been included or forced into a kind of *market*. For example, a city that is a capital of a country may be organized around money—around a currency that is accepted all over the world—but in some villages, the highlands, or in the jungle, the same money means less or perhaps nothing at all, because these areas are not integrated into this market. In all communities that do not participate on the market and where the phenomenon of money is therefore absent, the conditions are fundamentally the same, regardless of whether they have existed in the past or exist in the present day. The characteristics of life in villages that have little to do with money, which Znoj was recently able to observe, coincide with those that could be found in empires that existed when no one was yet using money anywhere in the world. We know this because this has also been well documented. We especially have clear proof from antiquity that developed communities lived without money. Even if we may not want to believe this at first, we only have to finally read these ancient texts with enough accuracy.

Although there are far fewer remnants of an era without money today than there were in the past, they can tell us the same thing about something that is very, very distant to us in one way or another. This distance means that life without money could be regarded as *archaic*.

Exchange

We begin by looking at how, before societies whose members made a living by buying and selling evolved, somewhere at some point, people were exclusively connected through communities that practiced a form of exchanging goods that was quite different. This is so incredibly far removed from us today that we know virtually nothing of it. Yet *virtually* is not the same as *absolutely*, because a tiny remnant of the way people interacted with each other in earlier times—or, to be precise, in contexts distant to money—has survived. This remnant may be only a weak reverberation, but it exists and it gives us at least an inkling of something that has otherwise disappeared.

This archaic remnant has endured as something small and inconspicuous in today's world defined by money: the small gift. When we are invited to someone's home for dinner, for example, or when we stop by their house or visit them in the hospital, we usually bring a small gift to the person we want to see. We bring something because it is the proper thing to do and because this is the way things are done—unless this tradition has also become forgotten. We bring flowers, a bottle of wine, sweets, or another "little something." Certain occasions that bring us together call for this obligation between us. It is this kind of obligation—in contrast to relations defined by money—that characterizes the archaic interaction between people in a very fundamental way.

This is because an occasion that requires a small gift, or a host or hostess gift, is actually not about the guest's obligation, but about the obligation *between both host and guest*. The guest must *present* the small gift and the host or hostess must *accept* it. Not accepting a gift would be just as impolite as not bringing one. This would signify much more than simply being tired of receiving the same unwanted chocolates over and over again; it would be a rejection of not just the *thing* presented to them, but of *the guest* as a person. It would be a breach of the friendly agreement between people, and this is what the obligation to bring a small gift is all about: this *understanding*.

This means that a small gift that fulfills this obligation does not end the obligation. Instead, this obligation continues. It applies to the next invitation as well, and it calls for a return invitation, and so forth. Not even one invitation followed by a return invitation fulfills this obligation. It is never completely fulfilled; rather, each fulfilment reinforces it. Every time a guest and host accept the obligation, it only becomes stronger.

Today, obligations like these have lost their potency. Some people may no longer feel obligated at all, or they may feel less or more obligated, depending on the situation. For example, they may rarely reciprocate a visit, but always bring a little gift when they are invited to someone's home. Such obligations generally still exist for us, and when they do apply, they continue to bind us to the person with whom we socially interact. These obligations are thus binding in a twofold sense: They bind us *to* someone and bind us together *against* others. In this respect, these obligations are the reverberations of an archaic interaction between people—an interaction without money.

We bring our "little something" as a gift, we do not exchange it for hospitality. It is not like in a restaurant, where we pay for what we are served, after which we are "even" with the owner.[8] Rather, the "little something" is part of the whole phenomenon of visiting someone, like being warmly greeted and being given food or simply the chance to sit down in an armchair. None of this is meant to be "paid for" with the small gift. It would be absurd if we were to hand over our gift at the door, take a piece of cake in exchange, and leave again. This would be an insult to the host and would turn the meaning of the small gift—namely, the friendly understanding—upside-down. It is the exchange that we practice in the form of a social call itself that is the goal of the whole affair and all that it entails. The small gift, the greeting, the food and drink, and the talking are some of the integral means to achieve this goal.

The mutuality, or reciprocity, of those obligations does not refer solely or especially to the things we bring. Bringing a "little something" is not about the small gift we may expect for a return visit. We don't bring chocolates because we hope to receive flowers when we invite guests in return. This is not about *one thing for another thing*; more importantly, we do not *equate* one thing with another. Even today, under the conditions of money, if our own small gift cost $14.99, for example, this doesn't mean that what we may receive in return should cost the same amount. We may even think something is more valuable because it has cost nothing or has not been bought readymade, but rather has been made by hand or plucked by our guests themselves. Indeed, these things are also valid as small gifts, not because they correspond to other objects, but because they correspond to the *occasion* they serve.

Being mindful of this correlation and choosing a suitable small gift is not too difficult anyway, even if we don't worry about the cost, because there is a selection of things that are considered suitable, like flowers, wine, and other things. We fulfill the obligation if we stick to this selection. If we are invited to dinner, we do not bring a diamond necklace (that would be too valuable), nor do we bring a screwdriver, even if this costs exactly the same as the flowers we bring instead, because this would not fit the occasion and would only confuse the host or hostess. Of course, we could bring a necklace or a nice tool, but then one thing would be certain: This would not be a small gift for the host or hostess, but rather a present for a special occasion, such as a birthday.[9]

The difference is that the way we give a present can take any form. You can hand it over in person, place it under a tree, or simply send it by mail, as long as the recipient receives it in person at some point. A proper present thus speaks for itself. A host or hostess gift is different: It is inseparably connected to *its context of obligation*. When we visit someone, we must present the small gift in person shortly after arriving. We should unwrap the flowers, say a few fitting words, make a friendly face, treat the whole thing as if it's not worth mentioning, and (as best we can) act as if we don't expect any thanks in return.

The difference between a small gift and a proper present, like a birthday present, also plays a role when *choosing* what to give as a present. The special present should ideally be personalized for the recipient, whereas the small gift doesn't need to be anything the person receiving it wants or can use. Of course, as a small gift, we would appreciate an excellent wine more than one we only end up pouring down the drain, yet the latter still fulfills the obligation. We may also judge a person based on the gift they choose, and if they choose carelessly, our relationship may suffer as a result. Even if we toss the umpteenth box of cheap chocolates in the garbage, it is nevertheless a valid host / hostess gift and is accepted as such. No one *needs* a small gift; and no one depends on these gifts to survive, but that is not what they are meant for.

What these small gifts *are* meant for—something we can still sense today—is to fulfill this kind of obligation. While this inconspicuous small gift can teach us many things, this obligation is about much, much more in the archaic context.

The Third Man

According to the Western calendar, the Māori likely came to New Zealand sometime before the year 1300. When, in the course of the nineteenth century, Europeans took over the big islands, they encountered and conquered these indigenous people. As was later observed, "they were, in effect, the last major human community on Earth untouched and unaffected by the wider world."[10] Today, the Māori form the majority of the impoverished lower classes in New Zealand, and their language must be deliberately cultivated to be kept alive, as with everything else that once characterized the Māori.

The number of Māori was already severely reduced at the end of the European nineteenth century, partially due to Europeans selectively distributing muskets to enemy tribes. Their communal way of life did not disappear quite as quickly, however. The European intruders studied them for some time and quickly learned the language of the Māori, so that they were able to understand what the Māori described to them. This was how the famous interview of one Māori named Tamati Ranapiri about the system of gifts—the type of exchange that I call *archaic* here—came about.

What the Māori exchange in this system are called *taonga*. This is their word for all of the things that they have use for and that are important to them—things that they regard highly and that we would best describe as "goods." For the Māori, the exchange of such *taonga* is about something that, in their language, has the short and simple name *hau*. Even the wind can be an example of *hau*, which is then called "the *hau* that blows." The *hau* that plays a role for gifts is the "*hau* of the forest." Ranapiri explains how this works as follows:

> Now, concerning the *hau* of the forest. This *hau* is not the *hau* that blows (the wind). No. I will explain it carefully to you. Now, you have something valuable [*taonga*] which you give to me. We have no agreement about payment. Now, I give it to someone else, and, a long time passes, and that man thinks he has the valuable, he should give some repayment to me, and so he does so. Now, that valuable, which was given to me, that is the *hau* of the valuable which was given to me before [from you]. I must give it to you. It would not be correct for me to keep it for myself, whether it be something very good, or bad, that valuable must be given to you from me. Because that valuable is a *hau* of the other valuable. If I should hang onto that valuable for myself, I will become *mate* [sick or dead]. So that is the *hau*—*hau* of valuables, hau of the forest. So much for that.[11]

Although the *hau* of the forest is carefully explained here, it is still not easy for us to understand. What we gather from this account is that the one *taonga* is the *hau* of another, therefore the act of giving a *taonga* must be reciprocated with another *taonga*. We immediately assume that the *hau* may be the *value* of both of these *taonga* and that this is why the English translation given for *taonga* is "valuable." However, Ranapiri cannot have meant something like the value of the *taonga*. Otherwise, he would have told a much simpler story, namely: You give me a *taonga* and I give you a *taonga* with the same amount of *hau* as yours. The story would include only two people and two things with the same *hau*, or the same value, as we would understand it today. However, Ranapiri is talking about something else. In his story, while only two different *taonga* appear, more than two people are handling them. There is always a third person. And this seems to be decisive for the *hau*, which *only emerges because of this third person*.

Let us go through the whole story again. It begins with the first gift from *you* to *me*. This gift remains unreciprocated for the moment, but it still has an effect—just not in the direction *back* to you, but *further on*. It gains momentum, so to say, and continues toward a third person. I do not keep the *taonga* that *you* gave me; I pass it on to a *third* person. Then a "long time" passes—and this must also be important because Ranapiri mentions it specifically—and only after some time does the third person think about reciprocating my gift. Ranapiri does not say that the return gift from the third person to me is the *hau* of the gift that this person received from me and is now reciprocating. No, even when going *back*—from the third person back to me—another person also plays a role, and this is *you* again, the first giver in this story. Ranapiri says explicitly, and this must mean something, that the gift that is *now* given by this third person to me is the *hau* of the original gift that you gave to me *before*, which is precisely why I must give the gift from the third person to me "back" to you, the person who gave me the first gift.

This is complicated, more complicated than seems logical to us, and one thing probably astonishes us more than anything else: The gift that I pass on to *another* person is, after all, the *same* gift that I received from you. Still, Ranapiri says that the return gift from this other person to me is not the *hau* of the gift that *I* gave this other person; it is the *hau* of the same *taonga*, but in the form of the gift that *you* gave to me. It is thus apparently important that a return gift is not the *hau* of a directly reciprocated gift, but of a gift that must have been *passed on* before. The *hau* does not evolve when a gift is reciprocated directly; it only emerges if a gift is reciprocated not just as a gift that has been handed over *once*, but as one that has also been *passed on* to someone else.

Hau defines and drives the exchange of gifts among the Māori. Even if we don't generalize their way of life, in principle we understand the nature of an exchange in which money plays a very small role better if we understand their *hau* correctly. Gifts must be reciprocated, but *not directly*. This is also the reason for the "long time" that must pass before the third person thinks about their obligation to return a gift. Each gift must first *continue on*. This is different from our hostess gifts today. It would be very embarrassing if someone were to notice that we brought them the same chocolates that Aunt Mildred recently gave us. The rule we understand is that a gift can only change hands from giver to recipient *once*. These small gifts are strictly dyadic in nature today: They begin with the giver and end with the recipient.

The archaic gift, on the other hand, becomes more important the more it has been passed on because it accumulates more *hau*. This word apparently means something like the "movement," "momentum," or "impetus" with which each person charges the *taonga* by receiving it and passing it on. The *continuing obligation* is *hau*: a force that carries forward the things in which it is active and that, as long as it has an effect in them, preserves the power the original giver has at one point invested in them. This is why *hau* links a gift back *to this person* and must be reciprocated *to them*. A momentum and impetus that *blows* and moves the air is the *hau* as wind, but the momentum and impetus of the *hau* of the forest is related to matter, to things. The forest provides the material for these things. The Latin word *materia*, for example, means wood in exactly this sense, as used by people to form and build things. Matter thus acquires *hau* as movement and impetus through being passed on by someone, and through this being passed on by someone, it binds and connects others. In these long series that connect one person with another, and that person to yet another, and so on, everyone is and feels connected to each other. People do not see themselves as individual trees, but as a forest of many trees—the forest of the *hau*.

Community

Before societies that operate with money evolved, what mattered most to people was to be born into a tribe, a clan, or a village, a *civitas*—in other words, a community. Such a community signifies something very different than what we call a society today and what we tend to falsely attribute to even the earliest of primeval times. Unlike societies, archaic communities are characterized by the fact that everyone provides for themselves *together* with the community. Individuals may have a different status, but *everyone* contributes to providing for their *res publica*, their "common cause," and thus to providing for themselves. Because everyone generally does their part to provide for the community according to their social rank, they are also generally provided for by the community. It is therefore not like in modern fairy tales about the first hordes of humans where it's all about *everyone for themselves* and *everyone against everyone else*. Quite the opposite: It would fundamentally contradict how archaic communities provided for themselves if everyone in the community only acquired what they needed from others through barter. This would make just as little sense in an archaic community as if one person in a modern family today would ask another at the dinner table to please pass the butter, to which the other person would respond, "Only if you give me your belt for it."

This characteristic has been consistently found in all archaic communities by ethnologists without exception. Everyone is taken care of as long as they belong. Such a community, in principle, does not let any of its members go hungry. The solidarity of providing for the community only falls apart in cases of *shared* need—for example, if the harvest is poor or if another misfortune destroys provisions and the entire community is faced with hunger. Then the obligation to each other is broken, and those who can assert themselves insist on getting their provisions and leave others to die. Otherwise, the rule is that, while not everyone is provided for to the same degree, they are all taken care of *within* and *together with* the community. The only condition for being taken care of is that a person must legitimately belong in the community. This means that each person must fulfill the obligations within the community to have their place in it and to maintain or achieve a certain status. In order to avoid the worst case—to be cast out of the community and lose the provisions they are due as a member—each person must inevitably meet the obligation to establish the community and is bound to ensure that it functions. This is therefore the reason behind the communal behavior of exchanging gifts.

The roots of this custom apparently run deep within us. Where it hasn't already been repressed by more powerful constraints, it remains active in regions of the unconscious that lie deeper than any convention. In my mind's eye, I see a little girl before me, not yet two years old, holding out her most favorite stuffed animal to a guest she doesn't know. She doesn't want the visitor to keep her stuffed animal; no, she has simply brought it especially and obviously to *give it to this person*. No one has told her to do this; no one has shown her, and she doesn't expect anything in return. She doesn't even hold her little hand out to receive something in exchange. Instead, she looks at the stranger's hands for a moment with serious eyes full of expectation until her gift has been accepted. It is the transaction itself that has meaning—it means something for the little girl, *and* it should mean something for the giant guest she sees in front of her. Everyone who looks on knows exactly what this is about.

The practice of establishing a community through the act of exchange can be found in all peoples around the globe, provided they do not yet have money. One famous case is the Kula ring, which was still practiced on the Melanesian Trobriand Islands at the beginning of the twentieth century and even determined the order of gift giving. In this community, gifts circulated in both directions simultaneously: certain necklaces circulated clockwise and bracelets counterclockwise. Another well-known example is the !Kung people from the Kalahari savannah and their *hxaro*, a comprehensive system of visits back and forth for which they sometimes traveled long distances and which naturally included the exchange of gifts. Here, the connecting lines were not circular; rather, those involved only had to fulfill an obligation to certain other people, but in a way that meant that ultimately everyone was connected through these lines.

It is therefore necessary to have an obligation to pass gifts on to others. This is no longer familiar to us today and has not been preserved in our small gift for the host or hostess. For this reason, it seems like an *additional* requirement that does not really belong to gift-giving. Yet it is a *necessary* part of archaic exchanges because communities that practice this type of exchange are based on a concept of *ownership* that is not only unfamiliar to us today; we cannot even imagine it.

Ownership in the archaic sense has a time limit. What becomes someone's property does not stay their property. They must pass it on because ownership in such communities is *temporary ownership*. It is subject to communal time: time that depends on the community because the community depends on it. What an individual person owns is only owned *communally* with the others. It may be *the individual's* property, but it is subject to the necessarily *communal* provision of everything the community needs and what its members can only achieve as a community. The individual's ability to provide for themselves is intertwined with the ability to provide for all, because the individual can only acquire what is needed to survive with the help of others—in other words, together.

The general rule not only for gifts is therefore that whatever one person owns cannot be taken away from the community. It makes sense if individuals don't own something *exclusively* and *once and for all*, because only then will they handle it in a way that benefits them and hence the community as a whole. For example, it is in the community's interest if those individuals who own a piece of land farm it at the right time, do not leave it fallow for too long, grow the right crops, and harvest these together with the others, so that these individuals in turn can help others with their harvest. To neglect such duties regarding one's property can and must be punished, because the property also belongs to and must serve the community. From the early Roman Empire come the following words:

> If anyone had allowed his land to run to waste and was not giving it sufficient attention, if he had neither ploughed nor weeded it, or if anyone had neglected his orchard or vineyard, such conduct did not go unpunished, but it was taken up by the censors.[12]

People who neglected their property could even be robbed of all rights and obligated to pay high fees.

Caring for one's own property is necessary for the community and is therefore a condition for someone being able to remain part of the community. If individuals were to have unlimited control over their property, this would be *permanently* and *completely* withdrawn from the community. The obligation of the individual to the community would be nullified, which would be harmful *for the community* because the individual would no longer do their share in providing for it, and it would be harmful *for the individual themselves*, because they would no longer be able to rely on the community's obligation toward them either. The permanent property of an individual would thus negate and rob the community as such. The Latin word for this is *privare*. In such a community, property is never considered completely *private*; instead, everyone *passes it on* at some point. Julius Caesar wrote about the Germanic people of his time:

> Nor has any one a fixed quantity of land or his own individual limits; but the magistrates and the leading men each year apportion to the tribes and families, who have united together, as much land as, and in the place in which, they think proper, and the year after compel them to remove elsewhere. For this enactment they advance many reasons [...] lest they may be anxious to acquire extensive estates, and the more powerful drive the weaker from their possessions.[13]

To what degree an individual's property can be communal property in archaic communities is described by Margaret Mead in the wonderful example of the Arapesh in New Guinea:

> A typical Arapesh man, therefore, is living, for at least part of the time (for each man lives in two or more hamlets, as well as in the garden huts, huts near the hunting bush, and huts near his sago palms) on land which does not belong to him.

Around the house door are pigs which his wife is feeding but which belong either to one of her relatives or to one of his. Beside the house are coconut and betel palms which belong to still other people and the fruit of which he will never touch without the permission of the owner or of someone who has been accorded the disposal of the fruit by the owner. He hunts on bush land belonging to a brother-in-law or cousin at least part of this hunting time, and the rest of the time he is joined by others on his bush, if he has some. He works his sago in others' sago clumps as well as in his own. Of the personal property in his house, that which is of any permanent value, like large pots, well-carved plates, good spears, has already been assigned to his sons, even though they are only toddling children. His own pig or pigs are far away in other hamlets; his palm trees are scattered three miles in one direction, two in another; his sago palms are still further scattered; and his garden patches lie here and there, mostly on the lands of others.

If there is meat on his smoking rack over the fire, it is either meat which was killed by another—a brother, a brother-in-law, a sister's son, etc.—and has been given to him, in which case he and his family may eat it; or it is meat which he himself has killed and which he is smoking to give away to someone else, for to eat one's own kill, even though it be only a small bird, is a crime to which only the morally—which usually means in Arapesh mentally—deficient will stoop. If the house in which he is living is nominally his, it will have been constructed in part at least from the posts and planks of other people's houses, which have been dismantled or temporarily deserted, and from which he has borrowed timber. He will not cut his rafters to fit his house, if they are too long, because they may be needed later for someone else's house which is of a different shape or size.[14]

In this case, we find a kind of property that fundamentally *connects* its owners with others, instead of separating them. The property of each person is regarded as belonging to them, but only because what is theirs in turn honors the communal aspect and because it can only exist as this person's property within the community. This relation explains why, in such a community, gifts also cannot become the property of the recipient alone, but must be passed on.

In order to achieve this, it may even make sense to *destroy* a gift. Destruction does not signify indifference toward one's obligation to pass on gifts. Rather the opposite: It signifies a special insistence on this obligation. Znoj impressively describes this by stating about the Kwakiutl:

> Even in the very extreme form that the *potlatch* assumes when the gifts are destroyed, the giver only seems to place himself above the community. With his gesture, he is saying that there are no concrete recipients for his gifts—in other words, there is no community that is worthy of his fame—yet he directs his message to those who should have received the potlatch if they would have been worthy, meaning he addresses those who could be humiliated by his gesture. He destroys something in order not to have to keep it, thereby obeying the duty to pass it on. Destruction thus maintains the dynamics of the exchange of gifts, should no recipient be found. By destroying it, the owner avoids owning something too long and hence acting against the expectations of the community and the rhythm of their social time and breaking with the dynamics of the exchange of gifts. Destruction is sometimes the only form in which the bearer of a very important Kwakiutl name can fulfill the necessary passing on.[15]

The destruction of a gift can also occur in a friendly manner, for example by sharing a meal. We can compare this to how we may drink a bottle of wine together with the hostess who has just received it from us. However, a gift can also be passed on in a way that is not understandable to us today—for example, when someone receives in a roundabout manner *the same* pig that they gave someone else only the day before. This is a fully legitimate exchange, because it fulfills all the requirements: the gift is presented, accepted, passed on, and reciprocated in the end.

This means that more is needed than the things themselves for something to be considered a legitimate gift. The people involved must know all the specific requirements that must be fulfilled within a community. It is also important to have a feeling for the appropriate time, or what the ancient Greeks described with the beautiful word *kairos*. A gift should not be reciprocated *too soon*, but it should not take *too long* either. Furthermore, everyone involved must know the appropriate actions that are part of presenting the gift—for example, which words are to be spoken, whether the conch shell horn must be blown, and finally which gestures should be used when presenting or accepting gifts.

It is obvious to us that we should accept a small hostess gift with a gesture of *gratitude*, even if the thing itself means nothing to us. As the host receiving the gift, we treat the small gift like a very special present. The guest bringing the small gift, however, should not present it as if it were something very special and visibly expect gratitude. Instead, they must play down the small gift because they are merely fulfilling a duty. The reaction of the recipient should be "oh, you shouldn't have," while the giver is expected show the opposite reaction by saying something like "it's nothing, really." The gratitude shown by the one side must correspond to a downplaying thereof on the other. That is the custom today. In an archaic context, the gesture of handing over a gift is completely different, for example, regarding the Kula:

> The exchange is opened by an initial or opening gift called *vaga*, and closed by a final or return present called *yotile*. They are both ceremonial gifts, they have to be accompanied by the blowing of a conch shell, and the present is given ostentatiously and in public. The native term "to throw" a valuable describes well the nature of the act. For, though the valuable has to be handed over by the giver, the receiver hardly takes any notice of it, and seldom receives it actually into his hands. The etiquette of the transaction requires that the gift should be given in an off-hand, abrupt, almost angry manner, and received with equivalent nonchalance and disdain.[16]

There is no show of gratitude here, and we've learned not to expect anything else in the archaic context. What we feel when we *hand over* a small present—namely, that we are fulfilling an obligation and that we do not need to be thanked—is the case for the entire archaic exchange of gifts *as a whole*. Communal obligations are met as voluntarily as taxes are paid today, and we certainly don't expect a sign of gratitude from the tax office. Likewise, in the case of an archaic gift, it would make no sense for people to *cloak* or *deny* its obligatory character for the community by presenting it as a voluntary act with a personal note to it, thereby demanding gratitude. Thanking the giver for a gift on such an occasion—a faux pas that modern westerners visiting such an archaic community almost automatically are wont to make—would only cause confusion, for it would mean that the person actually does not acknowledge the obligatory nature of the gift presented. This person would be committing an affront by thanking the giver for the gift because this would *negate* its obligatory significance of creating a shared bond and thus *the community as such*. Reacting with brusqueness, on the other hand, makes the *obligation* obvious, for it is precisely the disdain with which gifts are treated that reveals the great significance of the act of which they are a part.

But what happens if someone does not honor this act? What are the sanctions for someone who ignores one of the multifaceted obligations? Who ensures that all of these are fulfilled or, when they are not, makes certain that this does not go unpunished? The answer can be found where these obligations must be met: in the community itself. Gifts and exchanging have the purpose of establishing a community, and where this does not happen, no community evolves. This plays only a very small role today: If we forget to bring the host or hostess a small gift, they will not call the police. In the worst case, they may not invite us again. Thus, though our relationship to them may suffer, we do not have to fear any legal consequences. In an archaic context, however, the survival of the community and everyone's participation in it is of vital importance to each person, which is why the response is much more radical:

> In former days there lived a man named Tokoahu, who did little work, but occupied himself in going from place to place visiting his friends and obtaining presents from them. For these he gave no return. This practice continued for so long that his friends grew tired, waiting, waiting, waiting for the repayment, which was never forthcoming. One man at length cried out, "My property has been as good as stolen by that fellow", and becoming exasperated past all endurance, laid a curse upon Tokoahu, through the medium of the property he had taken, so that he died.[17]

This is also a form of *hau* described by the Māori. The movement of the *hau* brings a gift back in the form of a counter-gift. Whoever does not offer a return gift and thus interrupts this movement turns this force against themselves. By virtue of the *hau*, Tokoahu's friends could have even taken a return gift from him through cunning or force because the *hau* gives them the power to avenge the disruption of the community *through* Tokoahu by breaking their community *with* him. In the worst case, this can mean death by magic. As Marcel Mauss writes about those who disregard certain obligations, "revenge may be taken by magic, or at least by insult and a display of resentment."[18] Although insults and resentment may seem rather harmless to us today, in archaic contexts, they were anything but. The laws of Athens under Draco, for instance, stated that uttering insulting words was punishable by death. And this brings us to the first major work of Western literature that deals with this theme in depth.

The Wrath of Achilles

Mēnis, or "wrath" is the first word of the *Iliad*, which is the Homeric epic poem about the War of Troy:

> "Wrath—sing, goddess, of the ruinous wrath of Peleus' son Achilles."[19]

Wrath is not only at the beginning of the *Iliad*, it is also the theme of the entire poem in the form of the wrath of Achilles. *Mēnis* is sometimes translated as Achilles' "anger," yet it is not anger that this epic is really about. Anger flares up, blows over—we feel angry *about* something. The literal translation of *mēnis*, however, is "resentment," "wrath," "grudge," or "indignation" and is something we hold onto: we *hold* or *bear* a grudge *against* someone. And that is what Achilles does in the *Iliad*. It is his wrath, not simply anger, that this major epic—the entire epic—sings about, meaning there is much more to this wrath than if Achilles had simply fallen into a foul mood.

In an archaic community, people turned against those who didn't fulfill their obligations with insults and resentment. If they harmed or denounced the community, this was *reciprocated* by the members of the community they have denounced. That is the function of insults, indignation, and curses. It is what makes Achilles' wrath so important that it fills an entire epic. The *Iliad* sings of this wrath, as the first lines indicate:

> Wrath—sing, goddess, of the ruinous wrath of Peleus' son
> Achilles,
> that inflicted woes without number upon the Achaeans,
> hurled forth to Hades many strong souls of warriors
> and rendered their bodies prey for the dogs,
> for all birds, and the will of Zeus was accomplished; I, 2–5[20]

Zeus himself has thus decided that this wrath must exist and that all its horrible consequences are justified.

Let us therefore continue with this story for a moment, which was composed in the seventh or eighth century BCE and thus takes place even earlier. The assembled armies of the Greek kings are just outside Ilion, outside Troy. It will take some years before the city finally falls, and until then, the Greeks spend these years in the area around Troy doing what is their custom, which Odysseus describes on another occasion:

> The wind blew me from Ilion to the Cicones, to Ismarus.
> There I sacked that city and killed the men. We took the
> women and much booty, all of which we divided equitably
> amongst us, so that none was robbed of his deserved share.[21]

Odysseus tells of this custom in such a matter-of-fact way because it is common behavior. It is the way things are done: a foreign city is destroyed, the men are killed, and the women and goods are pillaged. What is also customary is how the booty is divided among his people, so that everyone receives the same share called the *isē*, meaning the share that each person deserves. This is also a form of gift-giving that fulfills and strengthens the obligation between a community and its members, only here it takes the form of *distribution*.

Unlike Odysseus, however, who is very mindful and provides for his own people in an exemplary way, it does not work as well with the many different tribes that have gathered before Troy. Agamemnon, who is the commander of all the armies, including those of the other kings, gives Achilles cause to voice the following complaint:

> Never do I receive a prize equal to yours when the Achaeans
> sack some well-settled city of the Trojans;
> it is my hands that conduct the greater part of furious war,
> yet when it comes to division of the spoils
> yours is the far greater prize, and I bearing some smaller
> thing, yet also prized, make my way to my ships,
> wearied with fighting. I, 163–168[22]

A prize, Greek *geras*, is desired and required by everyone involved according to their position in the community. Agamemnon, however, is not so meticulous with this and rather favors his own honor. By doing so, he brings disaster upon the Greeks.

In one of these joint raids, Agamemnon is allocated the daughter of Chryses, a woman named Chryseïs, as a gift. Chryses, however, is the priest of the temple of Apollo in the raided city and has survived the attack. He refuses to accept the loss of his child and goes to the Greeks' ships, where he asks Agamemnon to return his daughter in exchange for "splendid ransom,"[23] as it says in the *Iliad*—in other words, bountiful gifts. However, Agamemnon refuses to accept these gifts and insists on keeping Chryseïs, meaning he does not fulfill the sacred obligation of accepting adequate gifts. Just as Tokoahu's friends acquire the *hau* to kill him because he neglects his duties, Agamemnon's refusal leads Chryses to obtain assistance from the god he serves, Apollo, who then rains death on the Greeks. "He who strikes from afar" first attacks the Greeks' mules and dogs, then he begins to wreak havoc on the Greeks themselves. Finally, on the tenth day of the massacre, the Greeks ask their seer to tell them why they must suffer so. Agamemnon then learns that "the Archer who shoots from afar causes their affliction— / because I was not willing to accept the splendid ransom / for the girl Chryseïs, since I greatly desire to have her / at home."[24] The punishment is not for his abduction, but for his rejecting the obligation to accept the gifts. Agamemnon therefore cannot help but return his *geras*, Chryseïs, to the priest.

However, this means that he loses his share of the divided booty that he was due. He is thus missing an adequate *geras*, and this is something Agamemnon cannot abide. He demands of the Greeks: "But make ready another prize at once, so that not I alone of the Achaeans am unrecompensed, since that is not fitting. For all of you are witness that my own prize goes elsewhere."[25] But there are problems with this demand, and the godlike Achilles, who fights hard to maintain his composure, must object:

> Most honored son of Atreus, of all men most covetous
> of possessions,
> How then can the great hearted Achaeans give you a prize?
> We do not know of any great common store laid up
> anywhere,
> but those things we carried from the cities, these have
> been distributed—
> and it is not fitting to go about gathering these things again
> from the men.
> But no, relinquish the girl to the god now; we Achaeans

will pay you back three times, four times over, if ever Zeus
gives us the well-walled city of Troy to plunder. I, 122–129

Although the community is more than willing to give Agamemnon the gifts he deserves, they are not willing to redistribute the already divvied up booty. They would rather give him his due when there is something new to distribute. Agamemnon, however, insists that he cannot remain without a gift, even just this once, and if nothing is given to him, he will simply take what he wants. He then turns toward Achilles and threatens him: "then I myself will go and take either your own prize, or that of Ajax, or I will take and carry away the prize of Odysseus; and whomever I visit will be made angry."[26] Achilles lowers his head and looks at Agamemnon "from under his brows," meaning the situation is becoming dangerous. Achilles is beginning to *feel wrath toward* him and threatens to break his obligation to the community, like Agamemnon has done with his demand. Achilles threatens to no longer fight for Agamemnon, to leave the Greek armies outside Troy, and to sail away with his men.

This threat only provokes Agamemnon, who then decides whose gift he will take:

Go home with your ships and your companions—
be lord of the Myrmidons; Of you I take no account,
nor do I care that you are indignant. But I promise you this:
As Phoebus Apollo robs me of Chryseïs,
whom I will send away, on my ship, with my companions—
So will I take Briseïs of the pretty cheeks,
yes, your prize, going myself to your hut, so that you will
discern
how much I am your better and so another man will be loath
to speak as my equal, openly matching himself to me.
I, 179–187[27]

This is exactly what happens, and Achilles is left to bear his wrath on his own.

Achilles leaves the community of Greek fighters outside Troy. They know from the oracle that, without their greatest warrior, they are weaker than the Trojans in battle, and many of them will die. Yet there is nothing they can do. Achilles' wrath has a compelling reason. The gifts that a community distributes to its members represent their status, rank, and honor. On the other hand, the *isē*, or the "equality" of the distribution, is in reality based on those of a higher rank being eligible to receive more or better gifts than those of a lower rank. Agamemnon was thus also right to feel that his rank, his "quality," and betterness would be diminished if he did not insist on his status even just thus once and forgo his *geras.* He would rather subject Achilles to the same lowering of status that he himself was unwilling to accept, and Achilles *must* therefore feel wrath as a result.

Achilles' wrath has an irrefutable, one might even say sacred, reason. It is why the gods intervene. Athena appears next to Achilles to give him good advice already in the first argument with Agamemnon. She prevents him from killing Agamemnon right away, but she also urges him to insult him well and good, which Achilles does:

> Wine-besotted, you have the eyes of a dog and the heart
> of a deer,
> Never have you courage to gear up for battle with your
> people,
> nor go on ambush with the best of the Achaeans;
> To you that is as death. Far better it is, all through the
> broad army
> of the Achaeans, to seize the gifts of the man who speaks
> against you.

King who feeds upon your people, since you rule worthless
men;
Otherwise, son of Atreus, this would now be your last
outrage. I, 225–232

Apparently, Achilles really needed to get this off his chest. This example shows how strong the obligations that apply between the members of a community are and how deep obligations go when people practice a form of exchange that is not ruled by money.

Lexicology

There were specific words for this kind of obligation early in history—for example, in Old German there was the beautiful word *geld*.[28]

This word has roots in the oldest prehistory of what is now called *geld* in German, which translates as "money" in English. In other languages, the words that signify money today usually do not have roots that go further back than coins. For example, the English word *money* and the German *Münze* are derived from the Latin *moneta*, while the French word *argent* comes from the Latin word for silver, which was the metal most commonly used for coins, and the Spanish *plata*, the Swedish *pengar*, and the Italian *soldi* come from the names of specific types of coins. The Old German word *geld*, however, which can be found in the earliest written sources, reflects a historic reality that is older than the minting of coins. It signifies a phenomenon that for a long time was *not* money, before at one point—we will talk about this point later—it was distorted into money.

Traces of the old meaning have been preserved to this day. The German verb *vergelten*, which means "to repay" or "to retaliate" in English, was originally simply *gelten* but had the same meaning. The noun *gelt* is derived from this. The -t at the end was not permanently replaced by the -d in *geld* that is still used today until the eighteenth century. In order to distinguish the old word from the modern one, from now on I will use the old spelling and small caps for the old word: gelt.

The great historical dictionary of the German language, which was begun by the Brothers Grimm, states: "gelt *originally refers to any service that must be paid, especially a return service, see also* gelten." The entry for *gelten* states: "gelten *like* gelt *originally signifies a service that is owed, especially a return service*."[29] gelt, in other words, means anything that someone is obligated to do and owes someone else. This can also be a return service in cases where only a specific service must be reciprocated. Hence, gelt is originally the word for exactly the kind of obligation discussed here.

When our Ranapiri is obligated to pass on a gift that he has received to a third person, this is an "owed service" and hence gelt. When this third person, after having thought for some time about the obligation, reciprocates Ranapiri's gift and thus repays it (*vergelten*), this response is gelt. When Ranapiri must pass on the same gift to repay the gift he himself has received, this is an "owed service" and also gelt. When, on the other hand, Tokoahu does not reciprocate the gifts he has received, the gelt and payback consists of one of his friends putting a death spell on him. When Achilles is robbed of his gift of honor, his wrath and all its consequences is also gelt: He retaliates by "paying Agamemnon back." And Apollo's massacre of the Greeks is also gelt: a payback for Agamemnon's wicked refusal.

The old word gelt means a payback in a *general* sense—in both a good and bad way. As the old German saying goes, "guot mit guote, übel mit übele gelten," which means to repay good with good and evil with evil. It is also said that a devout person "giltit guot widar ubile," or repays evil with good. The *Sachsen-*

spiegel, a medieval collection of customary laws, for example, mentions gelt as punishment and penance. Regarding a master whose servants cause damage to which he has not contributed through words or actions ("âne sînen rât und âne sîne tât"), should not have to do penance and bear any guilt ("âne gelt und âne laster"). Here, gelt means a return service through which a transgression should be amended. Because of the damage that someone has caused, peace and order are disrupted and need to be reestablished with the help of a penance, a *compensation*: with a service that makes up for the damage by satisfying the wronged party, thereby reinstating a peaceful relationship with them. Gelt here concerns *one* specific occurrence that disturbs the order and *one* service that should reestablish it. Yet, this also entails the corresponding obligation of going back and forth that fundamentally defines the meaning of the word gelt.

These examples are from medieval German poetry. In one poem, birds are singing in a linden tree close to a forest. There is an echo: the forest reflects the bird song with the same sound.[30] Song is answered by song, one song *gilt* (pays) and *vergilt* (repays) the other song in a lovely back and forth. Or two knights attack each other, each one recognizing in the other an opponent that for the first time is his equal: "sine heten nie mêre in alsô kurzen stunden sô vollen gelt vunden" ("they had never in such a short time found such an equal counterpart").[31] In other words, for every strike, they suffer a counterstrike. These two men do not owe each other anything, and this back and forth, albeit not in such a lovely manner, means gelt. In another example, Walther von der Vogelweide sings for the ladies of the court in the hopes of receiving a friendly word in return, but this is in vain: The venerable ladies remain silent. Well, says the poet to himself, "swâ ich des geltes nû vergebene warten muoz" ("If I must wait for a reward in vain"), then others should put in an effort.[32] He then turns his neck to the ladies (he does not mention the other backside out of politeness). The ladies should have responded to the service he offered them—at the very least, a greeting would have been a necessary reward, and such a reward was called gelt.

Chryses also does a service for someone else and rightfully hopes for something in return. He has sacrificed to the *god* Apollo, has had parts of his temple built for him, and now he can expect a service in return. He can outright demand it:

> Hear me, God of the silver bow, you who stand over
>   Chryse, [...]
> if I ever roofed over a temple that pleased you,
> or if I ever burned a sacrifice to you the fatty thighbones
> of bulls and of goats—grant me this wish:
> May the Danaans pay for my tears with your arrows!
>
> I, 37, 39–42

For his sacrifice and his service, Chryses can expect the goodwill of the god and the fulfillment of the wish he expresses in return, and since nothing stands in the way of this, Apollo fulfills the wish. The sacrifices Chryses has made to him are *repaid* accordingly. Thus, a sacrifice was once also gelt: "performing *gelt* in a temple" meant to make a sacrifice. Burnt offerings were called *brynegield*, for example. Not only was the sacrificial offering gelt; so was the obligation humans felt to worship the gods overall. Like the offerings that were sacrificed, all such activities of worship as such were seen as a service that humans owed the gods for their goodwill. That is why the Christian service was once also called *gotes gelt* (or "God's *gelt*").

II
THANKING AND ATONING

GELT as Payment

At one point, the obligations that were once called GELT must have become what is called money today. The survival of the German word *geld* for money is proof of this. However, I want to emphasize once more that this does not mean that church services, sacrifices, or such obligations in general were already something like money, or that money was already somehow inherent to them—as if they were seeds and sooner or later they automatically developed into money. Nonetheless, such things continue to be taught and correspond to what is still believed today. For example, one current theory argues that sacrifices in the context of religious worship were one of the earliest and most primeval forms of money, going so far as to suggest that we should consider them to be the origin of money.[33] Once again, this is based on the unreflected and blind assumption that people regarded what they sacrificed to the gods and what they expected in return as *equivalents*: that the service they rendered and the return service were of the *same value*. As mentioned before, this is simply an assumption; no one has even begun to verify it, and it cannot be defended historically. If this presupposed value would have really existed, however, it only would have needed to take on a form of its own to truly be money.

We feel the urge to presuppose the value, equivalence, and hence also the form of money, especially when a service is reciprocated by *a single* return service, as in the case of offerings. There is also an old word for this in German: *zahlung*, or in English: *payment*. The entry in Grimm's dictionary could thus be easily modified to: "gelt, *a service due, especially a payment*." Our meticulous Ranapiri already mentioned this when he began his explanation: "Now, you have a *taonga* which you give to me. We have no agreement about payment. Now, I give it to someone else." A taonga that is given by one person to another thus either belongs to the ongoing exchange in which it must be passed on, or it belongs to a payment and is redeemed with a singular gift.[34]

Payment is another word that we now necessarily associate with money, for we almost always "pay" with money today. If you make a "payment" nowadays, it must be done with money, and money is referred to as a "means of payment." However, before there was money, payments needed to be handled in a completely different way. Although payment was not something done with money then we may read about "paying" all the time, even in the Middle Ages and much earlier. But if payments were not about money, what were they about? What were they measured with then? How could they work without money? How could they function without a measure like value?

This can be illustrated by the example of two types of payment that still correspond today, at least partially, to the old meaning of the word. Like the hostess gift, they are tiny remnants of the past. Although they reveal several aspects that are different from the archaic context, they nonetheless can give us an idea about it.

One current form of payment that Ranapiri understood and which corresponds to the original meaning of the word is *taxes* and *penalties*. That we must always pay taxes and many penalties with money may be different from archaic payments, but what we pay them *for* is still entirely equivalent to archaic payments. We do not pay taxes and penalties for anything that would cost money as such or has a value measured in money—for something that has a *value in money*—we pay them for the obligation they fulfill.

The obligation to pay taxes is imposed by the state, which regards us as one of its citizens. The obligation to pay a penalty, on the other hand, is the result of being found guilty of an offense and of receiving a legally binding verdict that obligates us to correct this offense through this payment. In both cases, there is an "owed service" that we must perform and a debt that must be compensated for through payment because we are guilty of something.

Penalties today are more similar to archaic payments than taxes. This is because taxes are obligations that must necessarily be fulfilled with money, while the same is not necessarily true for a penalty. It can also be served through time spent in a prison or work in a social institution. In this case, there is something other than money on both sides of the equation: the offense *for which* the payment must be made, and the payment that is owed.

This corresponds to archaic payments. On both sides of the payment is a deed or an action: a theft, for example, on the side of the guilt or debt, and days of community service on the penalty side—in other words, the payment or redemption of this debt or guilt. We obviously do not need a value for this; there is no equivalent value inherent to both. While grand theft may be punished with more days of community service than petty theft, this is not because it has a greater value, was worth more money, or because the days of community service are estimated as having the same amount of value or are worth the same amount of money. It is neither money nor value that must be paid. Even without the idea of value or money getting in the way, one thing simply balances out the other—the action on the one side and the deed on the other—because that is how it is defined and regarded as appropriate. A payment in an archaic sense means two things are always directly balanced against each other.

Duty and Obligation

Payments were pervasive in all archaic communities to a degree that cannot be overestimated. Among other things, they were nothing less than the foundations of their laws. As an old German legal saying goes, "*Der da gebricht, der gebe gelt*": He who commits an offense must give GELT—in other words, provide *compensation* and hence *payment*.

If a man is killed, his clan is obligated to retaliate, which means to demand repayment in kind. They must declare a blood feud against the clan of the killer. They retaliate and acquire GELT—they are repaid—by reciprocating the killing and murdering a man from the perpetrator's clan, who "pays" their debt through the death of one of their own. That clan has thus atoned their guilt and the two clans are reconciled. The debt is paid, a balance found, hence the debt no longer exists. The peace and agreement that were disturbed are reestablished through a return service, a *payment*.

Not only can a blood feud compensate for a debt, the blood feud can also be circumvented with a *wergeld*, a term based on an old Germanic word for "man" that can also be found in "werewolf." This "man-GELT" can also provide compensation for a debt. In place of repaying with manslaughter, payment is made in the form of ritually presented goods. These goods do not replace the man the clan has lost, but that is not their function. Like the reciprocal killing, they are a payment and are meant to exonerate the debt and redeem the culpable deed. As can be found in a German legal text from the fourteenth century, these goods are *das gelt der berichtunge um den totslag*, which means "the valid compensation for manslaughter."

The ancient Greek word for wergeld was *poinē*, or *apoina* in plural. Like the forms of payment themselves, words like these were not limited to compensation for a dead person. Agamemnon, for example, offers *apoina* "in abundance" as a late atonement for his having disrespected Achilles's honor.[35] Although Agamemnon's offer is truly impressive, it comes too late, and Achilles's wrath can no longer be appeased. Agamemnon's extraordinarily rich payment consists of seven tripods, ten talents of gold, twenty gleaming cauldrons, twelve horses that have won many prizes and can win many more races and gold prizes for their owner, the seven most beautiful women selected by Agamemnon after the capture of Lesbos—including the woman he took from Achilles and whom, as Agamemnon swears on this occasion, he has not touched. All of the women are skilled in female arts and will be of good service to their master. Furthermore, if the Greeks should manage to capture Troy, he offers a ship full of gold and metal from the loot and twenty Trojan women Achilles can chose freely. Finally, Agamemnon wants to give Achilles one of his own daughters as a wife and bestow her with gifts: "a great many, such as no man has yet bestowed upon his daughter," including seven cities with fertile land around them, large herds of cattle, and men who pay many tributes to their master and make further sacrifices to honor him like a god.[36]

Chryses also offers *apoina* "in abundance" in the hopes of getting his stolen daughter back. He does not feel obligated to offer this solution because he has done something to the Greeks to bring debt upon himself: It was the Greeks who stole his daughter, after all. Instead, Chryses accepts the abduction as the right of the victor and therefore sees no injustice and no debt or guilt in this that must be atoned for. Chryses rather asks the Greeks to hand over a woman that is now theirs. Although it is his stolen daughter, Chryses must ask them in amicable terms without laying claim to her, which is why he offers payment in abundance. It is an act of peace, because he wants the Greeks to give him a woman for which they must demand compensation—namely, a payment.

As in Chryses' case, in communities without money, countless occasions for positive obligations existed for which people were obligated to provide compensation or a payment. That is why *poinē* and *apoina* not only mean "penance," "punishment," "vengeance," "atonement," and even "expiatory sacrifice," "compensation," or "satisfaction," they also mean "reward," "prize," and even "fame." Positive obligations that demanded payment were even more frequent than negative ones. While negative obligations disturb the agreement between people in a community, which must be reestablished through payment, agreement in a community must generally be established, preserved, and confirmed through payments in the first place.

Payment is necessary for archaic weddings, for example, and also during courtship and engagement. When someone from another clan is adopted, payment must be made. When slaves are freed and are—in a way—handed over to themselves, they owe compensation. Payment is demanded for important things, as when land is ceded to someone, and it is also important for small services. One could also expect payment in the sense of a reward for performing a favor of some kind for someone: we remember Walther von der Vogelweide and the ladies who let him wait in vain for GELT in the form of a greeting. The broad field of payments also includes taxes, tributes, and countless fees and can be owed to a single ruler; by one clan to another clan; or a caste, tribe, or village can be owed tributes from another party. A certain age group, guild, or other kind of groups could be owed honor in the form of a ritual payment, while individuals could also have such obligations based on their status within the community. Those who wished to maintain their rank had to receive corresponding payment from those below them, while also recognizing people of a higher rank through their own appropriate payment. A lord could demand regular payment as "compensation for his protection," just as any kind of offering could be understood as payment, or as a "return gift for the granted or requested favor of the gods."[37] In archaic contexts, people felt an obligation to nature for everything they needed to survive and for which they were obligated to reciprocate with return gifts. Even life itself was given to them by nature and for this they owed it their death as a fully valid, ultimate payment—at least that's how they sometimes felt.

These obligations formed a dense and comprehensive network that ran through every archaic society. This network of obligations was tightly woven and bound everyone to everyone else they lived with, and lived thanks to, and on whom they depended as they did on nature and the gods—to whom they also owed an obligation. Any community like this had an abundance of this kind of debt—a kind of debt that established and strengthened connections and that had nothing to do with money and financial debt.[38]

Means of Payment

The Laws of the Twelve Tables from 451 – 450 were the first laws to be recorded in writing in the Roman Empire. They consisted of an initial collection of ten tables to which two were later added. They provide us with insight into customary law based on the kind of obligations we are talking about here and that, up until then, had only been passed on orally. We can read many different things there: One is the permission to kill a child if it is born with a deformity. Another is that certain people were forbidden from using an ax to smooth the wood of a stake. In yet another, a stolen beam that is added to a building cannot be removed by its rightful owner, which makes sense, because the beam would be saved, but the building would be a heap of rubble. Instead, it must be repaid doubly—in other words, with two beams. Also, one law declares a *nexus* legal, even if it is only entered orally. A nexus is, literally, a "connection," or rather an agreement about a *payment* or an obligation to pay. However, on the eighth table, we find the following law: SI MEMBRUM RUPIT NI CUM EO PACIT TALIO ESTO. This means, "If a person has maimed another's limb, let there be retaliation in kind unless he makes agreement for composition with him."[39] It then specifies that this "should be *talio*." "Talion" is the primary and most basic possible way to compensate and pay for a debt: through a retribution in kind. If someone is guilty of breaking another person's limb, then the guilt is atoned for and the debt paid if the same thing is done to them—meaning, if one of their limbs is broken as well—according to talion. The word is directly related to the Proto-Germanic word **talō* that later, via the Old Saxon *tala* or Old High German *zala*, became the German word *zahl* (number) and thus also forms the basis of a *zahlung*, or "payment" in English. Like the English word *tally* and the French *taille*, this old word means "a cut on the tally stick as the simplest way to record a count in a sensory way."[40] In German, there is still the saying "to have something [a mark] on your tally stick" (*etwas auf dem Kerbholz haben*), which means to be guilty of something. And just as **talō* originally meant "a cut" with which something was *counted*, the idea of guilt or debt that is connected to this is originally also tied to the idea of counting: *a single* cut for *a single* debt that requires *a single* resolution or payment as compensation. This is the Biblical principle of "an eye for an eye and a tooth for a tooth."

This law also mentions a second possible way to provide compensation, however. It states that *talio* is owed if the perpetrator does not "peace" with the injured party. Should both parties agree on a form of compensation that pays the debt without answering it in kind, then this compensation has the same validity as the talion. Payment can therefore be made in fundamentally different ways, just like in a criminal case today, where the defendant might be able to choose between serving a prison sentence for a certain time and paying a certain amount of money.

However, what must be paid when and how can also be precisely predetermined. All circumstances that demand a payment have their own *particular* contexts. The people involved stand in a *specific* relation to each other and can determine something *specific* as payment, depending on the tribe, people, or community. For a wedding, for instance, the clan of the groom might be obligated to pay a certain number of copper bars of a particular shape to the bride's clan. The Boiken people of Papua New Guinea used necklaces made of discs of cone snail shells for this, while on the Santa Cruz Islands in Eastern Melanesia, rolls of roughly 50,000 feathers of the honeyeater bird were used, of which the immaculate red features were the most prized. On the Indonesian island of Alor and a few neighboring islands, *moko*—brass drums that were appreciated more with increasing age and depending on the importance of their previous owners—had to be paid for the bride. The fragments of snail shells beaded on a string called *musanga* were what a man in the Batetela tribe in the Congo had to pay in order to marry, while the Kwele in the Shanga region of what is now also Congo relied on *mandjong*, which were iron devices in the form of an anchor. The Bena-Bena and the Kamano tribes, who settled in the eastern highlands of Papua New Guinea, paid for their brides with the fighting ornaments of their men, called *siripiya*. On the island of Borneo in the area of Sarawak, the bride price was measured in *pikul*: a unit of weight measuring about 130 pounds, of which up to five had to be provided in the form of gongs, bells, Chinese porcelain, or in the form of Portuguese canons, depending on the status of the bride.[41]

This is only a fraction of the list of so-called bride prices, which could go on and on. If we were to include other occasions as well, the list of *specific* things that must be paid in each case would be too long to follow. It includes all kinds of jewelry, like necklaces made of seashells, the fangs of dogs, artfully strung boar tusks, mother of pearl discs, or pearls, of course, or simple bracelets, anklets, and elaborate feather headdresses. Then there are valuable fabrics, as well as weapons, like a battleax or a spear head, or symbolic weapons in a simple and miniscule form. Sometimes, discs made of quartz were used, sometimes other types of stone—each formed in a ritually prescribed way. A specific material could be generally designated for payments, like stones or important metals ranging from iron to gold and formed in roughly cast pieces, different types of bars, or in artfully designed shapes. Blocks of salt could be used, or plant material, like tukula paste or tea, and, not least, animals such as pigs, sheep, and cows could serve as payment.

The list of things various peoples offered and demanded as payment on many different occasions is virtually endless. This list may seem essentially familiar to us today, yet we regard it as a list of early forms of *money*. Strings of cowrie shells, copper bars, rings of seashells—all of these are naturally considered today to be money: "early" money, "primitive" money, or "commodity money." Thus, feather headdresses are regarded as "feather money," spear heads as "spear money," and other tools as "tool money"—the main assumption being that they were all money, money, and more money. But that is not what these things were. Strictly speaking, they were a medium or a *means of payment*.

We falsely believe that these means were a type of money because they shared something superficial in common with money—remember that they, like money, were *handed over* as payment and thus *changed owners*. To us, this exchange or purchase looks like something we would do with money because we are conditioned by money to draw this conclusion. Although it is called a bride price or "bride purchase," the purchase originally meant nothing but exchange, and the things that are handed over were neither money nor a kind of *value* for which the bride could be acquired as an *equivalent value*. It would have been unthinkable for the groom to arrive with his gift or bride price, put it on the table, and take the woman in exchange. He did not receive the woman for the gift; he received her solely because this had been agreed upon with her clan. In order to reach this agreement in the first place, he was obligated, among many other things, to provide the appropriate payment as acknowledgement and confirmation of this agreement—meaning he had to hand over a brass drum, for example, while the other clan handed over the woman.

It is wrong to regard a necklace of seashells or stones with holes in them as just an "early" form of money. This would be as if we were to regard ten days in prison as a kind of "commodity money" to be paid for a committed offense. Yet this not very enlightened opinion, which completely misses the nature of archaic payments, is the current state of research. Things that can be used for and are, in this respect, *means of payment* are misunderstood as *media of exchange* that resemble money in that they *continue to serve* as media of exchange. However, when these things were used for an archaic payment, they did not continue to be used for other payments—i.e., from one exchange to the next—because this would have made them *nothing but* means of payment or media of exchange *as such*. The anchor-shaped mandjong of the Kwele, for example, may have been ceremoniously handed over during a wedding as the bride price. However, its new owners then either buried it in the shore mud or they kept it well wrapped above their hearth. These things were thus visible only at weddings, where they changed hands from one clan to another to seal a marriage. That was their significance. Owning a mandjong was proof of a man's ability to become the head of his own family; being able to hand over a mandjong expressed this rank within his clan; and having the mandjong accepted by the bride's clan was important, because it meant that the groom and his clan were regarded as worthy of the connection through marriage.

Special words in ancient Greek expressed the meaning or use of things when employed as a means of payment. In the *Odyssey*, when Telemachus goes to see Menelaus, King of Sparta, to find out the fate of his father Odysseus, the king offers him "noble presents," including several especially beautiful horses. Telemachus, however, does not have any use for horses on his home island of Ithaca, which is far too mountainous. He declines the offer and instead proposes that "the gift you may give me should be a *keimēlion*."[42] This word comes from the Greek verb for "*to lie*," as in "to rest," and expressly means something that only *lies* about—in other words, it is only meant to be stored somewhere. There it lies and can perhaps be shown. It is meant to honor its owner and is proof of the fame of whoever honored him with such a gift. In sacred places like Olympia, the most powerful cities built special treasure houses in which to store all the valuable gifts they dedicated to the gods of this holy place over the years. These gifts and treasures simply remained in their special houses; their only function being to lie there and proclaim the honor of both the givers and those receiving the gifts.

Telemachus acknowledges that the horses he must decline are *agalma*: something to "flaunt." If he had been able to accept them as a gift, their significance would have lain in the splendor with which they would have boosted his reputation—all the more so because they came from the King of Sparta, after all. The significance of such valuable gifts, whatever they were, was not their *value* as media of exchange that could be used to exchange for and for buying something else of the same value, but that they bestowed splendor and glory on those who owned them and were able to spare them from their fortune to bestow splendor and glory on others.

This is exactly what a *fortune* was in this historical context: something that grazed on meadows, contributed to the owner's ability to provide for themselves in the form of a field or slaves, or it was a collection of *keimēlia* filling the treasure chest that was part of any household, or *oikos*. As a fortune, it served its owners and their reputation and honored them, and it also—and this is decisive—represented their fortunate ability *to make a payment*: the ability to fulfill obligations to others through appropriate gifts.

In Ancient Mesopotamia

Mesopotamia once encompassed the empires of the Sumerians, Babylonians, and Assyrians in a large area around the two major rivers Euphrates and Tigris that gave it its name, which means "land between rivers" in ancient Greek. It existed about three thousand years before the Christian era, meaning that its origins famously go back about 5,000 years before our present time. A few millennia before this, after the end of the last great ice age, it was here in this land of the Fertile Crescent that people established the first settlements and cultivated the land—both decisive conditions for the emergence of this early advanced civilization.

We have extraordinarily detailed insight into their economy, thanks to the fortunate circumstance that dried clay lasts almost indefinitely in this region because of the local climate. In what is today part of Syria, Iraq, and Turkey, several hundred thousand clay tablets from these ancient times have been found that contain countless contracts written in cuneiform script, offering insight into everyday life. Together with other documents, like the richly inscribed diorite stele of Hammurabi of Babylon, these tablets reveal something very impressive: the organization of entire, highly complex communities through the very network of payments we have been discussing.

This form of organization is *without* money. This bears mentioning yet again because, as is to be expected, modern experts claim to have identified just about every manifestation of a money-based, modern economy in ancient Mesopotamia. They allege that money bills existed, as did loans, debt, bills of exchange, funds, stocks, copyright laws and patents, along with competition for "public acceptance," worries about the "good reputation of a business," and—most importantly—they also claim there was a market, for which the guiding principle was supply and demand, and consequently money. However, there is an important fact that in itself could almost rule out the possibility that the economy in ancient Mesopotamia used money, and that is that "economic life," as we call it today, remained constant over an inconceivably long period of time, as the clay tablets testify:

> The Mesopotamian economy is actually characterized by a significant level of continuity, especially concerning institutional households. If we compare the documents for the grain and textile economy of the Eanna Temple in Uruk from the end of the fourth millennium B.C. with the corresponding documents from the same temple from the time around 500 B.C., we find remarkable similarities, despite the more than two-and-a-half millennia that separate these two sets of archives.[43]

If we compare this to our present day, such a period would mean that we would still be living under the same economic conditions as the Romans during the first republic after they had expelled the Tarquin kings. But such consistency does not agree with money and a money economy, for they may be lacking many things, but a historical dynamic is not one of them. Instead, this consistency is proof of how permanent, how stabile, and in particular how well-organized social conditions were.

So what was the situation in ancient Mesopotamia? It was ruled by the palace, consisting of a king with a large court, along with an extensive network of temples that had a multitude of sacred sites and, in turn, was controlled by the palace. These two institutions managed and guided the economy. In other words, they provided people with everything they needed to make a living and to carry out their lives. All this was basically done by way of redistribution: by collecting things and redistributing them. To begin with, the palace and temple, as "institutional households," owned large amounts of land, which were cultivated for them. Affiliated with this land were workshops to whom they provided raw materials and where dependent workers produced what was needed. Families also had their own smaller plots, which they farmed and used to provide for themselves, but for which they also had to pay tributes. In this way, people farmed, fished, sheared sheep, spun wool, burned bricks, and produced everything else that was needed to provide for the population. They were either directly bound by obligation to the temple and palace, or they were indirectly obligated to hand over an appropriate part of what they harvested, produced, or otherwise procured, all for the sake of further distribution. This was because the palace and temple laid claims on the work of their subjects not only for their own sake, but also to redistribute the goods they received among their subjects as they saw fit.

In order to achieve this, there was a large number of subordinate rulers, administrators, and civil servants who acted as mediators between the highest level, which was the king and palace, and the subjects who were obligated to pay tributes and do work. Depending on their responsibility, mediators had to ensure that the tributes arrived at the temple and palace in their entirety, and that subjects' demands were being met in a sensible manner. For example, they had to consider and explain to the palace whether the burden of tributes should be lowered when a harvest was poor, or who to help by providing land or seeds. As a reward for their services, these mediators could also demand tributes themselves, and the higher ranking among them were also given land. This way, it was guaranteed that they were provided for through the same network of obligations they themselves helped to uphold between different members of the population.

Thus, the overall impression is that of an enormous community in which the principle of mutual obligations—services owed and returned—evolved into a complete and very stable way of organizing the community's ability to provide for itself. The dues that subordinates and subjects were obligated to pay were balanced with the protection, welfare, and alimentation that each higher ranking representative had to provide to those below them. Although they primarily used the dues they received from their subjects to pay for these subjects' alimentation, the obligation to provide a service and receive a return service was mutual; they *corresponded* to each other, depending on the rank of the obligated parties.

There are also clay tablets on which loans and debts are inscribed, and modern experts have readily deduced that it was money that was owed and given as loans. In reality, however, they document how mostly smaller households often had to borrow certain things, which they were then loaned. In accordance with the overarching system of organization, these were always documented when they related to the community's ability to provide for itself. Who loaned what to the household, what the household was obligated to pay back, and what reward the household additionally had to pay for this assistance was all recorded. Although these things could also be referred to as a loan, debt, and interest, they had as little to do with money as when, after borrowing our neighbor's drill, we remember to thank them with a bar of chocolate when we return it. This is because neither the drill nor the chocolate act as money here—even if the neighbor were to draw up a note saying that we must return the drill and bring chocolate with it.

Concerning the debts recorded in clay, it should be noted that they are mainly from two specific times of the year, which is either just *before the harvest* or immediately *before the new seedtime*. The first case meant that, at the end of the harvest year when supplies were getting low, small farms were in need of new supplies because their modest harvests were often insufficient, and they hoped to replace these supplies with the coming harvest. Although this was usually about barley, it was always about immediate subsistence. We know this because the documents regularly list the purpose of such loans as *for support*. Thus, toward the end of the harvest cycle, small farms perhaps lacked barley for the new seedtime, or were forced to take it from their food supply. In any case, they were able to ask others for the necessary barley when their own supplies had been used up. These could come either from larger households or directly from institutional stores that apparently had an enough of it.

People also refer to these loans today as if they were proof of the use of money. However, they were in fact loans, and they were usually issued by a temple—in other words, by one of the institutional households. The loans were usually only about handing out food to those who needed it, or who were due to receive it for other reasons. The payment that was due, if it was due at all, did not include interest. Or they may argue that the tablets describe how a payment was to be made for the use of land, meaning a "lease" must have been paid. In reality, the temples or the king himself granted land to those who were able to farm it for their own families. In return, they had to hand over part of their harvest. This lease, as we assuredly can call it, was just one of the most common forms of this great redistribution and was hence part of the well-organized provision of food.

A return payment could be demanded not only for the use of land or the loaning of food or other goods; it could also be demanded for the use of people. While the kingdom's subjects were obligated to provide services to the palace, temples, and a number of higher ranking people and to do what they demanded of them regardless, they could also pledge themselves to someone who then gave them a special payment for this. In other words, they could be rented. Here is one example: "Shamash-magir, the son of Sinnatum, has been rented from his father for a month of 30 days by Ipqu'irstim, the son of Warassa and will give him as a wage 1⅓ kor of barley." This equaled about 100 gallons. In addition to renting people from their fathers or other close relatives, people could also "rent out themselves," as it says on some tablets, in contracts that usually lasted for a certain period or were for a specific service. Larger households sometimes rented so many people that they had to keep track of them on lists and hand out tokens for services rendered. Thus, in ancient Mesopotamia, there was something that we would call "wage labor" today, even if it existed only marginally. Yet only archaic payments were made here as well—payments in which the barley that was paid remained food the person needed to live and that did not begin to circulate as a medium of exchange.

Being GELT and Being in GELT

There is a specific, fundamental difference between archaic payments and payments with money and monetary debt that makes it difficult for us to understand them. That is why we must analyze this difference more closely in order to better realize how money is different from what was not yet money in the Middle Ages.

When, in the Middle Ages, it was said in old German that a man had many *gelder*, this word meant something completely different from what we associate with the word *geld*, or "money," today: namely, it meant that he had much *debt*. So, if someone had GELT, they actually did *not* have funds comparable to money with which they could pay this debt. When a person went into debt with someone else, it was said that they had fallen "in gelt" with them. This person was in their debt and was obligated to make up for this. For example, they may have owed and had to pay *hundert eyern gelts*, or one hundred eggs. In this case, GELT meant both the *debt* of the one hundred eggs that were owed as well as the eggs that would hopefully be given as *payment* for this debt.

When we talk about money, however, "having debt" is the exact opposite of "having money." If someone has money and monetary debt, these negate one another: One is counted as positive and the other as negative. The difference boils down to their opposite algebraic signs: money as a plus sign, debt as a minus. In a way, money and debt are the same thing—namely, money—but they are opposed as a plus and minus that neutralize each other. They are the same *purely quantitative* qualifier that is a plus in the case of money and a minus in the case of monetary debt.[44]

In contrast, the hundred eggs that someone may have owed in an archaic context can neither be nor represent "minus eggs," and they were not counted as minus one hundred eggs with a negative number. Not one of the things that was able to be demanded as payment could be seen as its own minus. The archaic claim was bound to the thing or the service that needed to be fulfilled, and as such—as a thing consisting of something specific—they cannot be expressed as a minus. Even their quantitative definition—for example, the number 100 for the eggs—remains connected to the thing and cannot be separated from it, which is why it is not conceivable as a negative number. The hundred eggs cannot be separated into the number and the eggs. To do this, and to think in pure numbers instead of counted things, simply would have been absurd, regardless of how easy this may have later seemed to people in times of money.[45] In the archaic sense, one hundred eggs remained one hundred eggs as owed and as paid. One hundred eggs counted as a unit.

Debt and obligation to others cannot be seen as the mere minus of its fulfillment, because it exists in a positive sense in each case—not only in the things and services that are owed, but also and always in the people who are in GELT and hence in debt. They not only *have* debt; they *are* this debt. We only need to remember Margrave Rüdiger in the *Nibelungenlied*, who says he wants to *be* GELT in a certain context. He wants to *be* debt personified, or today we would say that he wants to accept the responsibility or the risk. Should his guests lose anything during their stay at his castle—even if he is not responsible for the loss—he wants to treat this as if he owed what was lost to them and is therefore obligated to replace. He wants to be the debt, the GELT, which he will repay by replacing and paying for what was lost: "*des wil ich wesen gelt.*"

Because we think in terms of money, this unity of debt and debtor is just as difficult to understand as the unity of debt and the thing that is owed. This is not accidental, because in an archaic sense, they are directly connected: Just as debt and the thing owed cannot be separated here, a debt cannot be separated from the person who is in debt. This inseparable connection creates a very powerful reality. This is proven by a historical phenomenon that generally exists wherever a community is organized around payment. This phenomenon is debt bondage.

Debt bondage was widespread in Mesopotamia and in other early empires. It is perhaps best known because of Solon, whom the Athenians commissioned to develop new legislation in the sixth century B.C.E. because they believed Athens was seriously threatened by the high number of enslaved debtors. The phenomenon of debt bondage as such, however, can be explained solely through the nature of archaic payments as described here and offers another proof that money was not known in such times and how important it is for any historical understanding to distinguish clearly between places and times where there was money and where there was not.

Those who *are* debt but are unable to redeem it are unable to redeem *themselves*. A debtor who cannot pay their debt by handing over the things that are owed must pay by handing over *their own self*. In this case, they did not need to have amassed a large amount of debt, as we would imagine from our perspective of money relations. You didn't need to be up to your ears in debt for bondage to be the only remaining option to collect the debt. The situation then was completely different. It was enough to have a *single* or a *simple* debt and not be able to pay it back. If you did not have the things necessary to repay your debt, you had to pay it with *yourself* and hand yourself over as payment. You fell into the hands of the creditor and became their property, meaning that you had to go into debt bondage.

This "self," however, usually included the entire household of which the man was head. If he could not maintain his commitments regarding a lease or a loan, Mesopotamian clay tablets could rule that the debtor's family members, slaves, or the entire farm could go to the creditor, and that was simply for not paying interest. And if he owed more than just the interest, but also the amount of barley or wool that he borrowed, then no such provision was needed, because then the contractual obligation automatically meant that the head of the household himself was the payment.

This means that there had to be a high number of people in debt bondage. Also, if the phenomenon were to get out of control, it could become dangerous even for a large and strong community. This was because each master or other member of his household that went into bondage left behind a household that no longer functioned properly, or land that was no longer farmed at all or as well as before, and so forth. When a larger number of households were restricted in this way or lay completely fallow, even if each of them was only small, this threatened the entire community's ability to provide for itself based on services and dues. This was why Athens, the Mesopotamian empires, and other early communities in general, were forced to fight the dangers that could result from debt bondage.

The easiest solution would have been to abolish bondage altogether, but it could not be abolished. It was part of the foundations of such communities, which are based on payment and obligation. If they had abolished debt bondage, they would have destroyed their own foundation. It had to remain because obligation and payment had to remain, meaning reining them in was all that could be done. For this reason, their duration was limited. As one paragraph on the stele of Hammurabi's code of laws states, if a man has sold his wife or one of his children or sent them into debt bondage for silver due to a debt obligation, they do not have to serve longer than three years in the house of their new master. Or, what in Mesopotamian edicts was described as the king having "established a just order in the country" had to be done regularly. This formulation meant that, all over the country, people were freed from debt bondage. Debt documents were also broken, and overdue taxes, which could threaten someone with debt bondage, were forgiven.

Lipit-Ishtar, the fifth ruler of the dynasty of Isin, for example, was praised for establishing justice "in accordance with the words of the God Enlil" and for bringing freedom to the sons and daughters of Nippur, Ur, Isin, and all of Sumer and Akkad by liberating them from debt bondage. Such descriptions give us an idea of the gigantic dimensions of this phenomenon, and they are also proof that debt bondage was not abolished once and for all but continued just as before after such an amnesty. The Jewish Torah, for example, mentions the jubilee year that was observed every fifty years. In Deuteronomy, it is stated that even every sabbatical year—in other words, every seventh year—people were freed from debt bondage. In Europe, debt bondage continued through the Middle Ages and was only replaced in the modern period by new conditions that did no longer correspond to it, or at least only in a different form.

An archaic obligation bound the people involved. Treating this obligation as impersonal and as separate from people did not fulfill it; it destroyed its purpose. If someone did not compensate an *injured person* for an offense but only paid *for the offense* without taking the specific person into account, as if wanting to buy the offense for the payment like an equivalent value—in other words, just *like with money*—then this person obviously did not know what a payment was. Whoever did not understand the deepest obligations that their life in a community was based on must have been mad, as the Arapesh correctly believed. The Roman writer Aulus Gellius reports such a case in his collection of stories called *Noctes Atticae*:

> One Lucius Veratius was an exceedingly wicked man and of cruel lunacy. He used to amuse himself by striking free men in the face with his open hand. A slave followed him with a purse full of asses; as often as he had buffeted anyone, he ordered twenty-five asses to be counted out at once,

according to the provision of the Twelve Tables. Therefore the praetors afterwards decided that this law was obsolete and invalid and declared that they would appoint arbiters to appraise damages.[46]

Coins

The moment has arrived to talk about coins and finally explain what they are all about.

Today, coins are regarded as money unequivocally and without exception, and no one wonders whether they could ever have been anything else. Coins seem to be the epitome of money in its original and outright natural form. We still carry money with us in the form of coins in our wallet, or *porte-monnaie*, which literally means "coin carrier" in French. Even the word *money* itself, which is used all over the world today, is derived from a coin. The central coinage in ancient Rome was in the temple of the *Iuno Moneta*, or the admonishing Juno, which means that the coins minted there, which were called *monetae*, were under the goddess's sacred protection.

Yet coins were not money, and by now we should easily be able to determine what they were instead. Let's begin with the lunatic Veratius mentioned by Gellius. According to one of the Twelves Table Laws, he had to pay a penalty of 25 *asses*. This passage is therefore about a *payment*—a payment of *asses* that are defined *by law* as the penalty. How payment serves as a penalty has been explained in detail already, but the story of the *asses* is as follows. An *as* was a standard measure of the Roman pound—a weight that equals about one third of today's kilogram. For a long time, copper was formed into shapeless lumps of this weight. This was because the Romans needed it as the main element in bronze, which was used for manufacturing much of their farming equipment. When the Romans then adopted the

Greek model and molded or minted copper into coins, they kept the name for the unit of weight, although the *as* they minted later weighed less. This is how the as became a coin.

Veratius had to pay twenty-five *asses* as a penalty, according to a law that stated: SI INIURIAM FAXSIT VIGINTI QUINQUE POENAE SUNTO, or "when someone has committed an offense, the penalty shall be twenty-five." The *iniuria* to be penalized here is in legal terms an offense without bodily harm, which is what Veratius committed. For this, "the penalty shall be twenty-five": the law apparently does not need to mention twenty-five of what. This was generally known, and even a lunatic knew it. The legal payment determined here was therefore the *standard*.

Historically speaking, the Greeks were the first to form and mint metal into coins. That they knew what they were doing can be seen by the fact that they deliberately established a convention that was not by nature, which is why they called the coin *nomisma*. This word is derived from *nomos*, the Greek word for "law," because that was what the *nomisma* as "coin" expressed: something that is *declared*, that is established. The Verb *nemo*, from which *nomos* and *nomisma* are derived, has the basic meaning of "to divide, separate, create by division." This coin, called *nummus* in Latin, which is based on the same root, was created through *division*—by separating a *certain amount* from a piece of metal. This was done with the full awareness that this division was *defined by law* and was *declared* mandatory and as the norm within the entire community.

It is thus initially easy to see what coins originally were: They were standardized means of payment. They were standardized and defined for this purpose, just like other means of payment, in terms of their *material*, their *amount*, and their *shape*. When a bride's clan was owed several bars of copper, then not only the material was specified, but also the weight and the shape these bars had to have. For payment, the Aztecs also used copper in the form of miniature, symbolic axes; while the shape of the so-called Katanga crosses was prevalent in large parts of Africa, as was the manilla, a type of open bracelet with ends that are widened into a kind of plate. In Nigeria, it took the form of large heavy rings; and the people of the Ngelima used copper rods in the form of a helix; while the Yeke from Katanga, on the other hand, relied on thin bars with bent ends called *mukuba wa matwi*, or "copper with ears."

Standardized in this way in terms of material, amount, and shape, all of these objects and coins were simply means of payment, as already described. Neither the material copper nor any other precious metal they were minted with, and neither their weight nor their form transformed coins into something other than any of the goods that could otherwise be used as payments anywhere. The difference between coins and other means of payment was not that they were standardized, however, but that *their* standardization allowed payments to be standardized *in general*.

This ability to standardize did not first emerge with coins but it is the nature of payments. Long before they minted asses, the Romans used sheep, goats, and pigs, among other things, to measure payments in general. They served as a unit of measure that could be referred to when deciding what type of payment was due in each case. In Latin, sheep, goats, and pigs were "small domestic animals"—*pecu* or *pecus*—from which the word *pecunia* is derived and which later has been falsely interpreted as "money." These animals *were singled out* from the many different goods that could serve as payments to become a general benchmark for the many, many payments on which these communities were based. Communities other than the Romans used cows instead of small domestic animals for this, and in yet other communities, slaves or cowry shells were the standard, or payments were measured in nuts, pepper, gold dust, or minted copper, as the case may be.

What is important is that these goods were used as a standard with which to measure payments done with goods *other than the standard.* Although the standard goods could be demanded as payment, you didn't have to pay with them, at least not necessarily. Rather, other goods were measured with one of the standardizing goods. The Mesopotamian clay tablets, for example, list loans in a certain amount of silver but also note that these were actually granted and also had to be paid back in barley. In this case, it is thus silver—possibly hacksilver, which can be weighed precisely in small amounts, just like grains of barley—that in predefined weight units was the standard for payment due.

It should be becoming clearer why, at some point, coins replaced pigs and cows as the standard means of payment. Live animals can only be handed over and measured as whole animals, and because they can only be counted animal by animal, larger payments could only be done in whole multiples—for example, as twelve or as one hundred cows. These numbers were also limited to a few special numbers for religious reasons. This applied not only to living things, like animals or slaves but also to things like decorative cups, golden tripods, elaborately formed headdresses, and many other things. Metal, on the other hand, can be formed and divided. The amount and the weight of the copper in the asses was not dictated by nature, but defined by the Romans. They divided the metal into pieces as they saw fit, transforming it into units of weight as they wished. This is fundamentally necessary in a community where many *different kinds* of payments were done that had to be measured in as *unified* a way as possible. For this, you needed a measure that could be divided and whose units could be defined as standards.

Because the standardized units of coins did not occur naturally but were defined by humans, they required the protection of the gods. For a long time, they were therefore attributed to the gods: either Athena, the admonishing Juno, or another god. That is why *Iuno Moneta* lent her name to the coins, as well as other things. Units of length, like the Roman foot *pes monetalis*, were also named after the same goddess because the *standard measurements* were kept in her temple. This shows the connection between coins and the sacred sphere: Coins were a means of payment and a *standard measurement* that was sacred to the community.

Coins were thus both standardized *in themselves* and a standard for *something else*. The laws did not need to spell out that they were a standard, nor did they need to specify twenty-five of what should be paid for committing an *iniuria*. That was self-explanatory, and everyone was familiar with it. Defining a penalty of twenty-five asses did *not* mean that the guilty party actually had to come up with twenty-five lumps or minted pieces of copper; rather, they had to give the wronged party a payment that *corresponded* to the payment of twenty-five *asses*. It was up to the parties involved to estimate and agree on what the perpetrator *actually* needed to hand over—in other words, what corresponded to the prescribed standard of 25 *asses* in this particular case. If the wronged party was just as "peaced" by a certain number of animals offered by the perpetrator as the legally prescribed amount of copper, then compensation was considered paid.

Sooner or later, all larger communities had to use a standard good as measurement in order to streamline the many payments made with so many different objects. This was still the case during the entire Middle Ages in Europe. A sum that was indicated in coins was usually only the measurement for a payment that could also be made in all kinds of *other* goods, as long as the parties involved in the payment could reach an agreement. Typical formulations went something like this: *For this or that, I have received, as a price, things from you that I have agreed to and that correspond to x many solidi*. For example, a plot of land is sold for one solidus, which must be paid in the form of six barrels of millet and one side of bacon. Or a lord pawns the earnings to which he is entitled from his farmers and receives 310 solidi, paid out as one hundred coins—*other* coins than solidi—and a horse for the rest. A fee for serfs is set at a few dinars per person, and there is proof that they were regularly paid in food. The price for hiring someone else's serfs is set at two dinars per year, payable "either in wax or in silver." A gold coin is demanded as interest for something and is payable "either in silver or grain," while in order to collect a tribute, a tax is charged for each man of "either a dinar or the price of a dinar in any other form." An abbot helps fund a war the pope is waging with, among other things, a crown and a cross made of gold, twenty-three silver crowns, the lid of a saint's reliquary, and finally a large silver censer. But things can also get even more complicated: Someone gives a large donation to a monastery and demands a number of various furs in return, which the monks do not have, however, meaning they must first send one of their brothers to a market with the right coins to buy these furs, after which the wished for furs can be handed over to the noble donor. Or Swedish farmers can only acquire fish if they first go to an iron mine and exchange their produce for iron, which they then trade with a fisherman for what they need. Or a lord demands a tribute of 500 solidi in the seventh century, for which he receives twelve different pieces of furniture, an enslaved woman, an enslaved man, a decorative pin, two horses, and two vases. The lord thus considers his account settled, meaning all this is the GELT for the 500 solidi.

This should say enough about coins in times without money—and it would be enough, if only we wouldn't so stubbornly regard them as money. What I am describing here—that *goods were measured in goods*, even when coins were involved—is automatically interpreted today as if the *value* of one good was measured in the *value* of the other good. As in all standardizing means of payment, we undoubtedly see in coins "measurements of value," and since money is also a "measurement of value," coins must surely have been money in a more or less developed form. If goods *corresponded to other goods* in a payment, as I argue here, then this must mean, according to the only opinion presented by scholars today, that they must have been *equivalent* to each other, and as equivalents, they must have had the *same value*, meaning coins would represent precisely this *value* in an explicit form, undoubtedly turning them into money.

To demonstrate that this was not the case requires even stronger proof. For this reason, I will examine the kinds of payments in which this error is most likely to occur: trading, and buying and selling.

III
ESTEEMED GOODS

Buying and Selling

Depending on the occasion, many different things could be used for archaic payments, including coins. Coins were special because they served as a standard and as a unit of measurement for determining the amount of certain things that needed to be paid on a specific occasion. However, even this they shared with a number of other things.

Payments were demanded as dues, penalties, interest, and so forth, but they were also used for buying and selling. This exchange was bound to the same obligation as the bride price, for example: One party had to compensate the other for letting them have what they desired. In this case, the difference from other payments is that, in an exchange or purchase, at least one of the sides involved wants something the other side has. This can be the case for both sides involved in the exchange if each wants what the other has to offer. However, it was already a purchase even if only one side wanted something the other had and this other side was merely compensated for it.

That this asymmetry was the rule for purchases is proven by the fact that languages have different words for these two actions, like *buying* and *selling* in English, for example. This is especially evident in Latin: The word for "to buy" is *emere* and its fundamental meaning is "to take," while the word *vendere* means "to sell" and can clearly be traced back to *dare*, or "to give." For the person *buying*, the goal is to "take" something that the person *selling* will "give" them. *The main focus* of a purchase thus lies on only *one* of the two exchanged goods: the one the buyer *takes* and the seller *gives*. That the buyer must also *give* something as *payment* to receive the desired good—something the seller must *accept* for the purchase to be complete—is less important. The goods that serve as payment are only additions that complete the purchase by providing obligatory compensation, like the mandjong and musanga that only supplement the handing over of the bride, which is what the "purchase" is really about. The bride, the marriage, and the wedding are the main aspects involved in the bride price, even if they require a payment, just like the main aspect of a purchase in general is the good that the buyer wants to acquire. A purchase therefore means handing over this good in exchange for payment of another good.

The asymmetric relationship between a good that is the center of a purchase and a good that must be paid for it in exchange can also be found in a word that exists in all languages in some version or another. I am talking about the Latin word *pretium*, which has very tellingly split into two words in English: namely, *price* and *prize*. The original meaning of price has survived in the specific meaning of prize: The good that was paid as a price in an archaic payment was precisely what is now expressed in prize in the sense that it was a *reward,* like in a competition. However, in this case, the prize was not meant for a winner, but for the person willing to let the buyer have the desired good.

When you bought barley and paid with silver, the silver was the price, or rather the prize. To be clear, silver was not the prize for the barley, but for the person who parted with it. In stark contrast to the circumstances dictated by money, in an archaic payment, we could not say that a commodity *had* its price. Instead, the silver that was paid for it, for example, *was* the prize. Regardless of what was given to the seller in an archaic payment, it was the prize they received for letting the buyer have the commodity. Just as it would be nonsensical to say the purchased barley *had* a *reward*, it would be a misrepresentation of archaic purchases to say the barley used in them *had* a price. The price was not a reward for the goods that were handed over, but for the *person parting with them*: It was the seller's reward. The reward can only be for the seller as a person, and it was only for the seller that the price in this original sense of prize was meant.

Cowries in Dahomey

The African kingdom of Dahomey is one of the best-documented examples of a large community whose entire economy was based on obligations and payments. Despite differences in detail, it shared "remarkable similarities" to economies in other kingdoms like ancient Mesopotamia. One such similarity was the role of buying and selling.

On a stretch of land roughly identical with today's Benin, a tribe that had migrated there implemented its rule over peoples who had been living in the region for a much longer time. When the Europeans noticed this kingdom about two hundred years later and entered it, their invasion ended, as in other places before, with a victory of violence. Initially, they practiced peaceful trade with the Dahomey, albeit to acquire slaves, but, in the end, colonial powers gave the area to the French state. France then brought it completely under its control by 1900 and made it a part of "French West Africa," destroying the traditional Dahomey way of life forever. The Europeans were thus already in Dahomey in the nineteenth century and introduced coins at that time, which had long functioned as money in Europe. Despite these coins, the Dahomey did not adopt the entire institution of “money.” They did not use coins much anyway, and their economy continued to be based solely on payments.

Even when European coins appeared on the scene, other things continued to serve in Dahomey as standardized means of payment, especially the shells of cowrie snails. These snail shells resemble seashells made of precious porcelain. Their shiny, very hard glaze enabled them to preserve their beauty, no matter how often they were poured from one vessel into another, how many were piled up in high stacks, or how long they rubbed against each other in the hold of a ship. Cowrie snails were very common in the Maldives and the Gulf of Thailand, where they could be easily collected and killed by letting them dry in the sun. These shells were then shipped around half the globe, where they were used as a means of payment until the beginning of the twentieth century, for example, in China, India, Japan, Russia, the South Pacific, and not least Africa.

Cowries were ritualistically strung together into larger units to designate them as a standardized means of payment. In Dahomey, for example, the king’s wives had to thread a certain number of shells on strings in a prescribed manner. That the form of these shells resembles a vulva may have been a reason why they were linked to women. In 1758, Carl von Linné initially chose the beautiful name *cypreae* for the shells, which is based on one of the epithets of the goddess Venus, for whom there was a temple on Cyprus. But then, in 1863, because the cowries were by then primarily seen as money by the Europeans, this refined name was callously replaced with the less elegant *monetaria*. The name of these beautiful shells, which were more delicate and whiter than the ringed *annulus*, then received the double monetary misnomer *monetaria moneta*.

Coins had emerged much earlier on the African continent at different times in different parts, but it was not coins but cowries that were used as a means of payment in Dahomey. That this was a deliberate and far from "primitive" decision can be seen in King Geso of Dahomey's list of good reasons for why to use them: unlike the metal in coins, cowries could not be forged, and, unlike gold, they could not be secretly hoarded as a fortune. Gathering a fortune in cowries would require a large amount of storage space, which would raise suspicions; while an easy-to-hide amount of gold can be a large fortune. The Dahomey were right to believe that amassing a means of payment into a fortune the community knew nothing about could endanger it. Although they had their own gold deposits and used other metals as well, they therefore preferred the beautiful shells for payments.

These shells had their moment to shine once a year, when they were laid on a pedestal in front of the king next to marvelous fabrics, garments, carpets, and many other precious objects. This was an annual, festive assembly for which all of Dahomey came together, with all local families trying to send representatives. Around 200,000 people belonged to this kingdom, starting with the king and moving downward to several thousand people at his court, a deep hierarchy of office holders also outside the court, craftsmen and farmers, and a large number of slaves. The latter especially played an important role in the celebratory high point of the year because the festivities were after the annual military campaign of the Dahomey, which focused on hunting human prey. This campaign regularly yielded a large number of prisoners, who were also assembled. Some of them were used by the king to express his heartfelt love and care for his people at the beginning of the festival. For this, the graves of the ancestors were "watered" with the blood of the slaves. In this way, the ancestors, who were venerated like gods, were thanked for everything that sustained the land and mattered to it. Sending people from the realm of the living to their realm of the dead was a sacrifice and a payment.

These prisoners were used not only for sacrifice, however. The Dahomey also counted how many of their men they had lost in the war, and the same number of slaves were distributed to the king's plantations as replacements. Of the remaining slaves, the king added several to his large household, while others served as a reward for those who had done well in the campaign. Only prisoners who were neither distributed nor sacrificed for the ancestors were finally sold by the Dahomey to European traders, who also attended the assembly for this reason. The slaves were sold to them in exchange for cowries.

The deeper meaning of this annual assembly was to represent all the giving and taking that characterized a community that was organized around obligations in a nutshell, if you will. The goods that were piled onto the pedestal before the king were *gifts* that everyone was obligated to give him, according to their standing and background. These gifts were *dues* and *taxes*, which the king demanded for a large number of things that were cultivated and made in his dominion, or they were *tributes* that other kingdoms were forced to pay to Dahomey, just as Dahomey had to pay tributes to other kingdoms. Last but not least, the king also presented an abundance of previous gifts received through such obligations. He then redistributed all of this to the people with much ado. The king did this because he needed to guarantee the well-being of his people not only by honoring their ancestors, but also by directly providing for them. Depending on their status and merits, everyone received some of the multitude of goods to which everyone, including the visitors from abroad, also contributed.

The cowries played a special role in all of this. They were distributed at the large assembly with the specific purpose of buying food. If you wanted or needed to buy something to eat there, you could do this *only* if you paid with cowries. This was the law in Dahomey, and because everyone who had to buy food needed cowries, they received them for this purpose at this gathering. Cowries could also be used for other payments, but where food was concerned, they clearly served *for buying* it. Nonetheless, this did not make them money. Compared to a situation in which money is involved, we can identify at least three decisive differences:

- When we learn today that something was bought and traded somewhere, we are convinced that *everything* a person might need and could change hands was for sale there. This is what we know from money. But this was not the case here: In this particular example, *only* food could be bought. People may have been allowed to buy other things with cowries here and there, but this was always restricted to certain goods and was *not* generally the case. Slaves were *sold* for cowries to the traders from abroad, but instead of expanding the limited selection of goods that could be bought with cowries within Dahomey, this only served the purpose of acquiring more imported cowrie shells.
- From today's point of view of money relations, when we learn that food was for sale, we assume that food was for sale *in general*. However, in Dahomey, it could only be bought at the markets, which did not operate all the time. Like the distribution of the cowries, these markets were also the king's affair. That they were not a daily occurrence can be seen by the fact that they were always initiated with a human sacrifice, which the king alone could do. Also, for its duration, everything at the market was under the strict supervision of the royal administrators, who made sure, among other things, that only those kinds of food were sold that were allowed—and this did not include *all types* of food. A local council determined the prices to be paid in cowries, while the king decided the general level of prices. If food was rather scarce, he could raise their prices to up to four times what otherwise would have been due.

– Based on our experiences with money, when we learn today that people could buy something somewhere, we assume they would *buy* what they needed *in general*. We think that if something could be bought somewhere, people predominantly acquired what they needed through buying and selling, and that people lived by buying and selling. This could not be farther from the truth.

In Dahomey, it was not the rule for people to *buy* food. The rule was that everyone either directly produced food on their own land and in their own household, or they acquired it through the great giving and taking. Even the people of the highest ranks and the households that were richly supplied could only *supplement* what they already had by buying something extra at a market here or there. Only certain marginal groups of people were dependent on buying food to eat: those who were the least integrated into the community. The members of tribes who had been defeated, for example, were accepted in the kingdom, but they did not possess full rights and were therefore not provided for like the general population. For this reason, they needed an alternative way to sustain themselves. This meant they were given cowries with which they could *buy* food at special markets. These, in turn, were organized precisely for this purpose and were strictly regulated. Or there might be a tribe of hunters who, in their transition to sedentary village life, had lost their status as meat suppliers and were therefore no longer provided for by the community either, but were thus dependent on this additional opportunity to acquire food with cowries. In both cases, buying was only an *additional* possibility that was far less important than the *predominant* and *general* way of providing for people.

The kingdom of Dahomey was astonishingly successful at providing for its people. While in regions to the north, famines and times of severe hardship occurred repeatedly, Dahomey was able to avoid such a fate over the course of many centuries thanks to its well-planned organizing. Everything that contributed to providing for the community in Dahomey, all it depended on, was counted and checked, and if it was out of balance, it was set straight. This began with the number of inhabitants, who were recorded by putting a pebble in a special box for every newborn baby, and continued with putting a pebble in another box for all those who died. It was the general procedure in Dahomey to collect small stones in boxes or sacks for everything that could be counted. These boxes and sacks were then brought to the palace, where they periodically served as the basis for calculations for the entire kingdom. There were also other forms of supervision—for example, village chiefs had to send reports, which were checked, and every official also had a woman in the palace who acted as his double. These so-called mothers had to know everything about the area of responsibility of their male counterparts, who required their mothers' judgment and also received their advice they gave to the best of their ability.

The Dahomey collected very specific numbers for making the necessary calculations. They counted the members of each profession separately: farmers, hunters, weavers, potters, blacksmiths, salt workers, and so forth, all the way down to the slaves. The products made by craftsmen were counted as well, as were the animals in the kingdom's households: pigs were counted once each year, while cows, sheep, and goats were counted every three years. Palm trees were counted, along with all the other goods with which agricultural labor filled the storehouses. The counting served the purpose of ascertaining whether everything was at hand as needed and in the right ratio. Also, when necessary, the counting enabled the palace to decide what needed to be done or what needed to be made or not made anymore: for example, what plants should be grown where—yam in one place, corn in another, and primarily millet in yet another region—and what could be grown beyond personal needs and what not—for example, honey was to be delivered only to the army, while ginger was distributed only by royal officials as medicine, while regular people could grow only as many bushes of pepper that would fill one bast sack. If a counting resulted in too much or too little of something, what needed to be grown or produced was reallocated—for example, by ordering more corn to be grown in one area and less millet in another, or it was determined which blacksmith needed to make a certain number of hooks. Or if not enough pigs had been born, there would be one year during which the slaughter or sale of pigs was strictly prohibited.

All of this resulted in a well thought-through and elaborate form of organization about which I could mention many more amazing details.[47] This arrangement ensured that the kingdom was aware of the need for many different products and of the possibility to grow or produce these. It could ensure that the correct amount was harvested and produced and could guarantee that everyone was taken care of appropriately in some way. This was the *core* of how Dahomey's economy functioned, and this core *did not include buying and selling*, for these played only a marginal role.

Markets without the Market

Karl Polanyi is one of the few theorists who has spoken out against interpreting archaic circumstances in terms of a market and hence as a money economy, warning that this would be "a dangerous pitfall." He wrote in the mid-twentieth century in a study about ancient Mesopotamia, "Economic activities under advanced market conditions may resemble similar activities under premarket conditions while their function is quite different." He argues that it is necessary to recognize "the distinction between pre- and postmarket" in order "to avoid that 'inverted perspective,' as it might be called, which sometimes induced historians to see strikingly 'modern' phenomena in antiquity where in fact they were faced by typically primitive or archaic ones."[48] Polanyi was able to make important observations about Mesopotamian economy because he did not try to bend it to fit money and market conditions. Unfortunately, the hope he placed in his work was in vain, for the current state of scholarship reads as follows: "Despite the skepticism of some researchers, it is clear that the market played an important economic role in Mesopotamia."[49] These are strong words from the renowned expert of the history of ancient Mesopotamia, Eckart Frahm, Professor of Assyriology. Polanyi knew already that what Frahm is claiming here cannot be correct—and Frahm actually knows it as well. Remarkably, he disproves his own bold statement and key proposition that "the market unquestionably played an important economic role in Mesopotamia as well" in the very next sentence: "We can identify city gates, harbor areas, and streets as places where 'markets' were located." After having just claimed that the market played an important role, he proceeds to backtrack and hardly refers to individual markets in the next sentence, and even those he puts in quotation marks. With right, because stands set up by a few street vendors at the city gate or around the harbor area do not constitute individual markets, much less economically important market activities. For one, there would not have been room for these markets Frahm puts in quotation marks. There were no market squares in Mesopotamia. There was not a single open space that would have been suitable for this in any Mesopotamian city. Frahm must know this as an Assyriologist, and yet he would rather use quotes than admit that this fact does not fit the strong image of the market.

He continues to undermine his own key assertion and admits, albeit in a roundabout way, that "the reason why written sources rarely mention market squares is probably because the transactions done there were, for the most part, only minor [...] and did not require documentation." While written sources "rarely" mentioning market squares would already be a decisive argument against the existence of a market, "rarely" is an outright exaggeration. The written sources not only do not "rarely" mention market squares where there are none, they do not mention them at all. Furthermore, in those places—in the streets and at the city gate—where he sees markets, although they are not mentioned, people engaged in "transactions that were for the most part only minor," this means that one thing is clear about these places: they did *not* form an economically important market.

Yet Frahm continues to insist on its existence. He argues that silver was used *for payments* in Mesopotamia "just like coins" and is certain that this means we must "talk about a Mesopotamian money economy." Where he sees payments, he sees money, and this fallacy is enough for him to interpret the Mesopotamian economy as a kind of market, like the one our market economy is named after: "as an exchange of commodities and services determined by the laws of supply and demand."

If this was the case, then there must have been entrepreneurs, and so Frahm finds a few. He writes, "Entrepreneurial initiative also resulted in rather modest projects, like running a laundry." Even Frahm, who is an expert, here agrees that these projects were rather modest, and hence not decisive for a market economy. Then, taking modesty to heart, he explicitly recants his modern market axiom, which he seems only able to make acceptable for himself with quotes:

> We should not, however, exaggerate the significance of the forms of "capitalist" economy for ancient Mesopotamia either. The majority of individuals participating in the

> economy were not entrepreneurs but rather "rentiers" who were first and foremost interested in maintaining their ownership of the land and goods they had inherited. They were often affiliated with the temples—for example, as prebendaries—and they owned houses as well as gardens and fields near the city. They did little to increase their wealth apart from granting loans. It is also significant that royal inscriptions from various periods of Mesopotamian history mention "ideal" prices, which should not be changed if possible, for commodities like barley, wool, and dates.

"It is also significant"? No, *all* of this is significant. If there would have been a market, then the "majority of individuals" would have *had to* be active in an entrepreneurial sense—but they were not. The "rentiers," or "prebendaries," lived off their land and from dues; they did not live off money, markets, or capitalism. Granting "loans" meant that people loaned others something that they had enough of themselves. It did not mean that they wanted to increase their wealth as a result. Finally, concerning buying and selling, which are economically not insignificant for a money and market economy, we have royal inscriptions that completely contradict all claims of a market based on "the laws of supply and demand." In these inscriptions, the royal house specified *fixed* prices, not "ideal" prices, as Frahm writes, as if they were simply recommended. These prices were fixed; they were explicitly, and with the king's authority, *not* negotiated according to supply and demand. The highest authority specified *fixed* prices that had to be paid for barley and certain other things, just as royal inscriptions also prescribed *fixed* penalties for certain offenses.

It is telling that, of all Frahm's bold claims regarding a money economy with a very important market, what ultimately remains is the fact that buying and selling played only a minor role in

Mesopotamia, as in other archaic places. The fairy tale of the "Oriental" who prefers to hang around market squares is nothing but that: a fairy tale. As I have said before, no city, regardless of what country, had a market or a market square for the longest time. In the Greek world, Athens was the only city that began to organize markets in the agora, a location originally established for assemblies. The inhabitants of Athens were not celebrated for this by other cities wanting to adopt this great idea with enthusiasm. Instead, they were greeted with utter contempt. When emissaries from Greece went to see Cyrus, the great king of Persia, to threaten him with war, he responded by saying that their like could not impress him in the least. By this, he meant they were people who had established a square in the middle of the city where they were obviously cheating one another and breaking their oaths. Cyrus's deep disdain for all Greeks due to the Athenian agora was because Persians did not know markets or the market squares where things were bought and sold and where people could not help but act in what they thought was a dishonest way. We will understand soon enough why he thought this.

The situation in the agora in Athens was typical for early markets. A few farmers and craftsmen sold commodities for daily use to a humble public that was mostly not well off—in other words, the sold things for minor use through well-known "minor transactions." The well-to-do did not buy anything there, or if they did, it was only supplemental. After all, they had their estates and their slaves. Everything related to providing for a household on a larger scale had no place in the agora and was officially and strictly kept away from it. For a main food source like grain, the distribution was necessarily under the complete control of the polis—in other words, the community. The polis also decided when people could trade in the agora, and they monitored its prices, capped the profits of the salesmen, and checked the coin changers. The sale of raw materials, like wood, bitumen, flax, marble, and metals, was prohibited, and trade with the harbor, where these and other goods from abroad arrived, was strictly regulated. Also much later, when and wherever markets were more frequently organized, they remained, without exception, locally and temporally limited events with reduced offerings of commodities—similar to our farmers markets today with their stands and booths.

In addition to the farmers who sold produce on the market, there were a few salesmen who peddled commodities. The Greeks called such a person a *kapēlos*. The English equivalent would be "peddler": someone who offers goods from a basket carried on their back, a tray carried in front, or from a quickly assembled stand—in any case, a hawker or small trader. They usually did not sell their own products, but hawked things on a small scale that they had bought themselves. These *kapēloi* were precisely the kind of characters that hung around on streets, near city gates, and in the harbor area in ancient Mesopotamia, as well as in the entire Greek world and beyond. Of these salespeople, Plato said that "there are men who see this need and appoint themselves for this service—in well-conducted cities they are generally those who are weakest in body and those who are useless for any other task."[50] The *kapēloi* represented the low level of buying and selling in ancient communities and in all realms that were money-distant. All acquisitions done by buying and selling that took place within a community was for Aristotle *kapēlikē*, or "hawking," and he did not mean this ironically.

When these peddlers left Athens, for example, to take their business out into the world, and when today's scholars rave about the flourishing exports of the Athenians, what was really happening was this: Around 400 B.C.E., Synesius, a wealthy man from Alexandria, wrote to his brother, who was in Cyrene, saying he heard that a certain Athenian had arrived. He asked his brother to buy three light summer gowns from him, for it was the same man "from whom you bought for me last year some lacing shoes," adding that his brother should hurry: "you must remember that the first purchaser will choose the best of everything."[51] Does this sound like the world market was booming? In reality, there were no masses of salesmen arriving to sell their shoes; there was no competition between different entrepreneurs trying to outdo each other with their new collections; and there were no shops for people to enter where they could choose from all the goods imported from all sorts of countries. There was no "market"—just one man trying to sell a few things, and all you could hope for was to actually get something this year if you were quick enough.

This situation and role of buying and selling in archaic times helps us to better understand an important aspect regarding coins, because the peripheral significance of buying and selling did not change when these were used. The emergence of coins, which were only one of several forms of standardized means of payment, did not mean that buying and selling suddenly occurred more frequently than had been the case with older means of payment, like hacksilver, or strings of cowrie shells. Just because people had coins did not mean that they were able to go shopping with them. They needed something to buy with them first. Coins were a means of payment, and as such, they were just as limited in their use for buying and selling as buying and selling were limited activities in themselves.

We know from sources that the Roman coin called *as*, for example, was used for buying and selling for the first time when it became necessary to pay legionaries during a campaign. Soldiers in the sense of paid fighters—the word "soldier" goes back to the Roman *solidus*, a type of coin—did not emerge until much later. For a long time, the citizens themselves were the ones who went to war in bellicose Rome, as everywhere else.

However, this only applied to those who could actually afford to go to war—who could provide for themselves, were able to acquire weapons, or could even afford to keep a horse. Everyone had to bring equipment and food themselves, meaning Romans would simply take their measure of spelt from their own farms. Thus, together with the grain that was foraged on site, the armies had their supplies, provided the campaign did not last too long. As military actions expanded into areas that were further and further away and lasted longer periods of time, these provisions were no longer sufficient, and supply had to be organized in another way. For this, the train of an army had to be accompanied by people who had their own food with them or were able to acquire it. These sutlers would exchange their grain for payment from the legionaries. This was the purpose of giving them military pay. As compensation for the fact that they could no longer provide for themselves with goods from home, the *milites* received coins for the specific purpose of being able to *buy* spelt and other things from the tradesmen who traveled with the army.

Although the coins were meant for purchases in this case, there were several limitations: *only* legionaries were allowed to use them *only* during long campaigns in foreign lands, *only* with certain people there and *only* for buying food. This did not turn any of the coins used in this way into money, however. Rather, they were used like ration coupons or food stamps. This was characteristic for situations in which it became necessary and possible to buy something in archaic circumstances. The *general* way of providing goods was *complemented* by providing these goods through exchange and purchases in certain cases where it was necessary. Because Roman citizens, who *normally* fed themselves and their entire household from their own land, were cut off from this supply when they were at war for longer periods, the community enabled them to acquire food in another way—namely, by simply buying it from others. For this purpose, they were supplied with a suitable means of payment. If they returned home safely from their campaign, there was no longer the need for them to provide for themselves through purchases, because they returned to the *general* way of providing for themselves.

These differences between a general way of providing for people and the additional way of providing for yourself though buying and selling occurred not only during long wars, but naturally in other cases as well. Just as in Dahomey, entire groups of the population could not be sufficiently integrated into the community and its network of obligations that guaranteed that all members were provided for. These people were therefore dependent on being able at least to buy their own food. In ancient Greece, such a group was the *thetes*, who were free but did not belong to any household, or *oikos*, and were thus not included in the prevalent way of providing for the community. As day laborers, they performed the lowest services, and the little payment they received was either paid in kind or in coins to enable them buy the bare necessities. In today's terms, this would mean that a *thes* "worked" for wages and was thus an "employee." Yet just how little this actually describes the situation can be seen in the fact that a *thes* could certainly not be seen as part of an economically important employment market. This was because *thetes* were at the extreme margins of the polis, where they had the smallest possible importance for the community. This can be illustrated, for example, when Odysseus descends into the underworld and speaks to the shadow of the fallen Achilles, he complains that he would rather be a *thes*—in other words, a nothing—among the living than a king among the dead.[52] The *kapēloi*, who had to make a living by buying and selling, were disdained almost as much and were but marginal figures. Euripides, the otherwise idolized tragedian, had to endure humiliating taunts because his mother was forced to live by selling vegetables from her field.[53]

However, there were also purchases for which none of those involved had to suffer the disdain directed at people on the margins of the community. For example, there were occasions when goods were bought that would have been imported from outside the community anyway, or when buying a house or an estate, during which the particular *scale* of the "transaction" went beyond the general context of providing for people in the community. Yet even the large scale of such purchases did not change what characterized all purchase situations at the time, which was that they were *peripheral* phenomena in these communities, and they never formed the pool of demand and supply, of sales and purchases, that we know as a market today.

Buying without Value

Even during the Middle Ages in Europe, the opportunities for people to provide for themselves through purchases was still limited to small and scattered markets. The business at such markets was only conducted *per deneratas*, as people called it—in other words, things were paid for in dinars. Dinars were coins with a rather low silver content at the time. The somewhat sparse use of coins seems to have been in contradiction to the staggering number of places where coins were minted—staggering at least for a period of time. Yet precisely the large number of minters is proof of the low *circulation* of coins, which was so minimal that some manors even had to mint coins themselves from time to time when they needed to supply a local market.

When a lord was confronted with this necessity, he often hardly had enough metal in the form of coins, or he only had coins that were obsolete because he had not used them for such a long time. He would then take these, and whatever other pieces of metal he might have, to a minter whose workshop was near the market, for example. There, he would have everything melted down and perhaps minted into dinars. The emperor's monopoly on minting, which Charlemagne had implemented, therefore did not last very long, and from the ninth century on, the powerful lords below the emperor took over minting again and passed it on to others below them—or else they were powerless to prevent the monopoly from being undermined almost everywhere.

When necessary, rulers could demand that dues be paid in coins, and beginning at a certain time, they actually began to request coins more and more. This was later interpreted as indicating a transition to a money economy. However, the increase was not unified enough for this, and, more importantly, the *intake* of coins did not mean that they were used again for *expenses* right away, if at all. Especially those households that collected coins in larger amounts used these primarily as *treasure* and melted them down to bars or transformed them into precious objects that were kept in chests or chambers. In the Middle Ages, particularly churches and monasteries at first "hoarded the larger part" of the income they collected from tithes, which were partly paid in coins, "and from the exploitation of their estates," as Le Goff says, adding: "The coins, with the precious metal they contained, the gold and silver ingots, were turned into plate which was locked away in the treasuries of churches and monasteries [...].When the need arose, these objects were melted down to be made into coins."[54] This "practice, which spread beyond the church to the great landowners, and even kings," shows that, especially in the early Middle Ages, people were not continuously dependent on purchases and hence on media of exchange:

> The nobles and kings accumulated in their coffers gold or silver vessels and precious stones; the churches amassed liturgical plate. Should the need arise for an unexpected disbursement, you sold or pawned the crown, the goblet, or the crucifix; or you even sent them to be melted down at the local mint.[55]

Thus, an archbishop might take one of Christ's legs from a golden crucifix to pay for his bishop's robe, while another may use the other leg to finance a war against his vassals. Incidentally, this is also a remarkable ratio between what was paid for an, albeit exquisite, piece of clothing, and what was paid to provide for soldiers during an entire campaign.

Even when precious metals could be minted, they did not remain just coins. What we automatically assume about coins—that they are *continuously* used as a medium of exchange and are *circulated—never* occurred at that time. No purchase was followed by yet another purchase for which coins were needed.

This fact may seem insignificant, but it will prove to be of the utmost importance for our question of what money is. This is because it points at the core characteristic of what we so broadly and wrongly project from our money relations onto historical circumstances in which money was not known. This core characteristic is that neither coins nor other things that served for exchange and payment in the archaic context represented *value*. In the Middle Ages, no concept or notion of *value* existed yet, just like the concept and notion of *money* was still absent. There simply was no value.

This is something we find extremely hard to conceive. We regard buying and selling as being necessarily and naturally associated with the idea of value: You buy something that has *value* by paying with something else that also has *value*. That is why, when we learn that people bought barley in ancient

Mesopotamia and paid with silver, we take it for granted that the amount of barley had the same *value* as the amount of silver. We are only able to imagine barley and something else being exchanged as *values*, as object with the *same value*. But that is not correct. Neither in ancient Mesopotamia, the Middle Ages, nor in any other money-distant time did the notion of value or equal values ever occur. There is a significant reason why this is the case, which is that things and goods—and hence also coins—were never, or never *remained only* media of exchange.

Value has been the subject of endless and bitter arguments. Entire libraries have been written about it, and countless years of study have been wasted on it. Most of all, it is a subject about which everyone, whether they have been musing over it for decades or have never thought about it even for a second, is sure about one thing: What is bought and sold always has its *value*, and that all things are exchanged according to their value. Regardless of whether things are occasionally sold *under* or *over* their value, to us buying and selling have definitely always been about value. We think a Neanderthal bartering a piece of meat for a hand axe would therefore have made sure that both things had the same *value*; while little Greek skewers would have been *equivalent* to—in other words, expressed the *same amount of value as*—a certain amount of meat. We imagine that the Phoenicians traded to make a profit, which naturally brought them more *value*, and that Dahomey expansion was about becoming richer in *values*, and so forth.

We simply cannot imagine that you would exchange something for something else in a purchase without both things having a specific value. However, what we cannot imagine in this situation we must learn to imagine. Let us begin by looking at a prominent example of "value" from the *Iliad* in order to establish what actually was historically the case. In a battle before the gates of Troy, Glaukos and Diomedes meet as warriors of opposing armies. They are therefore enemies, but they also know that they are "guest friends from our fathers" and share an obligation to each other. They thus "pledge their trust" to each other by exchanging gifts right away, because this must be done, and even the tumult of war cannot stop them. However, according to the *Iliad*, Glaukos must have lost his wits, because he hands Diomedes weapons made of gold, while Diomedes can only give him weapons made of bronze. This means the honor that the guest friends bestow upon each other is not equal and that the exchange of weapons is, as Homer dryly describes in one verse, "Gold for bronze, one hundred oxen for nine."[56]

Today, we would definitely say that the gold weapons had a "value" of one hundred oxen and those of bronze had a *value* of only nine, and this passage is without exception interpreted and translated this way. But Homer does not talk about value. He compares the gifts of weapons with each other, and then he compares the two *corresponding* amounts of oxen. The exchange ratio between the gold and the bronze weapons is the same as the ratio between one hundred oxen and nine oxen. Homer expresses the uneven relation between the weapons by saying the golden weapons correspond to one hundred oxen and the bronze to nine. He does not say that the weapons in each case have the *value* of a number of oxen, meaning he does not talk about value as a common, third aspect that can be found in the weapons and in the oxen. For Homer, neither weapons nor oxen have a quantum of value in themselves that he compares; rather weapons and oxen correspond to *each other* according to quality and quantity. For us, this difference may seem small, if we acknowledge it as a difference at all; yet it is a decisive difference.

Homer, who showed that various things only *correspond to each other* instead of having values that are different or the same as the other, also said a thing could be *boos axion*, or "worthy of one cow." What today is quite naturally translated as "having the *value* of a cow" actually meant *corresponding to a cow*—in other words, what would count as a cow in a *payment*, or what would be accepted as payment for a cow. In this case, you could fittingly say, "it is *worth* a cow." But this did not originally refer to the *value* of the cow. Rather, the adjective "worth" here meant "worthy" in the sense we use it today, as in a "*worthy* cause," by which we mean a cause that is "honorable," and not that the cause has a *value*.[57]

A word that denoted this value did not exist in any language until the modern era. English has both "value," which has a Latin origin, and "worth," which has the same roots as the German word *wert*. This concept was described earlier with the Latin word *pretium*—in other words, "price / prize"—the meaning of which I have already discussed. Just as GELT does not mean *geld* in German or money in English, the Germanic word "worth" does not mean "value." There have been words in many other languages that are naturally translated today as "value," although they did not have this meaning before money emerged. The Latin word *aestimatio*, for example, is supposed to have meant "to set the *value* of an object" in a purchase according to modern dictionaries, yet strictly speaking, it only meant "to set the *price* of an object." First and foremost, *aestimatio* meant "estimation." The Twelve Table Laws, for example, mention an *aestimatio noxiae*, or the estimation of damage—in other words, the estimation of what things and actions were suitable compensation for damage. In ancient Greek, there were words such as *axia* or *timē*, which in modern dictionaries are translated as "value," although they actually meant "estimation" and hence "price / prize," "worthiness," "honor," "fee," "reward," as well as "penalty" and "penance." Through these meanings, all of these words that stand for estimation reveal how they belong in the same context as the old word GELT. That they were also used in the context of buying and selling also indicates what really counted here: In a purchase, no *value* of a commodity was measured in comparison with the *value* of the things with which it could be bought; rather, two goods were estimated as *corresponding to each other*—or one *good* was estimated in comparison to *another* good.

If this is the case, then what exactly is the difference between estimation and value?

Estimation

In English, the words "to estimate" and "to esteem" share the same roots. An estimation was also based on how much the people involved "esteemed," or prized, the goods, which were estimated according to their specific qualities and their amount. When Homer regards one hundred cows as corresponding to a suit of gold armor, this estimation is based on the fact that these are *cows* and on *their number*. Goods were *more* or *less* prized and hence estimated based on specific qualities alone—for example, whether they were made of gold or bronze, whether you were talking about a horse or a donkey, or whether it was a good horse or one that was lame, or whether you could use horses for farming your land and were able to feed them or not. Each good—as with each commodity, which is a good that *can be bought*—can be prized and hence estimated in terms of what it can be used for, the benefit it provides, the enjoyment it brings, the reputation that it earns, and ultimately for everything that it means to someone.

English translators use the word "valuables" for *taonga*, although these should be called *estimable things*. Although *taonga* are "valuable" in the sense that they are important for someone who therefore prizes them, this is not meant in the sense of *valuable* objects full of "value." The Latin word *valere*, from which the English word "value" is derived, means "strong," "powerful," "to be capable of / suited for doing something," and "having power and importance." To speak of equi*valents* can therefore only mean that two things have the same *importance*. Martin Luther also wrote in one of his famous but little known Ninety-Five Theses that it was blasphemy to believe that the splendid cross of the Pope would *aequivalere* the real Cross of Christ—in other words, to believe that it had the same power and importance, not the same "value."[58]

In a purchase, if one good *corresponded* to another good according to its estimation or significance—if both were thus *equally prized* and had the *same significance* for someone—then how was this equality determined or established? After all, we are talking about an *equality* of *different* goods. The answer is simple in the archaic context: We need only remember our hostess gift. As to buying and selling, as long as this has the character of an archaic payment, what this correspondence means can be most clearly understood using the example of a kind of payment that we still do today on the basis of its original meaning.

In Germany today, the penalty for aggravated assault is up to five years in prison. Neither the assault nor the time spent in prison equal each other—nor is this asserted through the sentence. Instead, it can only be *estimated* that the sentence *corresponds* to this offense and is thus a kind of compensation for it. Neither of these two things *in itself*—neither the penalty nor the offense—includes a *measure* that can be balanced with the other in compensation; each can only be measured against *the other*. The *one* balances the *other*: the five years in prison on one side, and the aggravated assault on the other. They do not each weigh something. For example, we do not say that one year in prison weighs half a ton of something and the aggravated assault weighs two-and-a-half tons of the same thing, allowing us to determine how much of the one equals the other. It is not—and could never be—determined how much each "weighs" *individually*. Rather, it is estimated that *one is balanced by the other*. *Axios,* the Greek equivalent of the English adjective "worth / worthy," has exactly this as its oldest meaning: "balancing."

What is decisive here can thus only be the *feeling* of adequacy—and that is precisely what estimation is. This feeling is not simply a private matter and is nothing that only an individual would or could feel; it is binding in its general character and was originally something that concerned the *community*. Today, the state dictates this feeling of adequacy by law for modern penalties; in an archaic context, when talking about purchases, this may have been the prerogative of the king and have been subject to binding and established rules, and required to at least correspond to the *shared* estimation of the buyer and seller. Yet no matter how firmly a payment was determined to be appropriate for what it was made, it remained the result of a mere estimation. Even modern laws specify a sentence for aggravated assault of only *up* to five years, meaning the sentence could also be shorter in certain cases. Any decision will take the circumstances of the offense, the consequences thereof, and the especially difficult to assess "severity" of the injury and the mental state of the perpetrator at the time of the offense or the intention with which they committed it into consideration when *estimating* how much time in prison is appropriate for all of this.

This is what is meant with the "equality" of a payment—not the *same amount* of something on both sides, but the corresponding *appropriateness* that is felt between the two. This was the case, for example, when a medieval lord was due a payment of 500 solidi that was not paid in solidi but in furniture, slaves, horses, vases, and a decorative pin. The lord did not add up the value of each item; he simply recognized that the goods corresponded to his estimation of 500 solidi overall. This was also the case for buying and trading. The ancient Greek historian

Herodotus presents a beautiful example of an elaborate process that is especially descriptive. Herodotus writes that he has heard from the Carthaginians that they regularly visit a people along the North African coast of the Atlantic Ocean to exchange commodities with them:

> Where they no sooner arrive but forthwith they unlade their wares, and, having disposed them after an orderly fashion along the beach, leave them, and, returning aboard their ships, raise a great smoke. The natives, when they see the smoke, come down to the shore, and, laying out gold for the wares, withdraw to a distance. The Carthaginians upon this come ashore and look. If they think the gold enough, they take it and go their way; but if it does not seem to them sufficient, they go aboard ship once more, and wait patiently. Then the others approach and add to their gold, till the Carthaginians are content. Neither party deals unfairly by the other: for they themselves never touch the gold till it comes up to the estimation of their goods, nor do the natives ever carry off the goods till the gold is taken away.[59]

We recognize the obligation that both parties have to one another, and that they obviously feel strongly about this. Regardless of how unusual these silent interactions may seem; the decisive aspect of such purchases is clear: The goal for both sides is to feel whether the gold is *sufficient* in exchange for the commodities. That is why the Carthaginians wait, and the locals add gold until the amount "comes up to the estimation of their goods."

What also becomes especially clear here is that, in cases where an *estimation* determines which payment corresponds to which commodity, there are only two possibilities: *Either* the payment is accepted as *appropriate* and the Carthaginians take the gold and leave; *or* the payment is regarded as *not* *appropriate* and the Carthaginians wait to see how the locals react. An estimation can only result in one of these two judgments: it is appropriate or it is not appropriate. What is so special about this fact can be demonstrated when we compare this with a purchase in connection with *value*.

If you compare apples and oranges and measure them according to how much you *prize* them, you can only come to the conclusion that you either like apples *just as much* as oranges, or you like oranges either *more* or *less* than apples. You could perhaps qualify this further by saying that you like one *much* more, or *a whole lot more* than the other, but in a quantitative sense, this ratio can only be determined in the way you estimate whether a *certain amount* of apples either corresponds to a *certain amount* of oranges or *not*. Under no circumstances could you quote a specific *value* for your estimation in each case. You couldn't say, "I give five apples a value of 3.50, five oranges 3.99, and my grandmother 43." What seems to be the most natural thing in the world when making a purchase, handling money and working with value, would only be absurd in the context of an estimation—even a comparative estimation of two commodities. An estimation *cannot* measure quantities of value.

That this is truly the case and that before money emerged the same was true for a purchase is proven by a historical fact for which there is so much evidence in so many different forms that it is difficult to list them all.

Let us first consider that, when and wherever money is used and people buy and sell things with money, all commodities have their value, and these values create fixed *exchange ratios* between commodities. Even if their value can change at times, value—being a respective amount of something equal found in all commodities—puts them all in a relation that is quantitatively fixed in each case. If a kilogram of apples has a value of 3.50, a kilogram of oranges a value of 3.99, a jacket 129.90, and all of these commodities have a value that is quantified in money, then they have a quantitatively fixed exchange ratio of 3.50 to 3.99 to 129.90 *mediated by money*. Because each has its own value, these commodities are in a clearly defined exchange ratio to all others.

The situation is entirely different for estimations. Here, commodities are measured *only* in pairs—only one against the other, or several against several, which does not change anything. If someone bought a kilo of apples for three silverlings, for example, neither the apples nor the silverlings would have had a certain exchange ratio to, say, the slaves being sold by someone else for one hundred cowrie strings. All of this would also have said nothing about the exchange ratio when the blacksmith was given either barley or silverlings for his services. Even if the same means of payment was used on different occasions —three dinars for apples, and six dinars for oranges—buyers and sellers did not have to exchange apples for oranges at another time in a ratio of 3:6. Archaic purchases *based on estimation* did not result in a fixed ratio that defined how much of what commodity was to be exchanged for how much of another.

Historical reality proves this. The anthropologist Marshall Sahlins undertook the Herculean task of going through all written material that had been collected on "primitive" and "archaic" communities. He came to the following conclusion: "The characteristic fact of primitive exchange is indeterminancy of the rates. In different transactions, similar goods move against each other in different proportions." This means that the same or similar things are reciprocated in one case with only two bales of cloth and in another context with five bales of the same cloth. Sahlins continues: "The goods may be deemed comparable to all intents of the people involved, and the variation in rates occur within the same time period, place, and set of economic conditions."[60] Despite the most intense efforts of modern scholars to confirm their money-based expectations and to find fixed exchange rates between the different goods, Sahlins must recognize:

> It is practically impossible to deduce standard going rates from any corpus of transactions as ethnographically recorded. The ethnographer may conclude that the people put no fixed values on their goods. And even if a table of equivalences is elicited—by whatever dubious means—actual exchanges often depart radically from these standards.

Although Sahlins should have more correctly concluded that people not only "put no *fixed* values on their goods"; they put *no values on them at all*,[61] at least he is aware that this is because "the material balance of reciprocity is subject to the social sector"—the area defined by the community as the obligations that, being personal, are so difficult to assess.

Trade, or Profit without Loss

That people not only provided for themselves with what was available within their community, but also by acquiring things that they could use from other peoples, other tribes, or simply neighboring villages does not need to be explained. It would be pointless to try to determine a moment in time when this type of human interaction began, for it is a very old kind of activity indeed. In the *Odyssey*, for example, King Mentes, ruler of the Taphians "who love the oar," tells that he was on his way to the city of Temese with a "cargo of iron" in order to get copper.[62] In other words, the king wants to take the iron, which Taphians have, and give it to the people of Temese, so that they give him copper, which the Taphians lack. The king thus engages in trade on behalf of his kingdom. That such journeys were undertaken frequently is also proven by the *Odyssey* when its hero is once—albeit unjustifiably—disdainfully told that he is "one of those grasping traders that go about in ships as captains or merchants, and who think of nothing but of their outward freights and homeward cargoes."[63]

This kind of foreign exchange was necessary when you needed things in your community but they were not available and could not be procured there. To get them from somewhere else, relations therefore had to be established with other communities, meaning even journeys over longer distances by ship or by foot were unavoidable. Because it was thus an advantage to know before embarking on a journey what you could get from whom, it was advisable to maintain necessary relations and guarantee that you were on good terms with those who were willing to give you what you needed. That the exchange with other communities was a firmly established practice has been proven. In all areas where there were early settlements, places have been found that were established for the purpose of exchanging commodities in a peaceful and protected way. These places were located outside the settlements at a safe distance from them, apparently to reduce the dangers of the desired, yet also always precarious, encounters with strangers.

These places were not fortified for the most part. The obligation to interact peacefully was made clear only by their demarcation as a sacred space, which is why sometimes altars have survived even in smaller sites. Some of the oldest trading places that we know of were those in ancient Mesopotamia—for example, Ugarit on the Syrian coast. Like Ugarit, many were located on the coast, doubtless to be reachable by sea. Such a place was called an *emporion* in Greek, which comes from a verb that means "traveling." In Latin, a storage site outside a city on navigable waters was called a *portus*, a word that can only be inadequately translated as "harbor." *Portus* is derived from *portare*, "to carry," because these sites were mostly about goods being transported there and back after they had changed hands from one community to the other.

This indicates that trade across a community's boundaries was clearly distinguished from trade within it. As I have already described, people acquired the goods they needed only to a very limited extent through exchange and purchase within in their community. Even when larger purchases were made—for example, when acquiring a house—there was never a continuous trade with these kinds of things. *Within* the community, trade remained on a small scale; it was only with the *outside* world that trading occurred on a large scale.

This distinction may sound banal, but there is historical, very detailed evidence of precisely this difference, thanks to the ancient Greeks and Romans, who strictly distinguished between the people who brought the commodities from outside the community and those who merely resold these commodities within a *polis* or *res publica.* The first type, who traded with the outside world, was called *emporos* in Greek: one "who goes on a journey." *Emporos* is clearly connected to *emporion*, which we already know is a kind of place of foreign trade. We already know the Greek name for traders on the inside: the *kapēloi*, the small salesmen, mongers, and peddlers. In Latin, a *kapēlos* was called an *institor* or *caupo*, whereas *mercator* designated a merchant, albeit not exclusively an *emporos.*

Cicero, thankfully, clearly discusses both of these. In his book *De officiis* (The Obligations), he describes different ways to earn a livelihood when he says, "People who buy things from merchants, only to sell them immediately are to be seen as filthy."[64] Here, Cicero is talking about the *kapēloi*, whose trade, unlike that of the *emporoi*, is only on a minor level: "If a trade is on a small scale, it is to be considered filthy; if, however, it is wholesale and on a large scale, importing large quantities from all sides and distributing to many without deceit, it is not to be greatly disparaged." Even a king could boast of going on such journeys "from the sea into port," as Cicero says. Thus, the traveling merchant was held in high regard, while the small trader at home was despised. Cicero claims the following reason for his disdain: "For they would get no profits without a great deal of downright lying; and verily, there is no action that is meaner than deceit." While Cicero stresses that the *emporoi* distribute what they brought "without deceit," the *kapēloi* apparently must lie to get something out of it. As we know, they had to lie *out of necessity*, which is also why the Persians disliked the idea of trading in the Athenian *agora*. This necessity to behave dishonestly, which must have been visible to all, was so obvious to Cicero that he does not need to explain exactly what forces them to lie; he only needs to hint at it. Without a great deal of lying, the *kapēloi would have earned no profit*, or *nihil proficiant*. They were forced to deceive for their own gain. But because only the *kapēloi* had to lie for this gain, not the *emporoi,* and only the trade of the *kapēloi*, not that of the *emporoi*, was built around buying commodities *only to sell them again*, the necessity to lie could only be explained by the fact that the *kapēloi* alone bought commodities within a community to resell them there.

The peddler, for example, bought commodities from an *emporos* with coins that were common in that community or with other things that could be measured in these coins. Then the peddler went and sold the commodities in the same community for the same coins that were common there or sold them for other goods that could be measured in these coins. This way, any price that this *kapēlos* paid when *buying* his commodities could be compared to the price he asked for when he *sold* the same commodities, because these prices were paid both times with, or were measured in, coins that were common in his community. But in order for the *kapēlos* to make a profit by reselling the commodities that he had bought for a certain price, he had to ask for a higher price. For the buyer, who could compare both prices, it became obvious that the *kapēlos* was not asking for the *same* price he had paid for the *same* commodities. He was asking for a *higher* price. The *kapēlos* was forced to *claim* that the higher prices for the commodities he was *selling* were appropriate, although he had *accepted* the lower prices that he himself had paid when he *bought* them as appropriate. He had to lie in order to make a gain, and everyone could see that his gain was the result of a lie. He committed the obvious infamy of violating the universal obligation to determine an *appropriate* and *just* price.

The *emporoi*, on the other hand, were not considered filthy. According to Cicero, it is even "justified to praise them." They did not violate the notion of a just price. However, they would also distribute some of the imported goods within their own community, and they could expect payment for this. After all, when the *kapēloi* were said to buy their commodities from "traders," it was obviously the *emporoi* who sold them. They could also sell goods acquired from elsewhere within the community. Yet *they* were not accused of lying, but were instead respected. How was this possible?

Cicero says that traders importing commodities "from all sides" should be praised, "even if they are satiated, or satisfied with their fortunes and make their way directly from the port to their country estate." By this he means the merchants did not always act as merchants. They did not live by trading and pursue it permanently. They simply went on a journey, acquired some goods, and returned with these to where their livelihood was actually based: their estate. That this journey was about *gain* could be seen as a flaw, just as when Odysseus is falsely disdained for this, but Cicero adds that the *emporoi* should be praised, "even if" their goal is to return "satisfied with their fortunes." For this was almost as good as another kind of gain that Cicero recognizes without qualification: "But of all the occupations by which gain is secured, none is better than agriculture, none more profitable, none more delightful, none more becoming to a freeman."

While having land and farming was thus a superior, fundamental way of providing for oneself, Cicero also regards the gains made through trade abroad as enjoying a similarly high regard as the bounties of the Earth. The *emporos* deserves respect for his gain because he distributes the goods he has gained to many—in other words, he provides many people within the community with imported commodities that they could otherwise not get. In addition—and Cicero carefully chooses his formulation here—the *emporos* is "satisfied" by his gains. This means that the imported goods as well as the goods he receives as payment for selling these are *appropriate* compensation for the journey he has undertaken and for the goods he exchanges—in other words, pays—for the imported goods. His profit is appropriate and not extra, unlike what the peddler is forced to ask for.

The reason for this was the following: Unlike in the case of the *kapēlos*, the price that a merchant paid to a foreign people for the exchanged goods was *not* compared to the price that needed to be paid for them in their own community. Whatever an *emporos* paid in a foreign land to receive the goods he desired did not have to correspond or even be comparable to what was later paid to him for the imported goods by his own people. There was no *common measure* for both purchasing goods in another community *and* for reselling them in one's own. Such a common measure only existed for the *kapēlos* and was due to a special circumstance: He used the same coins to measure the commodities that he both bought and sold, and this occurred *within* the community at such close proximity that everyone could see the difference between the prices the *kapēlos* asked for buying and selling with their own eyes. In contrast, there was no comparing of prices for commodities that were traded in another community should they perhaps later be sold in one's own.

This connection leads us to a last and perhaps most important insight into what defined the world without money. The calculation of an *excess* that resulted from the comparison between the goods that were paid and those that were acquired by exchange did not exist in this trade. Such a calculation was only known to a *kapēloi* at the margins of the community: only he had to do this in a filthy and despicable manner. Therefore, when a gain was mentioned in long-distance trade, then this was not the gain of a surplus, like a *kapēlos* had to generate. The gain made by an *emporos* was *not profit*. How his gain was defined can be seen in the *Odyssey*, where we already know that merchants "think of nothing but of their outward freights and homeward cargoes." It is these "homeward cargoes" and *only* these homeward cargoes that represent a gain in this trade. The "outward freights" mean those goods the merchants took with them to trade and which were needed as payment to acquire other goods elsewhere as "homeward cargoes." The merchant was interested in the cargoes alone and was not focused on their representing and bringing in *more* than the outward freights, which would necessarily have meant *a surplus in value*.

The commodities themselves, which were acquired by trade, were the gain. It was not first calculated as profit by comparing the outward freights with the homeward cargoes, which would necessarily have resulted in the *value* of the homeward cargoes being greater than the *value* of the freights. For such a value did not exist, and the goods were not thought of in terms of such comparable values. The gain was directly visible in the ship's hold as the cargo and as the goods as such. King Mentes's gain from his trade journey was bringing back the copper he needed, while the gain for the people of Temesa was that, thanks to King Mentes, they now had a large amount of iron, which they would not have possessed otherwise.

We have excellent evidence that this indeed was the case. Karl Polanyi observed that, while *gain* appears in the context of trade on the hundreds of thousands of clay tablets preserved from ancient Mesopotamia, *loss* is never mentioned. There is no record of such losses on these tablets. More importantly, they do not even account for the possibility of loss as opposed to gain. There can be only one explanation for this: When a merchant returned from foreign shores with a heavy load of timber, say, which did not exist otherwise in Mesopotamia, then the gain was precisely this timber and this timber alone. The merchant did not mentally subtract the garments that he had to pay for receiving the timber in order to calculate the *gain or loss*. Had this been a different situation in which he did perform such a calculation, then there would necessarily be either a profit *or* a loss. Hence, the opposite must also be true: If such a loss is not a possibility—if loss is not considered and does not play a role—then *this profit and loss calculation could not have been made*. The gain that was recorded on these tablets referred solely to those *goods acquired by trade* and by no means to something such as their *value*. It is only with the *values* of freights and homeward cargoes that a profit and loss calculation could have been made in the first place.

What Polanyi noticed, but did not precisely describe, about ancient Mesopotamia was not unique to this area, but could be found wherever communities' economies did not know money. Naturally, a literal loss was possible—if cargo or homeward cargoes were lost when a ship sank, when they were robbed, or when the goods were spoiled. There may also have been anger and disappointment when homeward cargoes were smaller than expected. If a merchant was traveling on behalf of his community, he could even face a penalty in such a case. However, never in an archaic community would there have been a loss recorded in the sense that the homeward cargoes had *less value* than the outward freights. This is how fundamentally mistaken modern notions are that want to see in the trade of ancient times a competition for profits, a struggle over markets where profits could be made, and a striving for profits with the goal of acquiring *a surplus in value*.

As long as there was no money, there was also no concept of a value that something could "have." The goods themselves were what counted. When trading, *more* or *less* was only about importing a larger or a smaller *amount of goods*. The situation is very different when money is involved. In fact, nothing could be more distinct from or could contradict a world without money more clearly than this. With money, states are not eager to acquire more goods than they give away. Rather, they fight to be allowed to export more goods to other states than they must import themselves. If a state today is provided with more goods than it delivers, this is no longer a reason for joy. This state must instead defend itself; it must issue tariffs, and if it is powerful enough, it must engage in trade wars with a brute force that brings the people of other states mostly one thing: misery. With the emergence of money, the archaic gain was turned into its absurd opposite. A fortune of imported goods no longer means a rich gain; it means a loss of something that in turn causes a loss in value of money, which flows to other states instead.

This is how deeply and absolutely things were turned upside-down when money emerged. What was gained became counted as a loss. Let us now investigate what it is that was turned upside-down, so that money was able to emerge.

Part Two

HOW MONEY EVOLVED

PROLOGUE

"I didn't think he could afford a donkey!"[65] Indeed, the stranger looked down-and-out. But then he reached into his purse and took out 320 gold crowns with which he chose three fine horses instead of a donkey—three horses that none other than a count had wanted to buy from the traveling horse dealer earlier, so that he could stage his own glamourous appearance at the Duke of Brittany's wedding with the Princess of Aragon. But the three animals had been too expensive even for the count, and he would not or could not pay more than 300 gold crowns for them. When the count learns that a stranger has outbid him just like that, he is angry with the innkeeper, who introduced the stranger to the horse dealer in the first place. The innkeeper defends himself by saying that he could not very well have known that the shabby looking fellow had so much gold on him and protests, "I didn't think he could afford [*vergelten*] a donkey!"[66]

This is just as well for the count. It makes it even easier for him to acquire the fine horses for himself, because ultimately, personal power is still stronger than the power of coins at this time. The count has sole jurisdiction in his county, so he throws the stranger into jail and accuses him of acquiring his immense amount of cash illegally. The poor man is lucky that the noble lord allows him to live and takes only his horses, for which the powerful count does not pay anything in the end.

What is the secret behind the many coins in the hands of a man who is clearly so poor? The secret is that he is fortunate in the truest sense of the word, and has been so for just a few hours. His name is Fortunatus and it is Fortuna herself, "Lady Luck" or "Lady Fortune," who appears to him when he is robbed of all his means and is near desperation. She lets Fortunatus choose one wish: wisdom, riches, strength, health, beauty, or a long life. Without hesitation, he says, "Then I desire Riches, that I shall always have sufficiency of wealth," which in the original German is, of course, *gelt.*[67] And so the goddess of luck hands him a magical purse from which he can take ten gold coins every time he reaches into it, and—because Fortuna knowns what is important—these coins are always "current" wherever Fortunatus pulls them out of his purse. He accepts the gift and promises, as is proper, to give something in return. He then goes directly to an inn, where he fills his belly and then, a little overeagerly, asks the innkeeper where he might acquire a horse. This purchase almost costs him his life, but apart from this, in terms of *gelt*, Fortunatus is a made man from now on, thanks to his purse.

This leaves us with the question: Is this *gelt* already money? Have we reached the point in time when people are dealing with a kind of money that corresponds to our concept of it? Are the Middle Ages already over, and have they been replaced by this new time when the media of exchange have been transformed into money? At first glance, the *word* is at least no longer used differently than we use it today, because Fortunatus's most urgent wish—to have enough "gelt"—seems to belong to our present time, when everyone certainly depends on money. Has the time come, are we dealing with money here?

From a historical perspective, the story of the magic fortune of coins is certainly late enough. It originates around the turn of the sixteenth century. This was the time when the *Fortunatus* story began to spread as a so-called *volksbuch*. This was the name given to this type of book during Romanticism because these works were published without an author and are therefore thought to be written by the people (*volk*). Other famous works, such as *Till Eulenspiegel*, *Doctor Faustus*, and the *Lalebuch* of the citizens of Schilda are also considered to be *volksbücher*. *Fortunatus* was the first of these books to be printed in 1509. It was soon reprinted in new editions and translated into French, Italian, English, Dutch, Danish, Swedish, Hungarian, Polish, and Czech. It thus circulated in Europe for over two hundred years, and the story of the purse full of coins that never runs out was read there by many people.

The narrative of *Fortunatus* puts us approximately in the time frame in which money must have evolved historically. If the Middle Ages lacked the concept of money that came to exist more or less in the modern era, then the sixteenth century should be somewhat correct. Although the duration of the Middle Ages is not easy to pin down precisely, historians agree that it ended within a period of a few decades before 1500 and a few decades after 1600. During this so-called "long" sixteenth century, medieval feudalism began to be replaced by a more or less capitalist economy and a capitalist economy is definitely only possible *with money*. This speaks in favor of the possibility that the goddess of luck may have actually endowed our Fortunatus already with *money* around 1500.

The continuation of the story also supports this argument. Fortunatus does not simply rest on his purse, if you will; he travels the world as a merchant, through which, oddly enough, he finally *becomes* rich. His decision to travel follows a historical model of his time. Between the twelfth and the fifteenth centuries, it was primarily merchants who acquired the largest fortunes in Europe—fortunes that today are often called "merchant *capital*." According to this modern interpretation, merchant shipping was a precursor of capitalism, which somehow evolved into "proper" capitalism at a later point. By this logic, money not only naturally existed already in the twelfth century; it had already become *capital* through its accumulation.

Yet was this "capital" really money already at that time? Was it simply capitalistic because there was so *much* of it? No. Even Jürgen Kocka, who talks about "*capital* accumulation" in this historical context, immediately contradicts this idea when he explains how far away people actually were from using what they accumulated as capital—in other words, from continually reinvesting it in order to make *more* of it. What modern scholarship calls "capital" was "tied up in trade" and "remained limited by nature."[68] Despite the occasionally considerable profits, one thing is for certain:

> Only a portion of the profits were used to expand the typical undertaking, which in any event was planned to last only a few years and could rarely be assume to survive the death of the originating merchant. Often, a large portion of the profits from an undertaking went into consumption, even (or especially) into luxury consumption or into the acquisition of real estate. Land at that time represented a durable foundation that could be inherited by the next generation, in contrast to the temporary character of the merchant capital, which did not survive the times. Altogether, this fit in with the era's notion of the good bourgeois life in which, with growing economic success and advanced age, one sought to replace the excitement of a trader's business with the leisurely existence of a pensioner, and to acquire a comfortable country home in addition. One might even, as in the case of a few especially successful merchants, seek to add a noble title, an acquisition generally held in high regard, and ownership of a mansion or castle. In other words, under the social and cultural conditions of the Middle Ages, capital accumulation and

> entrepreneurial growth were a long way from being the dominant goals they later became. Instead, profit and business success remained a means to the end of the good life.[69]

This is a very fitting summary, although it means that "capital accumulation and entrepreneurial growth" were not only not "dominant" goals; they were *not goals at all*. The aim of profits was not to let something accumulate and grow that, as accumulating and growing "capital," would necessarily have the goal of surviving, meaning an "undertaking" was also surviving. This goal did *not exist* because there was *another* goal that Kocka correctly describes: Instead of accumulating and becoming capital, profits were used up for acquiring whatever a good life meant at that time, such as having a noble title.

If we disregard such scattered premature "capitalist" interpretations, Kocka precisely describes how Fortunatus' life continues. We would think that such a lucky man need only to reach into his purse and otherwise never lift as much as a finger. However, in the era of *Fortunatus*, the notion of an infinite fortune of coins was apparently so closely tied to the undertakings of a merchant that the narrative must also make Fortunatus into one. Furthermore, it is no accident that he is from Famagusta, an important maritime city of Cyprus, where a Genoese company had been enjoying trade privileges since 1232. The two powerful European cities of Genoa and Venice were fighting over who would dominate trade on the large island for a long time, and Genoa won in 1374 until Venice took over in 1464. This means that Fortunatus lived in a contested center of the medieval trade of goods.

However, the proper order of things is reversed for Fortunatus. Thanks to his magic purse, he possesses a fortune *before* he has to make it. He withdraws to a country home, as was common for merchants at the time, before he embarks on his journeys, for as soon as he has returned to Famagusta with Fortuna's gift, he has a palace built for himself and he pays for the construction of a church, providing it with tithes and annuities to maintain it. He thereby ensures not only his esteemed position, but also his eternal salvation. This move also earns the king's goodwill, which enables him to marry the daughter of a count and acquire a noble title. However, for Fortunatus to truly become a made man, all he needs is land and lieges, which is essentially a feudal way of thinking and not at all capitalist. As it so happens, the king also tells our fortunate hero of a count who is currently selling just such a noble title, castle, and town with land and lieges and everything else that comes with it. Fortunatus buys it. *Now* he is a made man.

Already at the beginning of his career as a merchant, Fortunatus owns a "comfortable country home," which is normally the best possible result of a merchant's career. He also leads the "leisurely existence" of a lord and nobleman who lives off what his land and people produce. His wealth has reached the desired end, and Fortunatus could leave it at that. He no longer depends on his purse and on that which preempted his merchant career—namely, a fortune of coins. What this means for us, however, is that, in the time of *Fortunatus*, coins were still only a *preliminary* means toward the ultimate goal of *no longer* needing coins as much as possible.

That having been said, we also see a historical situation, which was very stable and was a fundamental feature of the Middle Ages, unmistakably change in the direction of the modern era. The commodities acquired in faraway countries could even be exchanged for the greatest things possible in these communities that had otherwise been sacred and by no means for sale. The dependency on coins as a *medium of exchange* and on having enough *gelt* had reached a level where not only the *material manifestations* of the aristocratic rule, like their lands, were for sale, but so was this kind of rule, or nobility itself. Thus, the only estate that is allowed to socialize with the king as one of his "people" can be bought. Fortunatus becomes part of this estate only through the use of his inexhaustible fortune of coins. At the beginning of the sixteenth century in Europe, we are historically confronted with a uniquely altered, if not altogether new goal: To acquire goods from outside of Europe and to sell these at home in order to have the best life that can be bought in this way.

Although Fortunatus achieves the leisurely life for which his fortune of coins is intended and which is the goal of this kind of wealth, the author of the *volksbuch* cannot help but to let Fortunatus feel he needs to make good for what his magic purse enables him to skip over: the *acquisition* of the wealth that has made such a life possible. Fortunatus becomes a merchant *post festum*:

> Fortunatus wasted no time in having a sturdy galley constructed, and while it was on the stocks, he summoned merchants and sent them out to buy all kinds of merchandise that would serve him well in heathen lands. He then considered what present he could bring to the Sultan, for he knew that all the nationalities who visited Alexandria took extravagant gifts along, especially the Venetians and Florentines, who brought gold-embroidered lengths of velvet and a fabulous array of silken garments in satisfying abundance. So he quickly sent for some master goldsmiths and commissioned a sumptuous travel-cabinet of silver and gold, together with everything one could or would wish to use: goblets, cups, bottles, bowls, plates, dishes, spits, gridirons and pothooks—all gilded, inside or outside, as occasion demanded.[70]

The gifts for the sultan are, as is common, meant to facilitate a friendly agreement and to make him better-willed toward the stranger's trading activities. The merchants from Venice and

Florence have also given the sultan rich gifts, but Fortunatus knows how to outdo them with his abundant offerings. In the story, the sultan estimates the travel-cabinet to be worth 5,000 ducats, which he thinks is "far beyond the bounty of a major commune, such as Venice, Florence or Genoa"—in other words, too much of a return payment for his mere goodwill. Believing "that it was too much not to requite," the sultan feels he must *repay* Fortunatus for his travel-cabinet. As compensation, he gives him one hundred ladings of pepper that are worth just as much as the cabinet as well as the prizes it holds.[71] It is therefore explicitly stated that Fortunatus does not make a surplus with his gift. Instead, he achieves exactly what this whole trade was primarily about: He receives goods that are lacking in his homeland.

For Fortunatus and the people of his time, this is still the meaning and the goal of coins. Even if they are available in an infinite amount, coins are transformed into goods that can be used. Goods acquired on a trade journey therefore do not become the means of obtaining more coins. The goal of even the largest fortune of coins that trade can achieve at this time is this *other* wealth: that of the *goods* or *commodities* that belong to the good life.

This is why even ample wealth "tied up in trade" remains "limited by nature." What Fortunatus can buy with his wealth *in his own community* may be significant—they transform him into a noble lord ruling over land and lieges, and they ensure that he is taken care of in the best possible way—yet they remain limited. They have an end, albeit a happy and satisfying one at that. Within his community, Fortunatus can only buy a finite amount of things for which it would make no sense to continually increase his ownership of coins. For the same reason, in the trade with foreign lands, coins were not used for accumulation that could then be utilized within the community.

That Fortunatus goes on his journeys although he is master of an inexhaustible fortune of coins demonstrates that coins are not yet money to him. He may desire riches, so that he can always have a sufficiency of *gelt*, which means coins for him, but this must first be transformed into abundance: into an abundance of goods, and the abundance befitting of a feudal lord. That is the goal—and the limitation—of his coins. Their sheer amount is not what transforms them from a medium of exchange into capital, or the person who owns them into a capitalist; it is only when they must continually go toward purchases and no longer function in a *limited* way as a medium of exchange that they become money. When "profit and business success" are no longer within the commodities themselves—within the means "to the end of the good life"—when this is turned upside down and "profit and business success" as such have become the *end* for which the commodities only serve as a means, then such a profit is finally no longer calculated in goods or coins, but in money.

This may still be in the future during Fortunatus's time, but the future was right around the corner.

I
A DEVIATION

Living by Buying and Selling

We have spent a long time looking at the historical circumstances in which still nothing was known about money, but that is fitting because these circumstances remained stable for a very, very long time. Nothing within these circumstances could have driven people to use money. There was no intrinsic development within them that had to lead to money, and no one in them who would have had a reason to develop a concept or notion of money. Money was unthinkable in these circumstances, and the transition to money was essentially unforeseeable. But then the unforeseeable happened.

To summarize: What qualifies as the all-important difference that created such a deep chasm between a time without money like the Middle Ages in Europe and the modern era with money is a difference that was once formulated by the great medievalist, Marc Bloch, who said about the Middle Ages: "The society of this age was certainly not unacquainted with either buying or selling. But it did not, like our own, live by buying and selling."[72] This is correct. The obvious question we therefore need to ask is: When did "our own" society *begin* to live by buying and selling?

The radical historical change we are looking for had to have transformed a community in which what is needed is predominantly distributed through mutual obligations, to a society in which people predominantly live by buying and selling. This transformation occurred after the Middle Ages in Europe, meaning it must have happened between medieval feudalism, which was familiar with buying and selling although it only played a minor role, and the capitalist economy that replaced feudalism and in which everyone necessarily depends on buying and selling.

We may not seem to be gaining very much with such a broad assessment at first, but by pointing to the replacement of feudal relations with capitalist relations, we are making a much more precise statement than we may initially believe. The exact timing of this radical change may be anything but clear, but in some respects it could not be more exact. This is because the replacement of feudal relations, which were extremely stable, occurred in history only *once*. Eric Hobsbawm writes: "In fact, of course, it did so only in one region of the world, namely western Europe and part of the Mediterranean area."[73] This radical historical change was thus not one that occurs everywhere sooner or later according to any general laws of development; it was a localized exception. This means that it must have been the result of conditions that were exclusive and specific to Western Europe, as defined in this broader sense. We should therefore look for conditions that occurred *there* and *nowhere else* during this time. There must be a specific difference between Western Europe and the rest of the world—a difference that must have been significant. And indeed, there was such a difference.

Hobsbawm's conclusion is based on the observation that all older communities, which I call archaic here, should be referred to as "feudal" in a broader sense, beginning with early communities "from China to West Africa, perhaps even to Mexico." The circumstances that we have discussed so far do indeed share very general qualities with medieval feudalism. A *connecting obligation* is called *foedus* in Latin and is where "feudalism" gets its name. It is derived from the *obligation* that exists between people of different ranks and that mandates them to pay tributes to those higher in rank while passing on a part of these tributes to those of lower rank. This binding and connecting obligation, this *foedus*, is the foundation of all communities that Hobsbawm is talking about, and it remains the foundation until it is replaced by something else "in western Europe and part of the Mediterranean," and only there. Europeans would later spread this "something else" around the globe with unprecedented violence, not resting until even the remotest part of Earth is conquered. Yet it emerges and evolves as a historical aberration of those otherwise stable and broadly defined "feudal" relations.

That these were replaced by money relations is a *deviation* in history that occurred only in Western Europe.

Distortions

As Hobsbawm states, "We have to explain primarily the special reasons which caused this to happen in the Mediterranean-European region and not elsewhere."[74] Our historical *starting point* is the feudalism of the Middle Ages in Europe, which may have been familiar with buying and selling, but was based primarily *on something else*. Those in power had the land from which they lived at their disposal; the same was true for the people who cultivated it for them and who had to deliver whatever they needed. The land was either farmed exclusively for these lords as *terra salica*, or these rulers left it to others, to their lieges, as a fief in return for a share of the harvest, labor, and whatever else was in their power to demand. On the lord's estate were workshops where anything that had to be manufactured by handicraft was produced as much as possible by the lord's own people or by traveling craftspeople. There were spinners and weavers, blacksmiths, wainwrights, and beer brewers. What was not at hand was traded for or bought from somewhere else, if it could be bought anywhere at all, for example, at one of the small local markets that were occasionally set up, or from a merchant traveling the land with commodities from faraway places. The community thus tried to be as self-sufficient as it could, relying on purchases as little as possible and only of those goods that they could not procure themselves.

The opportunity to purchase these additional items through trade was greatly reduced during a long period of migration and upheaval. Attacks by Arabs, Hungarians, and Northmen regularly robbed and destroyed countries, forcing them to entrench themselves in the confines of countless castles. When these enemy attacks ceased, this caused a far-reaching change that, along with other historical conditions, would lead European feudalism on a strange path of deviation.

Beginning in the twelfth century, when finally even the Northmen ceased their attacks, all areas of community life were significantly revived. Farming was less frequently interrupted and could be done with less harassment, while harvests increased. The three-field system was introduced and the scratch plough, or ard, was replaced by a better plough that turned the soil over completely, contributing to greater yield and better nutrition. The population density grew in places that were already settled, while new settlers cleared pristine forests to make space for themselves. German colonists moved into the Slavic countries beyond the Elbe and Oder rivers, and the Hanseatic League opened the entire North for the traffic of goods, from Scandinavia, the Netherlands, and England, all the way to the Baltic countries, bringing goods to Western Europe that had previously been scarce. People from cities in Northern Italy, like Genoa, Venice, and Pisa, began to travel around the Mediterranean area, going deep into the Orient. In the course of the thirteenth century, their trade expanded so much that their ships brought back silk from China, gems and spices from Eastern India, and pearls from the Persian Gulf. Eventually, they established regular shipping routes to the north of Europe and thus began to unite southern and northern Europe, which had not been well connected before, in a large common trading area.

In addition to the small local markets, market places evolved that served large areas, and local trade fairs were established for trading commodities. The most important of these fairs took place in the cities of the Champagne region, and moved from one city to another throughout the year. These trade fairs also managed to connect larger trade areas with each other in a network that supplied several countries with a growing stream of commodities. A process quickly unfolded for doing business at these trade fairs that meant purchases and sales no longer had to be conducted with coins. This also balanced the great volatility in the coin supply, which fluctuated from either too many or too few coins, because the long duration of the still only scattered trade journeys at the time produced phases of concentrated purchasing activity when a transport arrived and phases of inactivity while waiting for the next shipment. As a result, bonds were introduced as simple orders of payment between trading companies, or promissory notes were established with which payment was deferred until coins could be exchanged into another type of coin. Insurance policies were established for the trade journeys by ship that, in exchange for a certain sum, would at least pay a part of the expected profit in coins in the not unlikely event that a shipment was lost. In some contracts, the partners joined forces in an enterprise to share the risk as well as the profit. Finally, for a number of traders, who in retrospect have often been interpreted as early bankers, coins and precious metals themselves became the main trading commodities.

As a result of all of this activity, more and more coins were minted. Church treasures, which the Northmen loved to loot, could now be used for minting when needed. New mines for metals were also built, and existing ones were exploited with more urgency. The growing long-distance trade resulted in the increased minting of coins with greater weight. The solidus, for example, which for a long time was only a unit of measure, was reborn in the thirteenth century as an actual silver coin that corresponded to twelve dinars, while everywhere larger coins with telling names like grosso, gros, groat, or groschen emerged. Gold was even minted again, after Charlemagne had discontinued it. In Italy, Florence introduced the florin around 1250, and Venice followed with the ducat a few years later. Gold coins that emerged almost simultaneously in England and France were initially not in high demand but began to be accepted a few decades later. In Bohemia, gold coins began to circulate in 1325, followed by Lübeck in 1340, while gold coins were not used in Poland and Sweden until the sixteenth century—proof that the situation outside of Western Europe was different.

I could go on and on with such details and create the impression that, if continued long enough, the growth of trade and the use of coins and financial transactions would be enough to result in money and in a society that lives by using money for buying and selling. Some aspects may even indicate this direction, but not even all of them taken together could have *caused* it. Such a radical change is not that simple. For example, long-distance trade did not flood entire countries with coins; it only led to a large fortune of coins for the traders, or for those operating the mines. Only very few people used these new gold coins, and even the most powerful rulers could only acquire larger amounts by borrowing them. In the hands of the aristocrats, these coins were by no means used to generate further profit through trade. Instead, they simply served as a loan that was intended to be exhausted. Nobles paid for their wars, for their administration, and for their large buildings with these coins. They only used up what they borrowed. Often enough, feudal earnings, which could not be increased very easily, would be insufficient to securely pay back the borrowed sums. The nobility, however, had the power not to pay them back—just as it had the power to demand a loan. It was still this power, which was based on titles and feudal rule, that was decisive, and not the power of money. Also because this power did not yet rely on a wealth of coins, several of the richest merchant houses, which had been forced to loan out masses of coins without getting them back, fell into financial ruin at the end of the thirteenth century. In 1341, these collapses began to form something like a wholesale crash.[75]

Taken by itself, the fortune of coins that was enabled by the increase in long-distance trade was still a dead end that led from the outside in. As *Fortunatus* demonstrates in such a convincing manner, around 1500, the largest possible fortune of coins could still lead to the acquisition of land and people—to a domain, in other words, where one could live in a proper, feudal way. Riches came into the country to settle down; not to function as a medium of exchange and to circulate there, for the possibilities for this were still lacking within the country. Even if some people owned chests full of gold, it was as if they lived in a place where there was only a single corner shop where things could be bought. The rich may have been rich, but they were not rich in money.

For money to evolve, you need a great amount of something that will later function as money. But this *great amount* must also coincide with its possibility, or rather its necessity, to continually *flow into* purchases and not to just *emerge as the product* of a sale. And this necessity actually occurred at one point, and it happened in places where the historical development in Western Europe deviated from the entire rest of the world in a specific way. These places were the cities, and it was Max Weber who discovered what made medieval Europe deviate from the other regions on this Earth. The deviation began when European cities separated themselves from the context of the feudal rule and hence its system of providing for itself.[76]

II
THE NEW TOWN

The Reasons for Founding Towns

In 1218, King Frederick II, who later became emperor of the Holy Roman Empire, issued a charter for a town called Bern, which had been founded not long before. It was a fundamental agreement regarding the rights and privileges of the town. The document begins like this:

> As Berchtold Duke of Zähringen has founded the town of Bern with all the liberties that Duke Conrad has granted the town of Freiburg im Breisgau and the liberties according to the rights and privileges of the city of Cologne, which were confirmed by Emperor Henry and approved by all princes of the Holy Roman Empire who were present, we herewith announce to you and everyone who will read this document in the future that, by our royal authority, we have taken under our and the Holy Roman Empire's rule and protection the town of Bern and all its citizens who currently live or will later move there. We hereby free you and your descendants and release you from all services you have been forced to perform, with the sole exception of the interest on your houses and farmsteads. For every farmstead on the soil of the Empire that is 100 feet wide and 60 feet long, 12 pfennigs in the common coins are to be paid. By paying this interest, you and your descendants shall be free from all other obligations to

> us, our successors, or our representatives. This freedom and immunity we acknowledge for you and your descendants by our royal authority.[77]

Despite seeming convoluted in parts, something very important is being expressed here in a highly poignant way. The decision to grant town privileges was made by the Duke as the territorial lord and also, ultimately, by his overlord, the king. However, their decision was based on already existing models. The town privileges they endowed were not an exception, but the rule—at least, this would become the rule. It also contains the highly peculiar decree that the feudal lords *released* the town citizens from all the services to which the feudal lords were otherwise entitled.

Henceforth, they merely demanded a rather insignificant payment of interest in specific circumstances—insignificant because it was not why they sacrificed their demands. Rather, they were interested in trade, which is mentioned in the document extensively. In one case, it says:

> I hereby waive the tariff for all strangers who come to the town during the market. I promise with the power of my royal liberty that they shall have a safe and peaceful passage for their persons and their goods there and back, with the exception of anyone who has acted violently toward any citizen. If a merchant is robbed during the market and he names the robber, I will guarantee the return of his goods or compensation.

We also read the following:

> It is also our intention that, during the market, merchants are allowed to set up their stands on the streets of the town or on the soil of the Empire wherever they want without fee or

> objection, with the exception of the personal property of citizens. Should there be a dispute between merchants and the town's citizens, then neither I nor my representative shall decide, but the citizens themselves based on merchant law—particularly the law established by the merchants of Cologne.

This law was a special law that already existed among merchants. However, one aspect in particular ruled above all: "Anyone who comes to this place and wants to stay, shall be allowed to live here in freedom." This is the meaning of the famous saying in German *stadtluft macht frei* ("city air makes you free"). Anyone coming to the town and wishing to stay was to be freed from their feudal burdens. Freedom was awarded simply for being willing to settle down in town, and—as it says at the very beginning of the charter—this was to apply to these settlers and their descendants *permanently*. It meant that the citizens of the town were no longer part of precisely those kinds of obligations that had otherwise been the foundations of feudal order as such. This new phenomenon was of enormous importance.

As such, it is precisely what describes the deviation of Western Europe from the social order that existed in all other regions of the world at the time. Without departing from feudal conditions completely, town privileges suddenly pointed in a direction that would lead beyond them. This is the moment when Western Europe began to travel down a path that, in the end, necessarily steered it further and further away from the *foedus* structure. It was a course that began with the urban population's release from the obligations that connected them and bound them together as a whole. This release was also issued by the highest representatives of this obligation no less. But what caused this?

In the centuries after 1100, a significant number of new towns were founded in the territory of the Holy Roman Empire. This is the origin of most cities and towns that still exist in this area today. They were deliberately founded by territorial lords; they were not simply older settlements that at some point were granted town privileges. These newly founded towns were actually laid out by their founders, who provided a network of streets and parceled out the properties that then had to be filled with people.

A large number of these towns were characterized by three important aspects. First, it is remarkable that the *possibility* existed to found so many new towns in the first place, because it meant that there were enough people to inhabit them—a sufficient number of people who were no longer bound to a ruler and hence to a certain area. The feudal lords were clearly aware of this large number of people, which is why they decided, or felt they needed, to found these towns. Second, they did this because, if such a large number of people were free enough to settle in these towns, there was apparently also the *necessity* to bind them in a new way. This means that their freedom must have represented a danger to the feudal system, which was based on people being mutually bound to each other. Third, those who were in power and who decided to resettle these people in this way must also have had an *interest* in doing so.

Separate Worlds

The first of these aspects is the result of the already mentioned enormous population growth in Europe between the eleventh and thirteenth centuries. It is assumed that the increase was two- or even threefold. There had to have been a reason why this growth caused such a fundamental change. Henri Pirenne was the first to name this reason, and his explanation is still regarded as valid today:

> From the middle of the tenth century the population of Western Europe, delivered at last from the pillages of the Saracens, the Northmen and the Hungarians, began an upward movement concerning which we have no precise details, but the results of which appear clearly in the following century. It is plain that manorial organisation no longer harmonised with the excess of births over deaths, and a growing number of individuals, compelled to leave the paternal holding, had to seek fresh means of subsistence. In particular the lesser nobility, whose fiefs were inherited by primogeniture, were burdened with a multitude of younger sons. The Norman adventurers who conquered Southern Italy, followed Duke William to England and furnished the majority of the soldiers of the first crusade, were recruited from among these. The immigration from the country to the nascent towns and the formation of the new class of merchants and artisans, which took place about the same time, would be incomprehensible without a considerable increase in the number of inhabitants. That increase was still more striking at the beginning of the twelfth century and continued without interruption to the end of the thirteenth.[78]

The many people who flooded into the towns were thus, in a way, already no longer part of the feudal system that personally bound everyone to home and manor. They not only streamed into the towns, which were in the process of evolving; they were also looking for land they could farm to sustain themselves:

> The term guests [advenae, hospites], which appears more and more frequently from the beginning of the twelfth century, is characteristic of the movement which was then going on in rural society. As the name indicates, the guest was a new-comer, a stranger. He was, in short, a kind of colonist, an

> immigrant in search of new lands to cultivate. These colonists were undoubtedly drawn either from the vagrant population, from which at the same period the first merchants and the artisans of the towns were being recruited, or from among the inhabitants of the great estates, whose serfdom they thus shook off. For the regular status of the guest was one of freedom. To be sure, he was almost always born of unfree parents, but as soon as he had managed to put a distance between himself and the estate where he was born, and to elude the pursuit of his lord, who could tell what was his original status? No one any longer had any claim on his person and he was henceforward his own master.
>
> For these guests there were vacant lands in abundance. Immense "solitudes", forests, woodlands and marshes remained outside the bounds of private ownership, depending on the justiciary authority of the territorial princes alone. A simple permission to settle there was all that was required, and why should it be refused, since the new-comers were infringing no established rights? Everything goes to show that in many cases they started on their own initiative to clear and drain the land, like colonists in new countries.[79]

This freedom was born out of a negative development: People were no longer part of the community that had kept them and provided for them, or it was not possible for them to be admitted in the first place. This meant they were desperate to find a new way of providing for themselves. The manorial lords, on the other hand, were forced to face the danger of no longer having a significant group of the population under their control, which is why they were interested in winning them over as new settlers. They did not wish to subject them to new rule, however—the free newcomers could have easily escaped such an attempt. It thus became a widespread method to grant people unused land to cultivate without forcing them into a relationship of personal dependence, although they were made to pay interest and dues. This was another reason why settlements were founded:

> The name of villae novae [new towns] is not less significant than that of the guests for whom it was destined. It clearly indicates that it was intended for new-comers, strangers and immigrants, i.e. for colonists. In this respect it at once presents the strongest possible contrast to the large manorial estate, a fact which is all the more remarkable since the founder of the new town was almost always the lord of one or more manors. He was familiar with manorial organisation and yet carefully refrained from imitating it, for the obvious reason that he considered it unsuitable to the wishes and needs of the people whom he proposed to attract. Nowhere do we observe the least connection between the old manors and the new towns, the smallest effort to attach the latter to the curtes [estates] of the former, or to submit them to the jurisdiction of the villici [stewards of the estates]. They were as completely independent of one another as two separate worlds.[80]

The separation of these two worlds was of the highest importance, because it required a new kind of secondary, indirect connection. In place of the personal connection through dependence and obligations, which no longer existed as such, there was now an impersonal connection through buying and selling. Town, country, and manorial estates henceforth interacted as *separate* and, in this sense, *free worlds* that were *not obligated to each other*. Although the citizens of the towns still had gardens within the town limits, they generally did not produce enough food to completely sustain themselves. They also no longer received their food from lords that ruled over them. As long as they did not purchase land and people of their own, they had to provide for themselves by *buying* food from the surrounding farms.

The inhabitants of a town were no longer provided for by the personal power structure between the lord and his subjects. Instead, they engaged in a relationship based on buying and selling with the rural areas around the town. They had to *buy* what they needed there in terms of food, while farmers, for their part, now had a reason to make sure they had something to *sell*. As Pirenne writes:

> Up to then the peasants had tilled the soil and reaped the harvest only for themselves and for their lords; now they were urged, and urged increasingly as the number and importance of the towns grew, to produce a surplus, for the consumption of the burgess. The corn came out of the granaries and entered in its turn into circulation, either being carried to the neighouring town by the peasant himself, or being sold on the spot to merchants who traded in it.[81]

In other words, farmers supplied the urban markets with their products. Through their sales, they in turn acquired coins that they had good use for and would soon urgently need. For one, they could use the coins to acquire things that could be bought in town and two, they soon needed them to pay the dues their lords increasingly demanded in coins. The lords were also becoming more dependent on coins to buy commodities they needed for luxury and representational purposes—commodities they purchased through trade, which was becoming more and more concentrated in towns. What they needed in terms of coins they therefore received by fittingly demanding these as interest from the very towns in which they had more and more opportunities to use them.

A New Dependence

Buying and selling played an increasingly important role not only between these separate worlds, but also within the towns themselves. The various highly specialized craftspeople in towns sold their products to farmers and aristocrats as well as to fellow citizens and inhabitants. Merchants were no longer merely travelers, they settled down in the towns as well. This was also decisive because, from then on, long-distance trade flowed into domestic trade. The resident merchants no longer simply imported commodities while leaving further sales to the peddlers; they now sold these commodities themselves in the towns and their surroundings. The growing use of the markets made it necessary to organize these more often, if not daily. This caused larger trade hubs to build their own market halls, "which often still impress us today," as Le Goff says, like the market halls in Paris.[82] Thanks to the new towns with their free people, merchants began to *contract* for commodities to be made for export—in other words, they began to pay other town inhabitants, who depended on this, to produce goods for them.

The relationship of buying and selling thus replaced the personal dependence and connection between people of higher and lower ranks, and it did this not only occasionally, but in a more and more systematic way with a wide variety of effects. The manors gave up their workshops, since products could now be bought more easily at a market in town. They sold their vineyards when these were too far from the rest of the estate and wine could be bought via a trade route that was closer by. Manorial lords granted what used to be terra salica, or land that produced harvests that directly and fully benefited them, to farmers as hereditary fiefs for which they could now claim dues demanded in coins. Serfs were freed because they had to pay for their freedom, although they continued to farm the land for which they now paid dues. In areas near the major trade routes, people no longer attempted to grow all the different types of produce they needed on their land, but instead concentrated on crops that were best suited to their soil and that grew well there. After all, what they did not have, they could buy.

This systematic link between buying and selling had the fateful quality of creating a vicious cycle. As the *opportunities* to buy things grew as described, this necessarily led to an increased *dependence* on buying and selling. The spread of these opportunities brought a greater demand, as people became unable to do without. A monastery that had sold its vineyard because it could buy its wine through trade was now *dependent* on being able to purchase its wine this way and on paying for it with coins. A manor that gave up its workshops because what was produced there could now be bought in a nearby town not only *had* to buy it there henceforth; it also *needed* the cash to pay for it. The new town, which specialized in growing only certain crops because other produce could be bought elsewhere, was only able survive if, from then on, it could rely on getting what it needed in exchange for payment and was able to pay for it.

We should remember that this new link between purchases that were increasingly *possible* and those that were increasingly *necessary* was the result of the *loss* and *absence* of the feudal system's organized and guaranteed method of providing for people. Furthermore, since this new link was originally concentrated in towns, this is also where we can see most clearly what it originally was: a *lack* of providing for people. Beginning in the twelfth century, a majority of the urban population lived in such catastrophic poverty that rural suffering looked comparatively mild. Insofar as these poor people in towns were paid for their work by the few wealthy people, they regularly received their wages in the form of payment in kind in an amount that was so scarce that uprisings began to occur early on. Large fortunes of coins were still generated only through long-distance trade at this time, and only a few individuals or families were able to accumulate them. On the other hand, there were significant general costs in the towns for which taxes had to be collected and for which payments in coins were demanded everywhere. Bridges, channels, aqueducts, and water fountains needed to be built and storage houses, ovens, presses, mills, and hospitals established. Perhaps a cathedral was also urgently needed, and this was the costliest of all endeavors. The result was that towns were quickly in need of their own financial institutions and courts of audit. And as soon as accounting became an established practice within a town, a new, previously unknown phenomenon appeared: The community—in other words, the public authorities—began to acquire debt.

It was this debt in fact that most clearly reflected the increase in buying and selling. More sales and purchases meant that there was a growing number of occasions when coins were needed for this purpose—or rather, they *would* have been needed if they had existed. Not only towns, but also the higher and lower nobility, who now had to rely more often on buying things with coins instead of having their serfs deliver them, immediately had difficulty meeting their payments. There were not yet enough opportunities for them to transform into coins the earnings they received in kind, which they otherwise relied on and which had provided them with a good life so far. One reason for this was that there were not enough possibilities to sell these goods—at least, there were no opportunities that were befitting their rank. Second, there were not enough coins available. A much bigger amount of coins would have been needed for the significantly growing volume of purchases and sales than actually existed. Coins were lacking also because they were not circulating sufficiently. People who received them for making a sale rarely spent them quickly enough.

This resulted in the temporary collapse of the development that had caused the increased demand for coins in the first place and had characterized the twelfth and thirteenth centuries. A phase then began that Le Goff straightforwardly calls a time of "money in crisis."[83] If we look at the situation correctly, however, it was not *money* that was in a crisis; it was an unavoidable crisis *on the way to money*. It was not coins or other things that could serve as media of exchange that significantly increased; it was rather the occasions for which media of exchange were needed and where these media were therefore increasingly *lacking*. Yet even at this early stage, such a crisis could not change the direction of this development any longer. The necessity to be able to buy and sell was growing and becoming more and more urgent. This progression could not be reversed, despite a phase that began at the time during which vicissitudes left a deep impact, and despite catastrophes like the plague and the Hundred Years' War, which caused a devastating decline in the population and settlements, and despite sensational events like the discovery of the Americas and the massive plundering of their precious metals. It was a dynamic that, while it may have slowed down here and there, unwaveringly continued in its direction. The difficulties caused by the lack of coins and metal that lords tried to amend by manipulating the metal content of coins—which unintentionally aggravated the problem even more—led to a famous so-called Great Bullion Famine in the fifteenth century.

As buying and selling systematically became more and more necessary, being able to provide people with what they needed and had use for generally shifted more and more away from forms of feudal distribution toward the need to buy everything. Compared to the traditional way of providing for the community, buying and selling would continue to become increasingly important until it became dominant, gained weight, and ultimately tipped the scales.

III
A CHANGE TO SOMETHING NEW

Tipping the Scales

Feudal communities provided for themselves *primarily* through redistribution. In these communities, buying and selling played only a *minor role*, while today we must provide for ourselves *mainly* through buying and selling and can only acquire some things we need in other ways *in addition to* buying and selling. In both cases, or in both times, people provided and provide for themselves through redistribution *as well as* through purchases, although one of the two has always had *the decisive weight*. The two opposing ways of people providing for themselves are thus like the weights on opposite sides of a scale that can tip.

We now know that, in Western Europe, the balance between the two sides indeed began to shift during the Middle Ages. In the towns and their surroundings, the universal, feudal way of providing for people began to give way to buying and selling. Although, at the time, the older method of providing for people remained dominant in the European community as a whole—its greater weight offsetting the balance in its favor—the scales continued to shift systematically until at one point they tipped. Therefore, there had to be a moment when buying and selling *became* dominant in society, when buying and selling brought forth this new phenomenon that must be explained: money.

Because this was a change in the conditions that determined *the entire society*, it could hardly have occurred overnight. Yet it brought something specifically and radically *new*, which must necessarily have emerged at a specific historical instant. It had to have its beginning: a moment, or at least a period, in which the course of *history changed into this new thing*. That buying and selling became the *generally dominant* way people provided for themselves—something which had never been the case before—must have had a tremendous impact. This impact must have been reflected in historical phenomena that bore witness to the birth of this new thing: the first appearance of money. These phenomena must clearly demonstrate when this fundamental change not only was imminent but had already occurred.[84]

L'oeconomie politique

The word "economy," in its archaic Greek sense, comes from the managing of an *oikos*—a "house" or "household"—and meant farming the land that was necessarily part of the household, as well as acquiring any other goods the members of an *oikos* needed to live and which they were also required to contribute to the community. This managing of one's own household was called *oikonomia* by the ancient Greeks. While the *polis*, or the community, encompassed all the *oikoi* that contributed to it, it did not have its own household. The *polis* and the *oikonomia* were two separated realms.

In modern money relations, on the other hand, it is generally understood that the economy is its own area of society, and a *decisive* one at that. It is also necessarily regarded as a matter of the state, which is the modern form of the community. Every state today has a department or ministry of economic affairs and makes economic policies. Politics include the economy, and the two are necessarily *connected*. Such a connection between the economy and politics did not exist anywhere in archaic times: It was inconceivable both in antiquity and in the Middle

Ages. Yet as soon as *money* is used in an economy, this connection must exist, and it must become of key importance as "political economy."

This term was coined at the end of the sixteenth century. It had been "unthinkable in this combination until then" because what it described had not existed before. Its emergence marked "a turning point in society that was felt by the people living at the time."

> This is because, despite all the differences between antiquity and the Middle Ages, despite the connection between oikos and politike that has always been observed, a combination of the two had not been imaginable until then. Economy and politics belonged to different, clearly demarcated areas. We need to realize how extraordinarily difficult it is for us, precisely because of modern development, to understand this fundamental and radical separation between public and private—this separation between "the sphere of the polis and the sphere of household and family, and, finally, between activities related to the common world and those related to the maintenance of life." Because whatever was "economic"—namely, necessary for sustaining the life of an individual and necessary for the survival of the species—was "private" and was thus seen as non-political; it was not part of the "public."[85]

The economy must therefore have changed from the management of an *oikos* into an economy that is necessarily interconnected with the affairs of the state and the political sphere. Louis de Mayerne Turquet coined the term *oeconomie politique* presumably around 1590, using it in a book that was published in 1611, which was soon followed by *Traicté de l'oeconomie politique* by Antoine de Montchréstien in 1615. People suddenly *thought* about this connection between politics and economy because it *actually* existed—because economy had become something it had never been before. Economy in the political sense describes something fundamentally new.

That sudden shift to this new phenomenon was significant and had *instantaneous* effects can be seen in how, the moment it happened, it already seemed unimaginable that things could ever have been different. This new phenomenon was no longer regarded as novel, because *at the time* it was self-evident to Montchréstien that a state needed a public household and that there had to be a political *oikonomia*. He could no longer imagine that this had not always been the case, although it had been different up until that very moment. Montchréstien was completely convinced that the economy and the state must have *always* belonged together, even in Xenophon's and Aristotle's time. He writes:

> I can only wonder how, in their political writings, which they otherwise wrote with such care, they could have forgotten the public household, toward which the necessities and responsibilities of the state must first and foremost be directed.[86]

For Montchréstien and his contemporaries, it was impossible to separate the economy from politics "without ripping the main aspect out of the whole." Economy had indeed become *the main aspect*, and what had once existed had become incomprehensible.

Carentia pecuniae

When buying and selling came to dominate the economy in general, the kind of profit that until then only peddlers had made became a universal phenomenon that characterized society. The disdain originally reserved for the profit they made thus lost its meaning, and it had to be accepted as something normal in society. This was because it had become normal to use money to make *profit in the form of money.* Hence, when it became a given that money produces more money, it also became obvious that it accumulates *interest* in the sense of profit.

> If we slip into the shoes of a time traveler who is exploring the past, we soon realize that we do not have to turn the clock back very far to find a world in which the charging of interest was anything but self-evident. If we choose the early thirteenth century, for example, and talk to a member of the clergy or mingle with the diligent students of one of the newly founded universities, we learn that usury—an additional fee for granting a loan—was not only despicable and unjust, but also a great sin. About three hundred years later, in the middle of the sixteenth century, we find a time of transition: Trade could no longer do without charging interest, which was hidden for the most part; the prohibition of usury was challenged more and more; and secular laws, for example, in England or the Dutch provinces, took the first tentative steps toward allowing interest to be charged at a certain, predefined maximum rate. If we were to visit the famous Spanish University of Salamanca, we would learn from conversations in its ambulatories or in the surrounding wine taverns that already quite a few jurists and theologians—the respected Spanish late scholastics—endorsed charging interest in an increasing number of cases. In the early seventeenth century, a glance at London or Amsterdam could also confirm that this change of opinion in the leading European trade nations was, for the most part, complete: Interest had become accepted as an economic necessity![87]

This is the reason why we can find "a concept of money that goes beyond coins" at the beginning of the seventeenth century—a concept of money that corresponds to our own.

In the thirteenth century, Petrus Olivi wrote for the first time that coins could serve as capital and could yield interest under certain conditions. Then by the end of the fifteenth century, what had seemed unnatural to Aristotle was now seen as the exact opposite, because at this time was argued that it was only natural for coins to behave like a fertile good. Coins could supposedly only yield profit if you did something with them, like when you farmed a field, so that it will bear fruit. According to this logic, the owners of coins had the same claim as the owners of fields, meaning they were to be rewarded for temporarily leasing their property. A teaching at the time stated that this could be done when a harvest or profit was lost *in a specific case*. This was the teaching of the *lucrum cessans*: a profit someone loses.

This teaching was later replaced by another by Leonard Lessius, "the theologian whose views in the issues of interest and usury express the dawn of a new age in the clearest way," thus leading to the "highpoint of the scholastic teaching of interest and usury." At the beginning of the seventeenth century, Lessius made an alteration to the older teaching of the *lucrum cessans* that may only have been minor, yet it still reflects this historical change in its entirety. In the old teaching, interest had acted as compensation for the *actual* loss suffered by a lender. The right to charge interest was thus contingent on each individual case. Lessius, on the other hand, *generally* presumed "that, under certain conditions, the control over liquid money could have different advantages based on whether money was immediately available and whether one was able to take advantage of opportunities that one would otherwise have missed." In the case of *carentia pecuniae*, as Lessius defines it, if a fortune was loaned and it was therefore not available to the lender, it had to be *generally* presumed that he had lost a profit, because profit could now be made with a fortune *in general*. Consequently, interest was generally justified and generally had to be paid, regardless of whether the money lender actually suffered a loss in this case or not.

> This changed the situation fundamentally, however: What happened to the individual was no longer important. What counted was only the market and the generally applicable objective price determined by it for forgoing liquidity.[88]

It was at *this point* that *the market* became what mattered. This was when it existed in history. Buying and selling had gone beyond certain, exceptional cases and had transcended these by becoming concentrated into this one all-encompassing market.

The Culture of Credit

In a comprehensive study about England from 1500 to 1750, Craig Muldrew investigated the type of relations that existed between the people who bought and sold goods.[89] Due to their growing importance, buying and selling necessarily had an impact on social and cultural relations. The extent of this impact showed how prevalent buying and selling had become in society. Muldrew argues that the degree to which buying and selling became incorporated into daily life significantly increased in the second half of the sixteenth century. The loads of goods in domestic trade had grown larger, the number of goods that a household possessed increased drastically, and "the number of alehouses in Shrewsbury rose more than three-fold from 70 in the 1550s to 220 in the 1620s, while the population went up by less than a half, from 4700 to 6300."[90] He later goes on to add:

> This expansion in retailing is overwhelmingly demonstrated by the enormous increase in the number and variety of goods which could be found in shops by the end of the century. In Chesterfield before 1550 the amount of manufactured goods present in the artisans' dwelling places was small. The number of goods in Chesterfield parish shops rose continuously during the sixteenth century. This rise was much more dramatic than that for the numbers of goods within households. [...] In the entire Lincolnshire sample (including towns and rural areas) this rise was even more dramatic than in Chesterfield. There the number of shop goods, averaged out of the sample, rose from 17 to 163, or a nine-fold increase from the 1530s to the end of the century [...]. In Southampton in the much shorter time period of only about 20 years the number of goods in shops more than doubled. But by the 1570s, the average number of goods in Southampton shops had risen to 300! There were now three shops with over 1000 things in them; including a merchant with different types of cloth and tapestries, miscellaneous pieces of clothing, as well as over 100 books; an apothecary with about 1000 different quantities of medicine, confections, ointments, pills and plasters; and another merchant who, besides holding over 2500 yards of cloth, had hundreds of brass and pewter pots, hundreds of pairs of gloves, thousands of glass beads, 51 reams of paper (about 24,500 sheets), 155 girdles and 20 barrels of tar. Similar shops could be found in other smaller towns as early as the 1570s.[91]

A dramatic rise in the amount of commodities necessarily went hand in hand with a corresponding increase in purchases and sales, because holding such huge amounts of commodities in stock would only have been worthwhile if they were also frequently sold. This means that there must have been an equally large amount of media of exchange as well. However, the number of coins was, by far, no longer sufficient for this. That is why the media of exchange had to transcend their existence as material coins, which were limited in quantity—just like the concept of *money* necessarily went beyond mere coins. When money emerged, it was also needed in the form of *credit*.

As Muldrew writes, "With a limited amount of gold and silver in circulation, this economic expansion was based on the increasing use of credit, much of which was informal, as might be expected in a society with a high level of illiteracy."[92] Later, he adds:

> Although conceptions of credit before the eighteenth century have tended to concentrate on moneylending, the vast majority of credit was, in fact, extended as a normative part of the tens of thousands of daily market sales and services. Every household in the country, from those of paupers to the royal household, was to some degree enmeshed within the increasingly complicated webs of credit and obligation with which transactions were communicated.
>
> Merchants traded on credit; tradesmen sold or worked on credit; and many of these people were in debt to the poor for wages and for small sales, or work done. In 1625 Henry Wilkinson claimed that without the "casual debts" necessary in buying and selling, "the life of man doth not consist."[93]

A life for which "casual debts" are necessary is without doubt a living by buying and selling.

Because of the rise in prices that also occurred during the period from the middle to the end of the sixteenth century, Muldrew says that "the demand for money had probably increased by something like 500 per cent."[94] This extreme increase was the result of an *economic* connection that evolved among all members of society as a whole:

> People were constantly involved in tangled webs of economic and social dependency which linked their households to others within communities and beyond, through numerous reciprocal bonds in trust of all of the millions of bargains they transacted. Although society was divided by hierarchical gradations of status, wealth and patriarchy, it was still bound together by contractually negotiated credit relationships made all over the social scale.[95]

This not only applied to England as described by Muldrew; much of this was also true, albeit with a time-lapse, for other countries in "western Europe and part of the Mediterranean area," as we recall Hobsbawm saying. A market evolved across borders that would become part of the first kind of world economy. Fernand Braudel sums this up by remarking that "despite the obvious time-lags between one country and another, social developments, like the familiar economic developments they coincided with or expressed, had a tendency to be synchronized throughout Europe."[96]

The Price of All Things

This was the culmination of the changes in the so-called long sixteenth century, which lasted until roughly 1620. It was the point when what Europe's deviation had been leading up to found its completion, when what was particular to it ultimately changed into something new.

There were many other signs, of course. Medieval trade organizations, like the Medici in Florence or the Fugger and Welser in Augsburg, were outdone by institutions like the asiento system in Genoa, which did not work with an enormous stock of coins, but primarily with promissory notes. The individual enterprise as a legal entity, the "company" with a trade name and independent corporate assets, began to fully take shape. Bearer bonds and other instruments were no longer bound to the named borrower and became perfect credit instruments through endorsements and discounting. These could be passed on freely as billable "securities," and they no longer replaced coins for just a short time but could now circulate as money themselves. Accounting became fully developed after beginning with personal accounts in the thirteenth century, followed by real accounts in the next. Double-entry bookkeeping led to proper accounting for the first time. However, this still only reflected individual holdings until around 1430 – 40, when additional accounts were introduced and a complete *cycle* of exchange value occurred for the first time "from the capital account, to the asset account, to the profit and loss account, back to the capital account," according to Werner Sombart. Yet it was not until regular balancing came along that this resulted in the "system of a complete and systematic accounting as we understand it today." It was Simon Stevin in 1608 who reacted to the new systematic context of the cycle of money by realizing that this required a balance sheet.[97] This specific cycle immediately led to the strictly modern and, for us, natural and familiar phenomenon of a general, creeping inflation. It was later called the "price revolution of the 16th century." This is a fitting term, but not because prices exploded to what would be a revolutionary degree today—in fact, according to today's standards, they rose very moderately. Rather, the revolution lay in the continuous increase in prices, which occurred in *all* countries with this economy in Europe's world. As an overarching *economic* context in several countries, a European world market began to base prices on "a price level that was *worldwide* [i.e. European]—determined by the supply and demand of *money*."[98]

Finally let us look at one last argument: Every poor harvest threatens those who depend on it with hunger—in other words, hunger crises are as old as farming itself. Toward the end of the sixteenth century, however, these crises transformed into a completely new, previously unknown kind of crisis. This was because the scarcity of food suddenly impacted an economy that no longer exclusively consisted in farming and managing an *oikos*. People no longer solely lived by growing what they needed to sustain themselves; they now lived by the means with which they had to *buy* what they needed. A shortage of food was therefore no longer limited to food; it was also a scarcity of the means on which the lives of everyone now *primarily* and *decisively* depended: the media of exchange and the means for buying and selling—in short, spending power.

> The spending power of the masses was absorbed by food in the years of rising prices. There was little or nothing left for "upscale" goods, which included meat and clothing, in the years of need. Sales also slowed down in many trades, and this created additional pressure on the real income of the middle and lower classes of the urban population. Ludwig Lavater [...] described the unemployment that generally occurred in the years of rising prices as such: "When prices are rising, poor day laborers and journeymen tend not to find work, because those who would otherwise employ them must now make do with their own domestic servants or hands and try to reduce costs."[99]

These costs were now what was decisive: It was *money* that made up the prices of everything people needed to survive. Lavater—not the physiognomist, but an earlier namesake—published a booklet of sermons whose title translates as "Rising Prices and Hunger" in 1571 in which he records firsthand the first time such a major crisis of the new modern kind occurred. Lavater called this crisis "universal" because "the rising prices that evolved in the 1570s reached from far-away Moscow, to Central Europe, all the way to Spain and Italy."[100] In all of Europe, hunger crises became *economic crises*:

> When in the summer of 1570 "the prices for wine, grain, and corn increased greatly," as the author [of a poem written in Augsburg at the time] observed, the "wool lords," who traded and produced textiles, and other citizens who had work to give reduced their orders. This brought much hardship to not a few artisans.[101]

This occurred not only in the cities; the surrounding areas were also connected to the urban economy. "Work and bread were also lacking on the countryside." There was no work because there was no longer any money to pay people for their labor, and because there was no paid work, there was no money. People who were dependent on earning money for the work they did thus had no money to buy bread because this bread now cost money. Everyone's lives thus hinged on what they now needed and had become dependent on when they began to live by buying and selling: namely, money.

The bottomless dependence on money was just as bottomless as the poverty that ensued when money was lacking. This was a *new* type of poverty.

> The author [of the poem written in Augsburg] writes that people ate turnips, nettles, weeds, and grass, from which even pigs got sick. People also ate dead cows and calves that had been born prematurely. But the hunger remained.

Ironically people were persecuted by the authorities for poverty because it forced them to beg:

I myself saw many children,
whose bellies were swollen,
they could neither sit nor stand,
they lay in the streets in misery,
three, four sitting together,
their parents were in hiding
and worrying about the bailiff,
who inflicted so much pain.
Old, young, healthy, sick—all,
they threw mercilessly
into the miserable, stinking prisons
with their dark doors and dungeons.

So much for a way of providing for people that once included everyone.

Without doubt, buying and selling had become predominant, which could only mean that money had arrived. Edward Misselden stated in 1622, "Mony is now become the price of all things; which from the beginning was not so." Now is indeed the moment when money became the price of all things. Misselden himself was able to witness how it happened: "And so by degrees all things came to be valued with mony, and mony the value of all things." As a result, social conditions were suddenly turned upside down "and Money, though it be in nature and time after Merchandize, yet forasmuch as it is now in use has become the chiefe." [102]

Part Three

WHAT MONEY IS

PROLOGUE

"*News from Münster from a post rider bringing happiness and peace, written on the 25th of the wine month of the year 1648.*"[103] This was the title of a pamphlet announcing the good tidings that peace had finally arrived again! A woodcut shows the post rider with a post horn pressed to his lips, galloping with determination over graves and broken weapons. In the background are three cities, labelled as Vienna, Paris, and Stockholm. In the upper left corner, an angel blows the trumpet of *FAMA*, which is Latin for the news that travels from mouth to mouth, and in the upper right, Mercury, the messenger of the gods with winged shoes, brings a letter bearing the word *PAX*.

Below the woodcut, the post rider lists reasons for cheer:

From Münster I come, spurring my horse as it gallops,
As I ride, most of my journey is now behind me,
I bring good mail and tidings of a new peaceful time,
Peace has been made, and all the suffering is over.
Let the high trumpets sound it out with joy,
With the beat of the kettledrums, with clear field horns.
Mercury flies in the air, accompanied by peace, hurray,
All of Münster, Osnabrück, and the entire world are happy.

The greatest war of the still-young modern era was finally over. Despite its youth, what made this era modern—what was so radically and fundamentally *new* about it—had materialized in distortions that directly led to a radically new, epochal war. What would have been unthinkable, and for which there would have been no possible reason before, occurred for the first time at the beginning of the seventeenth century: Almost *all* European powers waged war against each other. This horribly protracted "Thirty Years' War" was such a widespread conflict that it deserves to be called "the first world war of Europe."[104]

The negotiations to end the war dragged on for five years alone and were held in the two cities of Osnabrück and Münster at the same time because of the many warring parties. In October, the "wine month," of the year 1648, an agreement was finally reached and the representatives of all powers involved signed a peace treaty in Münster. That is why the post rider dashes from this city as quickly as possible to announce this news to the world:

> God be praised, peace was made,
> Now everyone can hope for a better year,
> The priest and the book, the councilman and the sword,
> The farmer and the plough, the ox and the horse.

Everyone can now hope for better times in the future. Although the post rider refers to the medieval order of the estates by mentioning the priest, the councilman, and farmer—the estate of the clergy being the estate of teaching, hence the book; the estate of the councilman being what protects the realm, hence the sword; and the third estate that feeds the realm, hence the plough—he mentions them more in passing, because it is no longer the book, the sword, and the plough on which all hope rests. Thus, despite princes and city councilmen being briefly noted, the rejoicing over being able to live without threat focuses on others who are in the majority of the messenger's verses. Even a god appears:

I too, the god of merchants Mercury, have arrived,
And I have traveled the air with this letter,
You merchants: be optimistic and of good cheer,

Mercury has embarked on this journey in person for the merchants, but they and their goods are not all that count now:

You craftsmen too, all will turn out well.
It will be possible to trade securely on the waters again,
And to journey safely to trade fairs on land,
The goods will travel without danger,
The shops and stores will be full of customers,

What is now important is not only the arrival of premium goods; these goods must also find *buyers*, so that every one of them will be *bought*. Above all else, the delicate silk fabrics and whatever else the merchants have brought home now serve the higher purpose of being sold vigorously:

Merchants will measure the silk daily,
And will have no time to eat lunch, because they are so busy,
Spices of all kinds will sell very well,
Tons weighed day and night. The shoemaker will not be able
to count his money for all the shoes he will make,
The tailor will be begged by the people to make them new
clothes,
The brewer will not lose weight, the baker will be rich,
The furrier will be so busy, he will not have time for a break.

With peace renewed, it is hoped most of all that buying and selling will thrive again. And what should play a decisive role in this? Money. More important than princes, farmers, and priests are now the processes through which buying and selling result in the shoemaker receiving money—so much that he can hardly keep up with counting it. The influx of imported goods and the craftsmanship at home become intertwined and, thanks to the multitude of buyers, will make sure that no merchant and no furrier will find time to eat his lunch or enjoy a break.

Now that the war is over, farmers and gardeners will be able to grow everything in peace again. This means that not only millet, wheat, hemp, barley, cabbage, beets, and onions will be available in abundance again, but also something that is apparently even more important:

> You gardeners will be able to go to the market again,
> And will earn many coins with your green goods,

For *this* is what they will need to have a good time:

> Then you will go to an inn feeling fine,
> And eat a piece of sausage and quench your thirst
> with wine;

This, in turn, will bring the best possible outcome for others:

> You innkeepers will be glad, you will also profit from the
> peace,
> The dining room and stable will be full of guests and beasts,

This will have profitable, money-bringing consequences.

After a war that had been raging since 1620, peace was celebrated because *business* would pick up again. The prosperity that peace promised consisted in everyone making *money* again. It seems completely natural for us today that this is exactly what good times would warrant. Yet precisely this was *new*. Just decades before the war, it had not been the case—it had *never* been the case *anywhere* before. It was not until then that the focus of all hope for prosperity was no longer something like the old order of the three estates, which guaranteed that everyone was provided for, but rather money, which people now needed more than anything else to survive from that time forward.

Although this had evolved in cities not long before the war, what is remarkable is that, after thirty years of exhausting battles, it was *still* unreservedly the case. All the bloodshed, the ravaging of the country, the hunger, the epidemics, and the raging persecution of witches—which was not a phenomenon of the Middle Ages, but began to flare up during this time—all of this cost roughly one-third of the German population their lives in the "thirty" years of war. During the same time, buying and selling doubtlessly also dropped massively, but despite this, the new necessity that everyone in the cities needed money above all else to live persisted. Although money had only recently become the main medium for acquiring the things people required to survive, a radical drop in all money transactions could no longer undo the fact that they were what people needed to live by.

This had not been simply the result of the *increased frequency* of opportunities to buy and sell that could have reverted to the older feudal form of providing for the community due to the *decrease* in opportunities during the war. Rather, this feudal form had ended in some places, and where this had happened *this* was what had forced people to provide for themselves by buying and selling. As this became dominant, the change to money also occurred. Money thus *permanently* replaced the earlier system of providing for the community. Although, during the thirty years of war, the *opportunities* to make money had collapsed everywhere, the *necessity* to make money to be able to acquire what is needed remained. That is why, after the end of the war, all hopeful joy was directed toward business—toward business that would make money.

This had even greater consequences. As the circumstances that determined how a community provided for its members and the means of making a living changed, so did the community's *decisive* relations. This means that, as soon as everything in the community came to be about money and not feudal distribution, *the community itself* changed and acquired an entirely *new* character. When the Treaty of Westphalia was finally signed in 1648, after many long years of negotiations, it famously documented the first time that modern *states* met as sovereign powers and not as feudal rulers of groups of people. The peace treaty of Münster that the post rider so joyfully announces ratified the *birth of the state*, so massive was the effect of what had only just entered the world in the form of money.

THE ESSENCE OF MONEY

At this point, we know *how* money evolved, but we still do not know exactly *what* it was that evolved. Although this may seem contradictory, the historical conditions of the emergence of money will be helpful for deducing with certainty what money is.

But first, we must talk about an unexpected observation that has far-reaching consequences.

To this day, money is considered to be a human *invention*. We are fundamentally convinced that humans came up with something useful when they invented money, and that there are sensible reasons for why we use it—that at some point, people got the idea to create money to have a suitable medium for their bartering, or to illustrate the "scarcity of resources," guarantee a "fair distribution," or some such similar clever idea. We are convinced that money, because it was willingly created by humans, is also entirely subject to our will. Money is supposed to behave how we think it should behave and obediently do what we invented it for.

However, the history of how money evolved tells a different story. Money did not appear because someone invented or created it. No one ever introduced money or could have ever come up with the idea. Money emerged inadvertently as an unplanned and an unforeseeable momentum of the historical shifts I have described here—shifts that no one controlled or could have controlled. The extraordinarily steep rise in the population of Europe over a certain period was not the result of anyone's idea; nor was the fact that many people could no longer be provided for by feudal communities. It was also not anyone's plan that these people became an entire society that was forced to resort to buying and selling—and hence to having an impersonal way of providing for themselves that previously only existed on the margins of communities. Finally, no one could have foreseen—and still no one manages to realize to this day—that a dependence on buying and selling, when it encompasses an entire society, means money. This abrupt historical change into an unknown, new world not only happened unintentionally, it was also not even realized by anyone at the time. The emergence of money remained completely undetected *at the time*, just like it has remained undetected *to this day*. At some point, people of course knew that they were dealing with money, so they gave an old word this new meaning. Yet, to this day, we have all been consistently blind to *how* money evolved and that it first evolved *at this time*—not when the first coins appeared, not through all kinds of trade, and not as early as the hominids.

I
THE PURE MEDIUM OF EXCHANGE

This brings us to another extraordinarily important observation.

When money first appeared, *it did not seem new*. Money was not noticeable as *something new*, and it did not reveal itself as a new kind of thing, like a new kind of coin or a new type of paper, or something else we could point a finger at and say, “Look here! This is new. It didn’t exist until now, and it’s called money!” In fact, money *cannot* have emerged in the form of a new kind of thing, because it emerged in a completely different way. Because money evolved as a social relation, we did not see it emerge—we did not see anything emerge. As this social relation, money is not a thing or consist in a thing, meaning it cannot appear as *something* new. Rather, money emerged when the media of exchange that had previously consisted in things were transformed into something that *no longer* consisted in them.

This may seem more than puzzling at first, but it has a clear reason and it will soon be explained. Historically, the emergence of money was the result of entire communities *becoming dependent* on their members’ being able to *buy* from one another what they needed for their livelihood. This was a sudden change in *the way people relied on each other in a community*: it was a fundamentally altered *dependence on others*. Instead of remaining personally obligated to each other and being provided for through this personal interdependence, their livelihood in such a society became necessarily defined by impersonal interactions: in the *ongoing purchases* in which they received what they needed for a medium of exchange, and in *ongoing sales* in which they receive the medium of exchange needed for purchases. This means that the medium of exchange itself became a social necessity. An entire society necessarily needed *a medium of exchange that continuously comes out of sales and flows into purchases*. The medium of exchange *in this specific societal context*, this medium of exchange that has only changed *within itself*, is money.

Money thus evolved simultaneously with its *necessity*. The birth of money also marks the birth of the *dependence on money*. Without any intent, awareness, or notion, people ended up with money by becoming dependent on it.

Pure Being

Before money evolved historically—in other words, before there was a general necessity in society for a medium of exchange that was continuously in use—it was always things or goods that were used as payment. Some of these things or goods were standardized especially for this purpose—for example, by being minted into coins. Furthermore, these things not only included objects, but also services provided for others: Services and actions consisted in *something* because they could be determined qualitatively, meaning they signified "things" or "goods." If one of these was used as payment in an exchange or purchase, it was called a "commodity," but even then it remained the good that each commodity is, of course. All of these goods were bought and sold in *addition* to their quality as goods. They were only *temporarily* used as media of exchange. They were *not continuously needed* or used in purchases. Rather they could forfeit their function as media of exchange anytime without also losing their identity as the goods they were *as well*.

As soon as a society became dependent on the ongoing use of a medium of exchange, this continuously needed medium of exchange began to form a *unity*: It became the *one* medium of exchange that no longer *additionally*, but rather *exclusively* served as a medium of exchange. The *continuum* of purchases and sales that could not stop because the survival of an entire society depended on it demanded the existence of *one* medium of exchange that was from then on *only* a medium of exchange and nothing else. Unlike commodities that could additionally be used as goods for exchange but never *only* for exchange, the medium of exchange that *functioned exclusively as such* was no longer a good. It was no longer a commodity either: it was money instead.

The two sides of each purchase thus became systematically separated, with money on the one side, and goods on the other. This is how we know it today. Although previously there were things and goods on *both* sides of purchases—things that were exchanged for one another, like a coat for a minted piece of silver—there are now only goods or commodities on the one side and specifically money on the other as the one thing that can be used to buy them. On the side of money, in place of the many different things that once *also* served as media of exchange is now the *one* universal medium of exchange that *exclusively* serves this purpose.

This is how money became a unity—how it became the *one* medium of exchange because it is a *pure* medium of exchange. This is also how the *unified* concept of money formed, which was still missing in the Middle Ages because money was not known then. Today, the unity of money—in its categorical separation from commodities—is commonplace. Even if we aren't consciously aware of this separation, or if we don't want to acknowledge it because we want money to be *something like a commodity*, the separation of money and commodity is completely normal to us. We know money as the *one* medium of exchange with which *all* imaginable commodities can be bought. This was what Misselden clearly realized when he said that money had become the *one* price of *all* things.

Money is what we need to buy commodities with, and from the moment that money exists, commodities are what we must buy with money. Thus, money and commodities are intrinsically juxtaposed by being, at the same time, intrinsically connected with each other because they are each dependent on being exchanged for the entirely different other. Money is only money if it can be exchanged for commodities that are *not money*, and commodities can only remain commodities if they can be exchanged for money that is precisely *not a commodity*.

It is true that money can also buy money, meaning it can be transformed into a commodity itself, if you will. For example, when we change a sum of money from one currency into another, we buy money with money—especially when we buy negotiable papers that only promise money. That money itself is traded like a commodity is one of the arguments for the common but erroneous assumption today that money explicitly cannot be separated from commodities but is a commodity itself, like gold or cows. However, the intrinsic separation between money and commodities is not cancelled out by the fact that money is able to buy not only commodities, but also *its own kind*—just like a mirror is not the same thing it reflects, even when it reflects another mirror.

Buying money with money does not change the fact that money, in order to be money, is inherently dependent on being able to buy *something* that is *not* money, *but* a commodity instead—a commodity that, in addition to being exchangeable, consists in a kind of good. For this is precisely what money, and *only* money, is not. As a pure medium of exchange, money may be *tied to* commodities, for which it must be exchangeable in perpetuity in order to remain money, but it is no longer *bound within* a commodity itself. Money itself does not consist in a good that, although it could be exchanged, doesn't need to be exchanged continuously *in order to remain this good*.

Thus, although the distinction between a medium of exchange and a "pure" medium of exchange may seem negligible at first glance, in reality, it is an abyss that separates a world without money from a world ruled by money. What defines money and what it does with this world lies in the inconspicuous little word "pure."

"Pure" says something unbelievable about money: As the *pure* medium of exchange, it is *nothing else* but a medium of exchange. Money is not *something*; it is *nothing*. According to this, it does not consist in something that could serve as a medium of exchange; it is only the *serving-as-a-medium-of-exchange* itself. Money is not something that can be used separately from its function as a medium of exchange. Instead, it consists exclusively in its *function* to serve as the one medium of exchange.

The qualities of money are thus its nothingness and its "unbelievability," both of which have immeasurable, far-reaching consequences. The first, which I have mentioned already, is that money must always be exchanged for goods *to continue to be money*. Money needs to be exchanged for commodities again and again, otherwise it stops functioning as a medium of exchange and is no longer money. Because it solely exists in this function, it is no longer money if it no longer *functions* as money; then it is revealed as the *nothing* in which it otherwise consists. We must be able to buy something that is *not money* with the money we have; otherwise, what we have is *not money*.

To the greatest degree possible, this *pure* medium of exchange is the opposite of a thing, good, or commodity because it is a *non*-thing, a *non*-good, or a *non*-commodity. As we know, all things that are additionally used as media of exchange remain themselves. They remain the things they are, even if they are never used for an exchange again. Millet remains millet, cowries stay beautiful natural objects, and minted gold coins remain minted gold coins: they are still gold, even when crafted into jewelry. That they can also be exchanged necessarily remains external to them precisely because they do not need to serve as a medium of exchange in order to remain the *something* that they consist in and as which they are bought and sold in the first place. Money, on the other hand, is dependent on being exchanged and exists only when it serves as a medium of exchange. It is therefore not a thing anymore; it is not *something*. As the *pure* medium of exchange, money can only consist in *nothing*.

I am well aware that this is difficult to accept. Yet, it is part of our everyday reality. This can be seen in the irrefutable fact that money is managed in accounts. These accounts have *money* "in" them, but obviously there is *nothing* physical there. Objects are not stored there, nor is anything else *in which this money could consist*. An account is not a record of apples and oranges that are stored somewhere for their owner, and it is not a record of coins or bars of gold in a safe or a deposit box. The money in accounts is only managed as numbers that are noted or otherwise recorded. Accounts *record* and *register* a mere number *as* money—as a sum with which something can be bought, but that only exists by being *recorded* and *registered* as the authorized number to do this.

Money is a number, but it is not *something* that is counted. It is a *pure* number.

Nominal vs. Material

What seems to contradict this is the existence of cash. Although coins and bills make up only a tiny fraction of the tremendous amount of money in circulation today, they do exist. With coins and bills in our hands, we are clearly holding *something*, and not *nothing*.

However, what coins and bills are made of and what we hold in our hands is also clearly not their quality of being *money*. Or, to put it the other way around: It is not their *material*—the minted metal or the elaborately printed paper—that is money. The same is true of the materiality of cash as of the records of money in an account: It only serves to *certify* a certain sum of money. We can touch coins and bills with our hands, but they are merely tangible documents that certify for their owner that they are *acknowledged and used as money* in the amount of the printed value. Their materiality is not identical with their function as money. Function and materiality may be connected in cash, but they are just as distinct, or they mutually negate each other just as, much as money and things mutually negate one another. This is because money only buys things and is not a thing itself, hence it is not material.

This can be easily demonstrated. If we use a coin as the material that coins and bills additionally are, and we put it in the kind of embossing machine that you can find in some museums and transform it into a customized souvenir, the resulting object is still made of the same material as before, but it is no longer money. If we collect bills and archive them—in other words, if we separate them from their use as money—then we are only collecting special colorful paper, and not money. A bill can be cut in half, but half of a bill is not half the amount of money; it is no money at all. If we assemble a pile of dollar bills to make a nice little fire to warm our hands, we are using the material in a beneficial way, but we aren't using it as money. If coins and bills are badly damaged, they generally lose their quality as money—not because the money that they certify has been damaged, but because it can no longer be *validly certified* due to the damaged material. As soon as any kind of material that cash may consist in fails to serve as proof of its money quality, then this quality dissolves into exactly the *nothing* in which money actually consists. If the same sum would have been recorded in an account—according to its essence as the *pure* number consisting in *nothing*—then no embossing machine, avid collector, scissors, or fire could have harmed it in any way. That these things *can* have an effect on money when it takes the form of cash and a material thing *contradicts* its essence as money.

Exactly this contradiction became historically apparent when money first emerged. At that point, coins had already existed for a very long time. However, although we have not been able to imagine this, they were not money as such; instead, they only *became* money during this time. It was only there and then that the minted pieces of precious metal became the *bearer* of the quality of being money. Money began circulating as the same kind of—or even as the identical—coins that had existed before, in addition to other forms. When the sudden change in society occurred during which the previous media of exchange were transformed into the one pure medium of exchange, the coins that existed were both of these media at the same time for a while. They functioned as money *in addition* to their existence as a material medium of exchange. Similar to cash today, the coins were *both* the material in which they physically consisted *and* the pure medium that functioned only as such and no longer consisted in something. These two aspects contradicted one another, and this contradiction consisted within *one* thing, a thing on which all of society now depended. This was bound to cause problems, and indeed it did. Very soon after money emerged, the notorious era of what is known as the *kipper and wipper* period began in the German Empire.

The dependence on buying and selling—and hence on a pure medium of exchange—that was beginning to define an entire society also necessarily drove up the required amount of the media of exchange. From the sixteenth century on, western European countries were forced to increase the issue of coins more and more. In addition to the common silver coins, copper coins were also minted in the smallest values. Due to their sheer number, the seventeenth century in Europe later became known as the "Age of Copper." However, even with the addition of smaller coin denominations, which is also proof of the new daily occurrence of purchases, the demand for coins could not be met because it far exceeded what was available in silver or even gold. Already around 1570, a kind of competition to debase coins began in which primarily smaller silver coins were increasingly "watered down" with copper, tin, and lead to get more coinage out of the existing stock of minting metal.

In Germany, this was done by authorities who had the right to mint coins. This included bishops, prince-electors, and the emperor. These authorities established so-called *heckenmünzen*, or illegal mints, which they more or less leased out to others with the purpose of the covert production of debased coins. They also organized entire networks of agents to transport these debased coins out of their own territories to other areas. There, the agents would circulate these new coins, while collecting as many of the "better" coins abroad as they could, after which they brought these home to use them as material for their own mints—in other words, to produce more debased coins. Thus, coins with a higher silver content were regularly sought after, which inspired the name *kippen* and *wippen* in German: The coins with a higher weight were found by the tilting (*kippen*) of the scale, after which they were put aside (*wippen*).

This predictably resulted in difficulties, and the inhabitants of the cities especially complained about this in countless pamphlets. The problem was not the debasing of the coins as such. This had been done in earlier times as well when the material for coins had to be "diluted" with base metal because there was not enough of the more precious metal available, and until then, this had only led to insecurity regarding how much the coin actually contained of the metal that was used to estimate the corresponding amount of another good. What caused more trouble was the new double nature of coins in the *kipper* and *wipper* time: They were both the material *and* the bearer of the pure, non-material medium of exchange.

When coins became money, they served as *value* for the first time. This means that the commodities bought with them for the first time had to correspond as an *equivalent value* to money. *It was only when coins became money*, and not before, that they acquired a nominal exchange value. Until then, they had only consisted of a standardized amount of metal that they may actually have contained or not. When coins became money, they acquired a *nominal value* at which they circulated and on the basis of which they could be exchanged for commodities, and just like the good a commodity consists of is measured *as a value*, this nominal value was used to measure the good the coin itself consists of—a certain amount of metal—*as a value*. As coins acquired a double nature, their nominal value evolved alongside the value that only then was assigned to the *material* of the coins. The *nominal value* and *material value* existed separately but were connected in one and the same coin. That is why they were *both* initially understood as the coin's *single* value, and its quantity was determined in such a way that it corresponded as much as possible to already existing exchange ratios between certain coins and certain commodities. Despite this, *nominal value* and *material value* are distinct in their essence; just as money is distinct from goods, or the *pure* medium of exchange is distinct from the *material* media of exchange. They thus *became* distinct in historical reality as well: through *kippen* and *wippen*.

The material of a coin can be debased by removing some of it without reducing its nominal exchange value, at least not at first, and replacing it with something else like a base alloy. This immediately reduces the coin's material, but not its nominal value. The material removed from the coin is not deducted from its nominal value; it merely provides *additional material* that represents *additional value*, or additional exchange value. Any society in which everyone is dependent on media of exchange must therefore necessarily be interested in this. In such a society, everyone must feel inspired to gain material *as value* in this way. That was why it was performed not only by the minting authorities as described, but also by people who privately filed and cut coins.

The problems that this must have caused are obvious. The nominal value and the material value of coins soon visibly diverged. However, in the long term, the nominal value of coins with debased materials could not remain higher than the material value that had been reduced in this way. Rather, whoever handled these coins had to make sure that it wasn't *them* who had to write off the difference as a loss, but *someone else*. By and large, the minting authorities left the material of gold coins and of larger silver coins untouched, meaning the debasing of coins of a lesser value resulted in these soon also being given a lesser nominal value in relation to the coins of greater value. Because of this loss in value, more and more smaller coins were needed to achieve the same value as a larger coin. This in turn increased the pressure to produce even more of these coins. Meanwhile, they continued to be debased as a way to preempt the foreseeable resulting devaluation.

Everyone was thus forced to live with coins of diminishing value. Furthermore, the debased coins were replacing the better ones. When someone had to pay for something, they would use the coins they had with the least material value, while keeping the ones with the greatest material value. The most common purchases and payments were made with the worst coins in each case, creating a race to the bottom that continued to unsettle purchases. Each buyer was trying to pay with coins of a lesser material that each seller was trying to avoid. The "better" coins were systematically taken out of circulation, and the process of increasing money by diluting metal undermined itself more and more, so that it achieved the opposite kind of increase that it should have and that was necessary for society.

The rise in the amount of coins and their decrease in value fed on each other, and the speed of devaluation grew exponentially. Around 1620, the value of the *kipper* coins crashed so rapidly that various rulers were forced to jointly intervene. In a concerted action in 1621, they were temporarily able to limit the damage that the effects the emergence of money as described had had on the handling of money. They thus "discredited" the *kipper* money and confiscated it, then they separated the alloys in an elaborate process in order to mint coins with a fixed content of precious metals—for the most part thaler and denominations thereof. However, this was only a reset to the initial situation, and the real problem remained unsolved, which is why a "second kipper era" occurred in the same century. It very slowly became clear that the only thing that could help was to *officially* separate the monetary value of the coins from their material—in other words, to recognize the separation that money *in its essence* performs. At the end of the seventeenth century, so-called token coins were introduced with a material value that was so far below their nominal value that it no longer played a role. These coins circulated based *only* on their nominal value, which was thus their *value* as such, in accordance with money.

This did not yet solve the conflict entirely, however, because coins of full weight were still circulating *in addition* to the token coins. After this caused similar problems to the smaller coins, finally the nominal value, and hence the money nature of coins, was permanently and explicitly separated from the material, and *all* money that still circulated as coins became token coins.

This took a very long time, and Germany for one, did not complete this step until around World War I. Since then, however, all coins used as money today have long become token coins in the sense that what their material may represent in terms of a potential value counts for nothing whatsoever compared to their monetary value, which is *all* that these coins now certify.

Loans and Credit

The historical progression from traditional coins to first their partial then complete replacement by token coins, all the way to the abolition of cash that is possible today is a development that is part of the *history of how money pervaded*. And this is only one example of how this history unfolded. When money emerged, it was the pure medium of exchange from the beginning, but this purity needed time to pervade in a reality that was never "pure," could never have been aware of it, and was not organized according to it. Although money is a pure medium of exchange in its essence and has been from the start, everything that could create a corresponding reality first had to be found and then had to pervade step by step. The *nothing* this pure medium of exchange consists in caused some difficulties at first, because money's initial existence in the form of coins and precious metals did not harmonize with it. However, these initial difficulties were soon amended according to money's demands. A long time then passed until the last of these problems had been solved. It was only comparatively recently that money achieved a status that let it behave as much as possible according to its essence as the nothingness of pure numbers, for it is now electronically stored as nothing but data and can be moved with our smartphones all around the world, as if it needed neither time nor space.

That money works today as real as possible in pure numbers is a result of and corresponds to its essence as a pure medium of exchange. However, this reality is based on conditions that are necessarily very material and by no means "pure" and that first had to be established for this purpose. How these conditions evolved is part of the long history of how money pervaded. For example, very powerful institutions were needed to ensure that mere numbers were accepted as a medium of exchange and to give these numbers the power to be exchanged for real goods. A huge amount of tangible equipment is required to record these numbers, especially if they are processed as pure data: smartphones, computers, servers—not to mention all the factories where they are produced—cooling units, transmitter masts, satellites, and last but not least power stations for the tremendous amounts of electricity that electronically managed accounts and the corresponding transactions need worldwide. All of these real conditions are necessary for money to function *purely*, and they are the result of targeted and very real efforts undertaken for this purpose.

A very popular belief today that turns all of this upside down is that the money of pure, electronically managed numbers is not the essence of money, cash is. However, it is wrong to believe that the increasing dematerialization and virtualization of money has alienated it from its material origins and thus brought about the crises that are currently afflicting money. The separation of money from the world of real things, which can no longer be overlooked today, is interpreted as a perversion of what was originally "real" or "good" money, hence the plea that we should somehow return to this "real" money, should reverse its virtualization, or at least keep it at bay, to prevent the danger of future monetary crises. The potential abolition of cash is therefore regarded as the final and ultimate threat to our ideal world of money from which the only salvation would be the return to cash money or to some kind of imagined *vollgeld*—in other words, the less virtual, the better.[105]

As a pure medium of exchange, however, money has been virtual from the beginning. Its virtual character as numbers without any real substance is only especially obvious today because it is now as technically perfect as possible. This does not mean money is straying from its original path of virtue; instead, it is necessarily part of money and has been from the beginning. The historical evidence for this can also be found in the virtualization of money that began as soon as money existed in *reality*: From the beginning, money circulated not only in the form of coins, but also in forms in which it openly appeared as the pure medium of exchange.

This was, of course, in the form of accounts. These first emerged when banknotes were privately issued. The goldsmiths on Lombard Street in London, for example, who had given out loans in the form of coins, began around 1640 to establish accounts for the coin deposits of merchants and noble landowners. Because of the large amounts they were dealing with, the goldsmiths wrote a receipt on standardized sheets for the sums of the deposited coins. These receipts were called *Goldsmith Notes*. It does not come as a surprise that these notes, until they were cashed into coins again, also directly served as money. They were passed on to others, or buyers used them for paying, and sellers accepted them as payment. The more urgent the general necessity for using media of exchange became, the surer you could be that these notes could be used directly as media of exchange and money. With the increasing need to use money, the need to change the monetary value recorded on paper back into the deposited coins dwindled, and because the issued notes were never all returned to be cashed in at the same time, the issuer could hand out many more notes than coins they had in deposit—in other words, they issued notes as *pure* money. They created money as credit.

This process of separating money from coins was not only used on Lombard Street. It corresponded to a necessity to have money available felt by all of society to such a degree that the first bank was founded as early as 1656, *Stockholms Banco*, which shortly after issued the first banknotes authorized by the state. While it began as a private enterprise, from the beginning it operated under the guidelines of the state, and it was soon nationalized. This made it the first of many soon-to-be-obligatory state or central banks. Through these banks, money became directly the product of a state, and banknotes became what is today called "legal tender."

Money did not even wait for the intermediary step of paper money before it appeared as pure money. The earliest form in which money showed itself in this way is still familiar to us today. Craig Muldrew writes that, at the time, "tens of thousands of daily market sales and services" were done on credit, adding: "Merchants traded on credit; tradesmen sold or worked on credit; and many of these people were in debt to the poor for wages and for small sales, or work done."[106] When, in the second half of the sixteenth century, the amount of goods that could be bought and the occasions for which they needed to be bought exploded, this went hand-in-hand with a massive spread in informal loans. What could be bought was usually not paid for with coins; instead, the debt to be paid was "remembered" or written down and accounted for later together with other "remembered" debts to be paid when coins were again available. With an entire society beginning to live by buying and using media of exchange, the numbers of coins as material media of exchange were no longer sufficient. Muldrew calculated that the 500 percent increase in the demand for money was met by only a 63 percent increase in the supply of coins.[107] The use of coins therefore had to be largely avoided, and this was done by *simply recording* monetary values *as debt* and *credit*. Because coins no longer fulfilled money's needs, money immediately took the form it needed.

This occurred to such an extent that the first "exchange" bank was founded in Amsterdam: the Amsterdam Wisselbank in 1609. In place of the mass of *informally* issued loans, this bank *officially* managed the now necessary credit business. It recorded the monetary values as credit and debt in its accounts, even settling these across borders. Similar banks sprung up at the same time in other cities as well: for example, in Hamburg in 1619 and in Nuremberg in 1621. This was the materialization and confirmation of what Muldrew describes when he says, "Every household in the country, from those of paupers to the royal household, was to some degree enmeshed within the increasingly complicated webs of credit and obligation with which transactions were communicated." [108]

II
VALUE, ABSOLUTELY RELATIVE

Money does not exist without value. Money represents value that can be used to buy something, and it is only as this value that money is money in the first place. This is something we all know.

However, the opposite is also true: Value does not exist without money. Instead of having existed forever, there was no value for as long as there was no money. Yet this is something virtually none of us know. This decisive historical discovery, which I have discussed in the first part of this book, must unfortunately be referred to as a discovery because no one knew about it or even wanted to know about it until now. It would not have been difficult at all to recognize that value did not always exist and that people did not always work with the concept of value, but no one has ever investigated this. No one has ever researched this, and no one has even considered the possibility that it could be the case. Rather, all of us involuntarily and, somehow, compulsively assume the opposite: that things have value *as such* and that commodities are exchanged as values *due to a natural necessity*. We take for granted today that, "to be able to exchange commodities, the people involved in the exchange must have a notion of the value of the commodities. We need a common measure with which to relate two commodities to each other in an exchange."[109] We all believe this common measure is their value. Hence, by presupposing value as a property of commodities and things—or at least as something that is grounded in the nature of exchange—we believe that value must have existed for us ahistorically forever—in other words, as long as things, exchanges, and commodities have existed. Yet value did not always exist; we just wrongly assume that it did. A common measure was never necessary for the exchange of two commodities. It did not exist, and people had no concept of it.

Thus, money does not exist without value, and value does not exist without money. Neither can be without the other. Money and value are interdependent, the existence of one is also the strictest criterion for the existence of the other. Once again, this proves that it is not enough to want to simply *define* money. Money is not a question of definition: Its essence must be understood. For example, the fact that value was not known in the Middle Ages is enough to prove that there was also no money at that time. All the coins and the many other things that could serve as media of exchange were thus not money precisely because people did not see value in them. However, if we assume today that things and commodities have a value by nature, and that this has always been the case, then we must see value retroactively and falsely in medieval things and hence also regard medieval coins as money. We thus falsely see money in a thing and a thing in money. This is how believing that value existed before and independently of money can be deceiving.

Everything about money is decided by the value as which it functions. This brings up three important questions. First, if value is contingent on money, then how does this value emerge? Second, how did commodities acquire the value they did not always have? And third, what does this value that we see in money and commodities consist in? We must answer these questions also to solve the fundamental mystery of why we have been consistently wrong to see value in things and commodities, as if it had always been there.

Money as Value, Value as Money

How value emerged historically was regarded as a superfluous question in the past. No one ever asked it because it seemed to be already answered—because we essentially always presuppose value. If value was regarded in a historical context at all, then only as part of existing explanations of how money evolved. The emergence of money has never been explained in any other way than through the presupposition of value in things or in exchanges in general.

This is true not only for the commonest assumption that money arose from bartering for commodities as a means to more conveniently manage their value, which is consequently assumed to be already in the commodities themselves; it is also true for what may be the most prominent version of money's beginnings, which is by Karl Marx. He also assumes that the starting point for money was the exchange of pure commodities that have the explicit "property" of value already in them, until at some point one of them was assigned the exclusive existence of value, thus making it money.[110] Yet because value actually does not exist without money, presupposing the existence of value means we presuppose money and the corresponding type of society along with it. These explanations of how money evolved therefore do not explain anything. Instead, they arbitrarily separate what is historically strictly connected—namely, money and value—only to turn around and claim a smooth transition from one to the other. How this transition is supposed to have taken place can never be historically proven, and every version thereof is simply a postulation. For example, no ancient peoples ever officially introduced something as money and declared it as such, and there was never a certain historical moment when, as Marx argues, from that time forward one commodity served as money because it was conclusively excluded from commodities.[111]

Despite this Marx builds his entire theory, which he elaborates in his important and consequential magnum opus, *Capital*, on this mistake of regarding value as being inherent to commodities themselves. From seeing value as the presupposed *property* common to all commodities, through the identification of this property as *labor* and the identification of *labor* as a *substance* of value, finally to a type of capital referred to as "fictive" because it lacks this substance: There is hardly anything in Marx's theory that does not depend on the automatic and unreflected basic assumption of a value in commodities and that therefore does not continue this mistake in many forms. As with Marx, the same is, of course, true for all existing theories about money and capital that are not aware of this primary and fundamental mistake and therefore fall prey to it.

It is for exactly this reason that I want to briefly discuss this again, for it is difficult for us to recognize when we are making this mistake. I will lay out the most prominent example of this error, which is Marx's version of the origins of money. With proverbial pride before the fall, he introduces his notion of money's origins as follows: "Everyone knows, if nothing else,"—and this is what everyone blindly presupposes today—"that commodities have a common value-form," which is "the money-form."[112] He argues that, as a whole, commodities as such have a common value: a value in the form of money. But this is not the case. It is correct to say that value has a certain form and that this "value-form" is none other than money, because money and value actually share one form and are the same. But Marx states that this money-form, or rather money, has come from the value presupposed in commodities: "we have to trace the development of the expression of *value* contained in the *value*-relation of *commodities.*"[113] Thus, before the "origin of this money-form" has even had a chance to occur, commodities are already full of value: value-form, value-expression, and value-relation.[114] That is why, when Marx begins to outline this "development" and attempts to explain the origins of money through it, this is explicitly based on the simple exchange of a commodity for a commodity, which he describes as an exchange that therefore would not yet involve money. Whether Marx understands this "not yet" in a historical sense or—because his version of the origins is so blatantly ahistorical—in a logical sense, as Marxists argue in his defense, is irrelevant. Either way, his explanation of the origins of money begins with an exchange that lacks money because money cannot be presupposed at this point, since its genesis must first be explained. In Marx's exchange without money—the exchange of a coat for a length of linen—he claims each commodity has "its value."[115] However, this is also false. This means that Marx lacked the historically proven insight that, as long as commodities are exchanged for commodities, they are not "bearers of value," as Marx fundamentally defines them.[116] They may be esteemed, but they are not regarded as a value-form, which is the form of money. Therefore, when Marx wrongly sees such a value in commodities, he is already presupposing the existence of money. He may not be aware of it, but that is what he is doing. He thus falls into the same trap we all still find ourselves in today. If such an exchange were actually to take place in a context in which money exists—in other words, in a society dependent on money—the commodity would not be exchanged for another commodity, as Marx presupposes; it would necessarily be exchanged for *money*, as we well know today. The emergence of money cannot be explained this way; its existence can only be acknowledged without any new knowledge being gained.

Because commodities did not have a value before money emerged and therefore do not have a value as such, Marx is mistaken to search for those "properties" of commodities that he believes value must consist in. The assumption that value is the "the mode of expression, the 'form of appearance,' of a content distinguishable from it [the commodity]"[117] and to identify this substance, for example, as the famous "abstract human labour" is solely the result of a deceptive reflex to presuppose value before money and therefore to find it in commodities as content, a substance, or a property. Regardless of its major significance in society, if labor were truly a *value substance* within commodities, then commodities would have had to have value as long as people invested labor to make them. But that is not the case. While declaring that labor or any other entity is something in which value ultimately consists and which makes up its content is evidently an overwhelmingly strong reflex in our minds, but it is incorrect and therefore must lead to fundamentally incorrect interpretations not only of value, but also of capitalist circumstances.

What Marx observes correctly but shrugs off as general knowledge is the fact that the form of value is the form of money—even in the form value takes in commodities. Money and value thus share an identical form. If, after overcoming complications caused by the irresistible reflex in our minds, we finally want to learn how value emerged, we should begin with this form. This is because value is contingent on money, and as to which form money and value share, we know this already: It is the form of a mere sum, of a pure number that is, however, extremely powerful because it has spending power. It is the form of the pure quantum.

This is the form of value *and* it is the form of money. Value is the form in which money functions as the pure medium of exchange, and this form does not occur historically until money's emergence. This means that value emerges as and together with money.

Let us recapitulate. Value is common to *all* commodities. Therefore, while it may exist in different amounts, it is always a quantity of one and the same thing in *all* qualitatively different commodities. That is why value cannot have such a qualitative difference; it can *only* be quantitatively determined. Money is what emerged as precisely this pure quantum, meaning there was no pure quantum before money. Before the emergence of the pure medium of exchange, there was no single thing that could be exchanged for all commodities. Until then, there had always been different things on the two sides of a purchase, and these things could also not be exchanged for every other thing. It was not until the separation of money from all goods and commodities, which from then on could only be bought with money, that it became the one medium of exchange—one that was no longer a thing and could be determined qualitatively. This critical condition was necessary for money to evolve historically as a pure quantum—as a pure number, sum, or quantified amount. It was not until money evolved that value and value-form came into being. Money evolved *as value* with the unique power of being exchangeable for all commodities.

Money is value as the pure medium of exchange. It is the quantified power to access anything that someone sells due to social necessity.

Equating

Acknowledging the identity of money with value may seem banal, but it radically contradicts existing theories. Most of us would also object to this identification and would rather argue that money *is* not value but *has* value, while pointing out that money can *lose* its value as proof. From this perspective, money, in contrast to my arguments, must certainly be *a thing*—a thing *with* value or that *has* value that it can therefore also lose.

However, such a loss of money's value would be decidedly different from something that, for example, has a color and can therefore also lose it. Value is not a *property* of anything. When we say that money loses its value, what actually happens is that it loses itself; it loses what it *is*. Although the quantum of value that money represents may decrease and become a smaller quantum of access to commodities, it is still a quantum. Money that is a lesser value can only be exchanged for fewer commodities. If it were to lose its value entirely, it would also cease to be or exist as this value, and it would simply no longer be money. On the other hand, if money were actually a thing and had value as a property, then something without value would necessarily remain after all this value was lost—as when something loses its color but is still a thing, albeit colorless. Obviously, this is therefore an insufficient notion of money.

Money *as such* is value: That is what the identity of money with value means. However, this is only half the truth. Turned around, this identity does not work: Value as such is *not* money. Whenever and wherever money and hence also value has existed historically, value did not only appear on the side of money, but also on the side of commodities—as the value of commodities that must be paid with money, or rather with the value of money. Value thus occurs both as money *and* as the value of commodities. It takes the form of money value *and* of commodity value. In both cases, it counts as a pure quantum and has the same value-form: that of money. Yet, despite its money-form, value as the value of commodities is obviously not directly money.

This is the reason why it is necessary to distinguish between the terms "money" and "value" in the first place and not to simply use them synonymously. Money may be value, but value is money *and* the value of commodities.

To us, the value of commodities seems to be the original value, as long as we assume that value is inherent to things and commodities themselves. It is worth bearing in mind that, to this day, there is not a single theory of value that does not presuppose that the value of commodities came first and does not believe that it led to money and to money value at some point. However, the opposite must obviously be true: Money was value first, which means that money must also have caused value to be in commodities. This logical order must be confirmed in the answer to our question of how commodities acquired value *that they otherwise did not always have*.

Why commodities have value seemed so self-evident in the past that we considered this a superfluous question. However, the truth is that this is a deeply philosophical issue, and while it may seem inconspicuous, it leads us to the core of what constitutes money. This is where we find the eye of the storm that money and value cause in the real world. This is where the quiet and extreme temperatures of icy abstraction reign. Yet we must brave the cold, because this is the way that we will be able to realize gradually how the storm in whose eye we are now can unleash its unimaginable force.

The explanation of how commodities acquire value is as follows.

Today, we would quite naturally describe what we give and what we receive in a purchase as being treated as equivalent. We would not even think twice about it and may even find it trivial, yet it is true in a way that it is anything but. Although we may believe that an equation can be found in the mere exchange of one commodity for another, as we now know, this is not correct. As long as money was not being used, and as long as a purchase was only about a commodity or thing being exchanged for another commodity or thing, these commodities and things were not equated *as values*, meaning they were not equated *at all*. Instead, they were compared to each other in terms of their qualities: It was estimated whether they were *adequate* for each other and for the parties involved in the exchange based on a comparison of their properties.

With the arrival of money, this changed into something that would have been previously unimaginable. As a pure quantum of value, money could not be compared qualitatively at all. Money—and money *alone*—has nothing qualitative about it that can be used as a basis for estimating it in comparison with commodities and things, which are always qualitatively defined. There is no way to make a comparative estimation between money and commodities. Yet, in order to be able to conduct the purchases society needs, money and commodities, which are incomparable, must be made equal. To do this, money enforces the only kind of equality it will allow: a non-qualitative and hence purely quantitative equality. This means that the amount of money that must be paid for a commodity must be equated with precisely this commodity, but because money and commodities are not equal to each other—they are mutually exclusive—we *posit* their equality. Our equation between money and commodities is thus how we posit that commodities are *the same as money* and that commodities are *value*.

This equation within purchases and sales should not be underestimated for several reasons. First, it is notably a specific equation only between money and a commodity, and not directly between commodities. Two, it transfers value, or money as value, to commodities, so that these appear and are treated as the carriers of this value by being traded. Three, this transfer necessarily occurs only in our minds. It is not the transfer of a real substance that can subsequently be found in commodities; it is only *posited*—it is only an ascription of value as an entity that we project into commodities. By equating commodities with money, as we are continually forced to do, we ascribe the value of money to commodities *in our minds*, causing them to appear as carriers of value, although they are not.

This explains how commodities acquire the value they did not always have. It also explains why we are so compelled to see value in commodities, as if it had always been there. The need in society that forces us to live by money forces us to do this equation in our minds. This mental equation consists in having to project value into commodities and seeing value in commodities in this way.

Yet we are completely unaware that we are doing this and that we are thinking this in our minds. Money relations do not explicitly order us to think in this way; they demand it from us implicitly. The imperative to use money forces us to think like this involuntarily and to do this equation as a reflex—without reflection, without being conscious of it. An important consequence of this is that we regard value as objectively given in commodities. We place it there automatically, without realizing that we are doing so. It therefore necessarily appears to us as if commodities objectively carried this value, as if it were a property and that commodities had had it for as long as they existed.

This is how much the positing and equating that money forces us to do affects us. It is not the nature of exchanges to go hand-in-hand with an equation of the exchanged things. It is also not human nature to believe that an exchange could only work provided that each of the things being exchanged equals the other. In an exchange, the value of things is not naturally the relation between these things alone.

It is money that creates and requires this equation. By acting as a pure quantum as opposed to commodities within a society that depends on buying and selling, money establishes the form of the equation in the first place. Nothing could seem more natural or easier than equating things, and equating numbers seems like the simplest mathematical operation requiring the simplest mathematical symbol: the equal sign. Yet this equation is anything but simple, and it did not even exist until money demanded it of us.

Such an equation can only be possible between pure numbers—only then is the equal sign conceivable and meaningful.

It was only when the necessity to think of money and value as pure quanta arose that people began to think in pure numbers in the first place. Before the emergence of money, people only *compared* things in terms of their content; they never equated them with each other. In mathematics, for all those centuries it was only possible to do calculations for things with comparable qualities—in other words, for quantities of the same kind of things. For instance, a distance could be added to another distance, a period of time to another period of time, cows to other cows, and stones to other stones. In each case, single things or groups of things were referred to as units of the same thing, even the most abstract single thing: one as a unit. Numbers were always connected to something; they were thought of in term of substance, as a counted amount of things. The principle of numbers was always the number one—the *one* thing with which the counting of all other things of the same kind always needed to begin.

Things of the same kind do not need to be equated with each other, however, and equating things with other kinds of things is also inconceivable. Hence, the absurdity of the following equation:

Apples = Oranges

No less absurd is Marx's "simple" exchange of commodities in which he misinterprets this trade in an exemplary way:

x commodity A = y commodity B

The two randomly chosen commodities A and B are most definitely different commodities and are as qualitatively different as apples and oranges. They can therefore not be equated with each other, regardless of how much of x or y there may be.

In order for such an equation to make sense, we must first give it this sense. We do this by perceiving it as something posited: by using this equation not to determine what is given, but rather to posit what should be—namely, that things or commodities that are not equal nonetheless carry something equal. We know by now that this equal or third element that should be common to all things cannot be something that holds a qualitative difference. Instead, it must be purely quantitatively determined and must therefore be a pure number—in other words, *value*. This means that the form of the equation and our simple equal sign already fundamentally contain the positing of pure numbers, through which the equated things are understood and related to each other. This is a logical fact that every mathematician knows, and it is important for anyone wanting to understand something about money to know. It is a proven historical fact that it was money that forced people to think in pure numbers in the first place. Pure numbers were unthinkable for the greater part of human history and they were not described for the first time until the end of the sixteenth century.

It was no accident that the man who was the first person to describe pure numbers in 1585 was the Dutchman Simon Stevin, who also perfected double-entry accounting. Stevin declared that the number one was no longer the principle of numbers; it was now *zero*. This means that numbers were no longer thought of only as quantities of content. Instead, they became pure points of reference with neither quantity nor content, like numbers on a number line or coordinate axes—both of which were mathematical forms that were soon developed historically. With this new thinking in pure numbers, which had been inconceivable before, came both the form of the mathematical equation and the seemingly harmless equal sign in the second half of the sixteenth century. But that was not all: Thinking in pure numbers that were equated with all kinds of different things made it possible for mathematical *functions* to be developed.

In this way, money and socialization through money not only caused people to ascribe value to commodities, after which they treated and traded them as such; money and socialization through money also made people take thinking in pure numbers beyond buying and selling. As a result, money unleashed nothing short of a specifically *modern* mathematics' powerful potential, which people then used to calculate and gain scientific control over the world in the form of mathematical functions.[118]

Equivalence, Synthesis, Function

This rather dry title indicates that in this subchapter we must remain in the ice-cold eye of the storm. In order to completely understand money and value, the essence of which so consistently resists a concrete illustration, we must first deal with their abstract character. It is not the analysis of money and value that reduces a vibrant abundance of properties to the mere bones of abstraction; the abstraction we find in them is itself a reality. Money is *concretely* the pure quantum of value in all its non-substantial abstraction. That is why it makes sense to delve deeper into this cold and demanding reality.

We now know how commodities came to "have" value that does not exist in them. They only *seem* to have it because we *think* value is in them—we are forced to mentally add value to commodities and things. Value may be an illusion that exists only in our minds, but we cannot conclude from this that it is our decision whether or not to obey this illusion, for in a society mediated by money, there is no harsher necessity than absolutely everyone needing to believe this illusion because they must make a living with money. It is a powerful fact that the life and survival of every person in such a society depends on money and its proper use. Anyone and everyone who must use money to acquire commodities is therefore forced to see value in commodities and to treat them as values. Money and money society must necessarily create the *illusion* of value through a *reality* that could not be more relentless.

Although the emergence of money explains how we must ascribe value to commodities, it cannot yet explain how much of this value we should ascribe. The belief that an explanation of value should also explain the *quantity* of value in each commodity is a mistake that leads to the assumption of a substance-related value. According to this assumption, a *precisely definable quantity* of the substance of which value apparently consists can be found in every single commodity. For this reason, persistent efforts were made over a long period of time to solve this so-called transformation problem and to successfully convert a value substance presupposed in commodities into the quantity of its conceived value, but none of these attempts yielded a result. The question of what determines the size of the quantum of value in each case thus remains to be solved and will accompany us for the rest of this book. Before continuing, however, I first want to expand on our understanding of how value emerged.

Equivalence

When we equate a sum of money with a commodity, we establish their equivalence in the modern sense of the word. Yet, since money as the pure medium of exchange can be exchanged for all commodities, and since all commodities are equated with the same one thing—namely, money—all commodities also become equivalent *to each other* via money: each commodity stands in a *value relation* to all other commodities. Money, which is the mediator in this equivalence, therefore seems to cancel itself out of the equation, as if it did not play a role at all.

We thus presuppose this equivalence, as we do value, and assume it has always existed and that, throughout history, people noticed whether an exchange was equivalent or not and treated the different things as equal values. For example, we are taught today that people in the earliest times naturally regarded a sheep or a handful of barley offered in sacrifice as "equivalents" to what they would receive from the gods in return. Where it was once a sacred duty to honor the temple priests for their service with a gift, we naturally see this gift today as an equivalent to the service rendered. The symbolic skewers used to attest the right of members in an ancient community to participate in a sacrificial meal are naturally interpreted by modern experts as equivalents to the meat received at the meal. Also, because it is believed that this equivalence would have led to money sooner or later, money is thought to have an ancient sacred origin and is therefore "holy money," to quote a book title.[119] Of course, this is nonsense.

Equivalence signifies the equality between values. However, as we have seen, value only exists when equivalence is posited: It exists as money, and, as this money, it demands that the equality between value and value be posited. Therefore, not only is value presupposed in the concept of equivalence; equivalence is also presupposed in the concept of value in the form of the necessarily posited *equality of values*. Historically, there was no initial equivalence between things that later would have led to money; instead, by forcing us to posit it, money led to equivalence, also between things. There was no primordial time when commodities existed as "simple" equivalents that at some point led to the "universal" equivalent called money. Rather, the opposite is true. It was through the universal equivalent called money that commodities became equivalents in the first place. Equivalence thus began with the universal and transformed everything else into simple equivalents.

The only transition from many simple things to a single universal one occurred with traditional means of payment—in other words, far removed from money. Out of all the many different things that could be used for simple payments, at some point certain things were taken as universal means of payment, and some were specifically standardized for this purpose. This means that, in payments, the other things could be universally measured according to these things—cows, cowrie shells, or coins—without them becoming values or equivalents as a result.

It is only because people equated money, which they saw as the equivalent that was universal from the beginning, with commodities that these also became values and equivalents themselves. This is also the answer to the mystery of the "common measure" we discussed at the very beginning of this chapter and which we convinced ourselves was needed "to relate two commodities to each other in an exchange,"[120] because the common measure in the form of money is located and evolved *outside* of commodities. Completely independent of commodities, and hence utterly *extrinsic* to them, a society mediated by money evolved in history, along with the purchase of commodities specifically with money. The common measure we mistakenly seek in commodities is thus forced upon them in the form of the possibility of being bought and being a commodity in the first place. Commodities, which never required a common measure to be exchanged, are nevertheless ascribed precisely this common measure when people are forced to buy them with money. Thus, only where there is money do we find the extrinsically posited compulsion to relate commodities to money as a measure common to all, thereby assuming this measure is *within* them.

Synthesis

When buying and selling, we equate money with commodities and perform a transfer of value in our minds. Just as this transfer is only performed mentally, the same is necessarily true for what is transferred. Value itself is therefore only a *thought* entity. As such, value must be created in our minds.

This does not mean, however, that we can simply make up value as we go along. We cannot say to ourselves, "I will imagine a value of 100 and use it to buy something." Instead, in a society mediated by money, there is a powerful compulsion for everyone in contact with money to handle it in precisely the manner that it prescribes and hence to think of money in exactly the way that is required in reality: as a quantum of the power to access everything sold by others and as a power in the hands of everyone who buys something with it. Although value does not exist in our thinking alone, for it is also rooted in the harshest necessity of society, it only exists if humans also think it. We need to know, understand, and always expect that we can get a loaf of bread for money—in other words, that by law, we can get it only for a sum of one and the same thing with which we can buy anything else that is for sale and that can ultimately only be acquired through a sales transaction. All of this necessarily happens in our minds and is a product of our thinking. A child may be sent to a bakery and may lay cash on the counter without having a knowledge or understanding of what this means, but the baker who gives change back to the child knows and must understand what it means if he or she wants to continue selling bread for money in the future. The child may not yet have a concept of money or a notion of value—which is how it was for humanity for the greater part of its history—but if the child wants to survive in this society, it will sooner or later need to develop a concept of money and a notion of numbers *as value* and hence as the power to acquire bread and other nice things, and therefore to think of value in this way.

Epistemologically speaking, this is a *synthetic* thought process. Unlike an analytical thought process in which what is entailed in a concept or notion is merely deduced or extracted;

in a synthetic thought process, a concept or notion is created or emerges in the first place. This is the only way this process can achieve what needs to be done here. The value we see in sums of money and commodities is notably not an actually given entity; it does not exist as *something* that can be recognized or analyzed therein, for *there is no value as such*. We could deconstruct all commodities to their atomic level, and we would still not find an atom called "value." The value that we see in money and commodities actually cannot be seen or perceived here in any way. Value as an entity is an a priori given, existing before any form of perception because it is a given beyond all perception. It is not a perceivable object; it is not anything at all, and if Immanuel Kant had also included value in his philosophy, he would have recognized it as precisely the synthetic a priori judgment that he investigates in his *Critique of Pure Reason*. We do not *see* value in money or in commodities; we actively *project it into* them. We create it and produce it through a synthesis of thought that does not take value as an analytical given, but which forms it, or synthesizes, as a concept and as a quantity or entity in the first place.

This synthesis has three effects. First, as described above, it causes us to comprehend and think of value as a *unit* in the first place—as a not qualitatively perceivable unit, but as a pure, as in purely quantitative, one. Second, we necessarily *connect* any such unit of value with another, meaning we actively equate the unit of value we see in a sum of money with commodities in which we posit, and hence synthesize, the same unit of value. We create two such units—one in money and one in commodities—and establish a connection between them, which is another aspect of this synthesis. Third, of these two units, we take the value on the side of the commodity and link it *with the selfsame commodity*—in other words, with the good or thing that thus becomes a commodity. It is therefore only through the synthesis of value that we transform commodities into the double phenomena that we still naturally take them to be today. We do this by projecting a pure quantum of value into the something in which a commodity consists. In our minds, each physical commodity thus fuses with its own value expressed in numbers. We apparently produce this mental unity so well that a commodity and its value seem completely inseparable to us, *as if they had always been connected*.

I have discussed this synthetic form of abstraction, which I call *functional* abstraction, elsewhere.[121] This is a form of abstraction because the entities created by it do not have content from the start and therefore could not be more abstract. It is precisely not the well-known analytic abstraction with which Marxists still believe they can explain the origins of their value substance, which they therefore call "abstract human labor": through the subtraction of certain properties of something in a subtractive or abstractive method. As an example of this very old form of abstraction, we could look at how we arrive at the concept "horse" by disregarding all differences between individual horses; by the same token, we can get to more general concepts like "four-legged animal," "animal," and so on, ultimately arriving at "living being," and finally "one." Or, as with Marx, we could disregard the actual, concrete work of a shoemaker or carpenter, for example, and arrive at the "simple" labor, or thickened "jelly" (*gallert* in German) of labor, as he calls his "abstract" value substance. However, value cannot be achieved by subtracting properties until the "jelly" of its last property is all that remains. In order to reach value, we need a *functional* or *synthetic* abstraction that does not first subtract from something bit by bit, but instead *posits* and thereby establishes the *pure* entities I have repeatedly mentioned that from the get-go are completely *detached* from all potential *things* and are a definite negation of all things or commodities, both of which are determined by their properties. In a functional abstraction, each of these pure entities are necessarily linked with at least one other pure entity and hence also with any possible thing that they represent as values or numbers, according to the synthetically created illusion. A relatively clear example of this kind of abstraction that is also its most well-known application is the mathematical function, which has at least two variables that are connected to each other as pure values or, for example, as points of reference that act as values standing for certain properties on coordinate axes, like distance, time, mass, or energy. I call the abstraction I discuss here *functional abstraction* because of this eminently important form of modern mathematics.

Function

That money has several functions is regarded as self-evident today. Economists even go so far as to believe this is a sufficient definition of money and argue that money is what possesses money's different functions. However, not only is this definition obviously circular; the claim that money has different functions is not even correct.

Although this did apply at one time to traditional means of payment and thus to the material media of exchange, money is precisely not something that *has* a function: It is not a thing that can be used for one or several tasks, unlike a hammer, which is a hammer and hence has the primary function of driving a nail into a wall. Money as the pure medium of exchange consists in nothing other than its one function, unlike the hammer, which *consists* of a wooden handle and a metal head and *has* its function. Money is nothing but the function to consist in a quantum of value being exchanged for commodities. In other words, money *is* this function; it does not *have* it. And this means that it cannot consist in several functions, but only in this *one*.

Money is nothing but the function of being exchanged as a pure quantum of value for something with a posited equal value.

This function is a single one and does not entail other functions, although it is usually assumed that money has four of them: These are the functions of a *medium of exchange*, a *means of payment*, a *measure of value*, and a *means of accumulating or storing wealth*. However, exactly these various uses do not characterize money, but rather its opposite: namely, the social relations in which money was *not* yet used. In those particular circumstances, it made sense to distinguish between the things that were intended for an *exchange*, those that needed to be handed over for a certain *payment*, those that served as a *measure* for estimating an exchange or payment, and those that were regarded as *treasure* and *fortune*. In archaic circumstances, different things were used for different occasions. Cowries served as a medium of exchange for purchasing food, while slaves were the medium of exchange for imported goods. Bars of copper were required for marrying someone and were considered the only suitable means of payment. Cows were used to measure different things, meaning animals served as something that we would today call a measure of value—only, in that case, it was not about value. And for filling a treasure chest with riches and fortune that earned their owner esteem, gorgeous fabrics or objects made of gold and silver had the function of what we would refer to today as a means of accumulating or storing wealth—although again we must remember that no values were being stored in this case. For each of these occasions, a specific type of thing or "means" could be required: cowries for exchanges, copper for payments, cows for estimations, and precious objects for treasures. When it comes to money, however, what remains of these differences is what is allowed by money to remain in terms of qualitative differences: nothing.

When we buy something with money, it clearly functions as a pure *medium of exchange* and hence as a quantity of value. Without question, money consists in precisely this function. It remains a medium of exchange even when we sometimes call it a *means of payment* today. If what we consider a payment with money occurs sometime after a service requiring payment has been rendered, this does not change the fact that money is "paid" in exchange for something. Even in the case of taxes and penalties, which are the only things that remain payments in the archaic sense, those who are obligated to pay do not receive anything directly in exchange for the money paid. Nevertheless, this money that was paid represents nothing more and nothing less than the medium of exchange that the nation state, who demands and collects it, in turn uses it as.

We believe today that the third function of money is as a *measure of value*. Yet if it really were a measure of value, money would consist in something that *has* its value, like a ruler has its length, and it could be used to quantify the value or length of everything else that has value or length. However, as a measure of value, money would be again misunderstood as *something* that could be used in a certain function. Money is not something on which a scale for measuring value can be marked; rather, money *is* the measure, with the units of measure in its various currencies. Money is measurable value; not just something with which value can be measured. Money as value is what forces us to measure each commodity also as value—to measure the value *in* and not *with* money. That money is value means that it is the *amount* and thus the *measure* of value itself that we are forced to ascribe to each commodity and that must pay as its value. Money is thus most certainly used to measure value, but only because it is value itself that forces us to measure everything against what it is not.

And what about money as a means of storing value? As value, money is *what is stored*, not the thing doing the storing. In its function as a medium of exchange, money must "maintain" as much of its characteristic of value as possible in order to remain a medium of exchange from one purchase to the next. If a sum of money is not used to buy something but is "stored" for a while instead, it is expected to *remain* money and hence value. Regardless of whether or not this is successful, it is no more an additional function of money than it is an additional function of a hammer to lie in a drawer from time to time.

Being value, and thus functioning as value, is money's one and only function.

III
CAPITAL

Merely describing money as value and as a medium of exchange reveals how it opens up a world of contradictions. That money relates to all possible commodities through negation and exclusion places it in opposition to everything that is of this world. This must unleash further contradictions, and no matter how abstractly these are described, they have very real effects on our world.

For the present, I will name three of them:

The outermost as the innermost. Money as the pure medium of exchange is severed from the ranks of goods and commodities, and because it is outside and separated from these, it assumes the form of value as a pure quantum. At the same time, money is only separated from the ranks of all conceivable goods by needing to be permanently exchanged for such goods, thereby forcing us to posit that it can be found in commodities as value. It is precisely because money first forms into value outside of commodities and through its separation from these that value seems to be in and connected to them. Because goods and commodities are posited as being equal to a certain amount of money and value, they become carriers of this value. According to this positing, they seem to carry exactly the amount of value within them that exists outside of them as money.

The absolute relative. As the pure medium of exchange, money consists in a pure quantum and as such exists absolutely. At the same time, however, because it must be continuously exchanged for commodities, it only exists in relation to these and to virtually everything else that is not money. In its necessary reference to its absolute opposite, money is also the opposite of absoluteness: It is absolutely relative. This corresponds to the necessarily double existence of value. In money, value consists purely in itself and, in this respect, absolutely. In commodities, on the other hand, value consists purely in the relation that it establishes between each commodity and money and hence indirectly to all other commodities. This is because *all* commodities must relate as value to money; their value is always only a quantity in relation to the value of all other commodities and is hence relative. It is only in its necessary relation to commodities and as a value relation between commodities that money exists absolutely.

A nothing that is the epitome of everything. Money functions solely as a medium of exchange that does not consist in something. It consists in nothing. At the same time, money is the medium of exchange for all the conceivable things it can buy. Money represents everything precisely through its consisting in nothing. Furthermore, because everyone needs money to acquire things in a society that lives by buying and selling, money not only represents all of these things; it is a prerequisite for being able to acquire any of them. Anyone who must buy something with money *first* needs money to buy it. Only the money that they are able to acquire enables them to possess whatever imaginable. In our eyes, money, which itself is nothing, stands for its absolute opposite, or everything that exists because it is not money. It thus stands for everything that actually exists—namely, all of the real world.

In order to do this, money keeps the world in a stranglehold while keeping a tight grip on those who, for the sake of making money, are forced to turn anything and everything on this planet into a commodity for making money. Every piece of land must have a value put on it, any plant that is suitable becomes a cash crop, every treasure that is hidden deep within the Earth is ripped out for commodities that must yield money. Jobs, housing, education, healthcare, water, and food: everything that should not be a commodity must become one because, as such, it must become money.

Everywhere the world is under money's power, it must be transformed into money—into the nothing of a pure quantum that nonetheless rules the globe. Yet what is it that decides its quantity? What determines, for example, how much of it there should be? What decides how much of a commodity we can buy with it and thus how much of it a commodity should contain? These are the questions I will address in this chapter: questions regarding the quantitative relation between this nothing and the something into which we must be able to exchange it—questions regarding what lends it permanence.

Prices

The value of a commodity is measured in the amount of money that must be paid for it. How much money must be paid for a commodity is specified in its price. The value of a commodity is the same as its price.

That the price indicates how much money a commodity costs and thus how much value it represents—or, according to common belief, how much value it "has"—is a banal observation. However, it decidedly contradicts what we take to be most clearly self-evident, which is that the value and the price of commodities are supposed to be two separate things. Whenever we make mention of that separation, we do so with the same confidence and uncontested conviction with which we express our knowledge that the Earth orbits the sun. This is completely understandable because we constantly distinguish between the value of a commodity and its price. Although there is nothing wrong with it that, it says nothing about the truth of price and value.

There is a clear reason why we differentiate between the two. By equating commodities with the sum of money that they cost, we see their value within them. This means we are the ones adding this value to the commodity in the first place and transforming it into the two-sided thing: the good that it is and the value we see in it. Yet because it is value that we project into it—value that, as such, is never really there—we cannot really see it, but instead continue to see only the commodity we believe has value as one of its many properties. This is how we arrive at the deceiving notion that value is a property of commodities, which, as I have already discussed, is so difficult to overcome.

This fusion of value and commodity that we achieve in our minds must proceed in such a way that we especially connect, or even identify, value with properties for which we esteem the commodity and which make it "valuable" to us, according to the notion that money forces on us. When we try to see the value that commodities "have" for us, we believe we recognize it in these properties. This is how esteem and value merge in our minds.[122] For example, because we may esteem a coat for its elegant cut and tasteful materials, this may appear to us as its value—or at least as the reason for its value. Therefore, this is how we give our esteem a value-form. It means that we are constantly trying to manage the act of seeing the esteem we feel for something, which could never be measured any other way than qualitatively, as taking the form that contradicts it the most: as the purely quantitative form of value. We thus automatically link our feeling that we esteem or like certain apples for the special way they taste and pears for their own unique flavor with the idea that we must also be able to quantify this as a certain amount of value. This is how we develop what we call our *sense of value*: by fusing what we esteem about something with the form of the pure quantum of value, which is predetermined by money.

A quantity of value that is thus fixed within commodities—a quantity of value that, in our minds, is an integral part of commodities—clashes with the phenomenon of prices, which, as we know, are not fixed to commodities. Apples that we can buy on sale for $2.49 per pound today may cost a dollar more tomorrow, although they are exactly the same apples. Their price can rise or fall, independently of the sense of value we connect with them. Prices are not as fixed to a commodity as we feel value is. The value that we see in commodities therefore could definitely not be the same as the prices that we must pay for them. There is nothing wrong with distinguishing between our sense of value and random prices, for it is exactly this difference that we experience every day. Whenever we go shopping, we regularly try to estimate whether the price of a commodity corresponds to its "value" or not. We automatically distinguish between what we feel is its value and the price currently being asked for it. Every time a commodity seems cheaper or more expensive than we think it should be, we distinguish between its value and its price. We even do this when a commodity seems to be the same value as its price, for once. We also instinctively compare the value that we ascribe to it, based on our feeling, with the value actually asked for it, and we reach the conclusion that the two values either correspond to each other or they don't. The common observation that a particular commodity can "have" a completely different amount of value and significance for each of us also belongs in this context. Naturally, individually ascribed values such as these can never be identical with prices, which are not chosen individually at all. Yet it is also clear that this kind of value is solely the product of this specific notion of a value in commodities that money demands from us, but which, objectively speaking, also deceives us.

Theories that are based on this same notion and assume that a value substance exists must also strictly separate the value of a commodity from its price. According to these theories, every commodity needs to contain a clearly defined amount of this value substance and each commodity has its fixed value that absolutely does not coincide with variable prices. That is why Marx, for example, emphatically insists on this distinction at first. It is then all the more revealing that he must ultimately revoke it completely, despite the fundamental role it plays for his labor theory of value. He begins by arguing that the amount of labor people have actually invested in the production of a good and is therefore concretely measured "by its duration" should, as "the quantity of the 'value-forming substance,' the labour, contained in the article," also determine "the magnitude of this value."[123] However, he naturally realizes that the slowest worker would then produce the commodity with the highest value, which would be absurd. As a result, he revokes the theory of the quantity of labor as measured in time, then he retracts his entire theory of labor as a quantifiable substance that can be found in commodities. He does this because, not only could a concrete amount of time never play this role, but, according to his theory, all labor is reduced to the value-form of *abstract* labor, and he correctly realizes that this could definitely not be found in commodities. How then can a certain quantity of value be determined in each commodity? Marx finds the correct answer, which unfortunately does not fit his theory, and disproves it instead. As he also realizes, the amount of value a commodity "has" is determined solely by how much of this is recognized when it is sold—when people, as Marx writes, are "equating" their commodities "as values."[124] Hence, we ascribe an amount of value to commodities by actually paying it for them in the form of money. As always, Marx thus assumes that commodities are equated *with each other* as values, instead of, as actually occurs when purchasing a commodity in exchange for money, with precisely this money. In correcting this, Marx rightly acknowledges that the amount of value that a commodity "has" is determined "only by being exchanged," meaning it is based on how much money is paid for it[125]: undoubtedly, as much money as the *price* of a commodity states. Although Marx would never have been able to admit this, even he realizes that it is the price of a commodity that defines how much value it represents. This marks the end of the labor theory of value.

A value of a commodity that is something other than its price is a mystification. This mystification can be understood as the sense of value in which esteem and value are joined in our minds. However, this mystification prevents us from realizing that value, as the decisive economic entity in a society, is mediated by money.

The value of a commodity is its price: the amount of money paid for a commodity and for which its ownership is transferred from the seller to the buyer. That the opposite is also true proves this point: When the value demanded for a commodity is *not* paid, the commodity *not* sold, and the price *not* attained, then its value is also gone. Such an unsellable thing might still be esteemed by someone and linked to a sense of value, but without a payment of money, there is no value put on it. It then does not acquire this value and has never had any in the first place.

The Law of Value

In a society mediated by money, everyone must sell commodities to acquire from others the non-commodity of money, which they can use to buy commodities from other people. Everyone must insist that others pay them money for every possible thing and must demand a certain amount of money for commodities in the form of a price. But what decides how high each price should be? Although prices can vary greatly, they cannot be completely arbitrary. They must yield the money that we all depend on. In a money economy, it is clearly the prices that are a contested quantity, and not the mystification of a value that would be left entirely untouched by any price war. The amount of the value in commodities that is quantified in their prices must therefore entail something binding, while also being anything but one of their fixed properties.

For example, it seems obvious to us that a car costs more—and, in this sense, "has"—more value than a pack of chewing gum. On the other hand, entire companies, along with their manufacturing plants, have been sold for a single dollar and thus for less than what a pack of chewing gum costs today. Or the same commodity costs a certain amount at one seller, a little less at another, more at a third, and another price entirely at virtually every other seller. There are also auctions where buyers determine the price and value of a commodity by bidding up to the sum they are willing to pay. In most cases, however, the opposite is true, and it is the company selling the product who alone decides how much something should cost. When a new kind of commodity is introduced, like the first personal computer, the price may be chosen more or less freely. With established commodities, however, the prevailing prices and, more importantly, the prices of competitors must be taken into account. Another example is when the same smartphone can cost several hundred dollars or it can seem to cost next to nothing if the customer signs a fixed-term contract for a certain period of time. We also know that one and the same commodity costs more if we buy only one item, and less if we buy a dozen. Or when something is in high demand, its price will rise far above the calculated minimum, or the price may be set below the minimum to attract buyers in the first place. This can also go the other way—for example, when a Patek Philippe watch is deliberately sold at an absurdly high price to attract buyers who enjoy paying money for things that only very few people can afford.

We can find countless examples of the volatility of prices and the wide range of possibilities to set their amount, and we may be tempted to reassure ourselves that there is no untenable difference between them by assuming that commodities have a "proper" value that, for some reason, their prices are not bound to. However, such an assumption would only be grounded in a value substance yet again. None of the variable prices and none of the possible ways they can be set represents a kind of standard case on the basis of which all other cases could be seen as exemptions. Each of the possible variants is part of the reality of value to the same degree. This reality of value must also be the basis for explaining how the variability of prices is nonetheless part of a system of the quantity of value that could not be stricter.

In a society mediated by money, everyone must acquire money by selling commodities—this much is clear. But if that is the case, then something else is clear as well: Only those who make *more* money in a sale than what they needed to pay before can acquire more money. They must subtract the money they needed to spend to be able to sell it in the first place from the money they demand for it. That is why it is important that—as obvious as this may seem today—this calculation, in its imperative necessity, only exits because it is money. It is for the sole reason that sellers must not only pay money for purchasing their commodities, but must also earn money by selling them—in other words, by giving a quantum of the same thing for taking a quantum of the same thing—that this calculation is and must be done. In a society mediated by money, everyone must not only generate sales; they also need to earn a profit. It was not until money emerged that people were forced to draw up a profit and loss forecast. This did not exist before money and would not have made sense, as I have discussed in the first part of this book.

In a society in which people can generally only acquire what they need for money, everyone will get most of what they require to be able to produce and provide their commodities only for money. To be able to sell something for money, we must have also bought something for money. To get money, we must be both a buyer and a seller. Materials must be paid for, as must services that are used, rooms, tools, and machines that are bought or rented—in short, anything and everything that generates costs right up until the point when we are able to successfully offer something for sale. In order to achieve what the selling of commodities must be about—namely, to earn money—we must all demand *more* money for commodities than it costs us to sell them.

This has two consequences: First, dealing with money essentially requires more money; second, it results in a law that is binding for the quantity of value in commodities. The law of value states: Whoever sells a commodity for money must set its price and value high enough, so that, in the end, they receive more money than they paid for it.

The necessity that is formulated in this law of value is not like a natural law; it is a categorical imperative based on the category of money. It requires prices to be set at a certain amount, which reveals something very decisive. The quantification of value determined by this law is not dependent on individual commodities; instead, it is linked to the sellers and buyers—to those who use money and must therefore ask for a certain amount of it for commodities. Thus, it is not the commodities that require they be paid for with value; it is those who must demand payment for commodities and for whom this value is expected to yield more money. It is for them, and only for them, that the necessity exists to acquire not just money, but more money. The law of value thus binds the *money subjects*, or owners of money, to money's imperative of needing to determine the quantity of a commodity's value accordingly. The law of value does not determine how much value is thus ascribed to commodities based on the commodities themselves, but based on those who generally must demand money for commodities.

It is this law that makes value so strict and rigid when it comes to the completely unrelenting way it must be demanded for commodities. Yet it is this same law that also allows value to have a volatile mobility of prices—in other words, the fact that prices can be set relatively independently of the individual commodities. Those who sell something for money simply need to earn more with their sales overall than what something cost them. This is the only thing that is precisely determined by the law of value. It does not dictate that each individual commodity must yield more money than it costs. The contradiction between rigidity and flexibility is thus not divided between the two separate entities of value on the one side and prices on the other. The contradiction between rigidity and flexibility occurs—and is very contested—entirely within the value of commodities, or within a value that is one with its price.

It does not matter whether you are an individual or a large company with many branches, whether you produce commodities or simply sell them, or whether you sell only your own labor power: Everyone must set the prices for what they sell high enough—or must hope that others do—to balance their costs and earn a well-calculated sum of profit overall. An almost infinite number of factors can be considered when calculating how such a sum should be spread across commodities and how high to set each price as a result. We can use a simple rule of thumb, for example, by multiplying the price of purchasing single commodities by a certain factor; or commodities that sell better could cost a little more, or they could cost a little less because they sell in high numbers; or commodities that are already more expensive could be more easily sold at an even higher price, while others could be intentionally kept at a lower price to successfully cater to the “cheap merchandise” segment; or it could be impossible to pass down the increase in prices to consumers without making certain commodities completely unsellable. Another consideration that may play a role in this calculation is that, out of 100 commodities that are purchased, only roughly ninety will actually be sold. Food can go bad, clothing can bleach, things can break or go missing, a new version of the device can be launched on the market, or there is simply no longer any interest in the commodity. A price for the ninety commodities must thus be chosen that will cover the costs of all 100, while still earning a profit.

A car therefore costs more than a pack of chewing gum not because there is more labor involved, according to which its value would be measured, but because, among other things, the labor required to make a car generates more costs than chewing gum. This labor is paid for with money. It is exclusively in the form of these costs that it becomes part of the value of the product in the form of its price. The company must set this price high enough to ensure that its total earnings are more than its total costs. In the case of the car and the chewing gum, it is also never just labor costs that accumulate, but all sorts of costs: costs for electricity, for property, for pollution rights or other rights, for litigation and penalties, for purchasing more company branches, and many other things to boot. Furthermore, a fancy car that cost $100,000 can waste away in storage, or it can be given to the chairman of a powerful institution as a gesture of good will. The price of the car must therefore be set high enough, so that the cars that are produced and sold for $100,000 also earn enough profit to cover the costs of those that are not sold. Or the first major industrial manufacturer of electric cars could decide to sell its early models for $90,000 for a few years, instead of the price of $200,000 that would be necessary to sell them at a profit, meaning they are sold at a great loss because the company can expect later models of the brand, which by then will be established, to be produced more cheaply and thus earn enough profit to compensate for the loss.

This does not mean, however, that the $200,000 is the "actual" value of the car and that the $90,000 is a mere price that deviates from this. Rather, the $90,000 and the $200,000, or any other price, are the result of the same profit calculation that must be made for the sake of money. A car does not cost $90,200 or $239,000 because it "has" a value in this amount and may contain the corresponding amount of labor; it has this price because it follows the law of value, meaning it corresponds to the calculation of profit for those who sell it. No commodity "has" a value; a value is demanded for it, and that is its price. Value is not *in* commodities; value is ascribed to them according to a necessity that is always forced on them from the outside based on the law of value by those who must adhere to it.

The imperative that is formulated in the law of value—the imperative to become more money—is inherent to money itself. It is only when money becomes more money for those who use it that it becomes money they can continue to use in the first place. It may sound banal, but only money we acquire is money we can use and that functions as money for us. Only money that is in circulation and becomes more money can continue to function as money, and only when money is used with the purpose of becoming more does it exist as and remain money.

Money, however, that we need to use with the purpose of generating more money is what we call capital.

Growth

Money, being money, is capital. No special variation of money exists that makes it capital. There is no particular way it can be employed that forces it to be used for making profit, and no certain type of production that forces the purpose of increasing on it. Money as such is governed by the necessity to be used to produce more, and that means the necessity to function as capital. The capital function of money is an immediate function of money. An economy based on money is based on the increase of money and is therefore an economy of capital: there is nothing in-between. Money requires a capitalist economy, and therefore capitalism evolves with money.

To this day, we have imagined this happening very differently, however. Even without a precise historical idea, we believe for certain that capitalism emerged at a moment when money had already existed for a long time. We believe that the money of earlier times was not yet capital and existed without a capitalist logic, and that it was only when capitalism emerged that the harmless thing we imagine money to be realized its full potential or, from the opposite point of view, became distorted and subordinated to the vice of greed. After the "invention" of money, which was supposedly only for the benefit of humanity, capitalism was additionally "invented" as a method to make more money out of money. And whether we celebrate or condemn this, we believe money and capital evolved separately because they are separate things.

The reason for distinguishing between money and capital this way and for taking a money economy to be something else than capitalism is plain for all to see: As long as we automatically think that money and value must have existed in the most ancient of times, capitalism could not have emerged at the same time, for it is all too obvious that ancient empires were not capitalist, communities of slave holders did not produce things in a capitalist fashion, and early owners of coin fortunes did not continually invest them like good capitalists. Therefore, if money were really as old as we automatically assume, then capitalism must have emerged later, and money must be something other than capital. We *must* separate the two if we regard the automatic assumption that value is in commodities as the truth.

That a time existed before money became capitalist can only be regarded as correct insofar as there was not an imperative to make more money that was dictated by money in pre-capitalist times. But money was also not known then, meaning money's imperative to increase was missing simply because there was no money. In the times we now falsely presuppose money, such an imperative did not exist for any media of exchange. As long as things were exchanged for other things in a purchase, they did not need to become more. A piece of metal remained a piece of metal and could be exchanged as such, regardless of whether more pieces of metal were added or not. A cow did not need to have calved a few times to be a cow and to be used and traded as a cow. Barley, cowrie strings, slaves, or services that were paid for were what they were and could be exchanged as such without needing to be increased. Even the growth of plants and animals, which is naturally necessary for their existence and their salability, was something entirely different than the growth of money. The potatoes growing on a field did not need to be more in number one year than the previous year simply for the sake of having extra potatoes. The potatoes that were grown and consumed the year before did not need to be subtracted from the ones that were grown this year. Their growth simply meant they were available and could be eaten. As long as something that grew did not mean money and did not need to produce money, what people otherwise consumed did not need to be subtracted from it.

This is the obvious reason why the Middle Ages did not know anything about the kind of growth that only money demands. In no time and in no community whose economy was not using money would anyone ever have thought to link their economy to such growth. When the economic goal is to produce goods and not money, each good is profit in and of itself. Each potato harvested from the earth is a gain from which the carrots that have already been eaten do not need to be subtracted. No one needs to deduct the wood burned in the oven when baking bread to calculate bread minus wood equals what is left to be eaten. Nothing could have seemed more absurd in those times. Yet money works in precisely this absurd way, and it is the first and only phenomenon to do so. Bakers must now indeed subtract from the money they receive for their bread the money that they spent for wood and all the other things they need, so that they can use the rest—the hoped-for more money—for new purchases. This imperative to acquire more of the same medium of exchange necessarily occurs only with this one universal medium of exchange, and that is money.

A society mediated by money means that everyone must earn more from others than they previously have let those others earn from them. In general, an amount of money that has been earned up until a certain point must be exceeded by a larger amount of money that is expected to be earned. This direct result of the law of value means nothing less than that money condemns people to strive for the growth of money.

Some of us may admire this imperative to achieve growth, while others criticize it. Either way, we all know it well. Still, we believe that it does not exist. At least, I do not know of any explanations of this growth that do not imply that it could simply be avoided with a little goodwill. It has been thought that it is foreign to money and that it can therefore also be removed from it without problem. That our economy strives for growth is thought to be not an imperative, but to occur either with the best intentions or due to vile greed. In any case, it is regarded as the result of the free will of those who handle money. Degrowth is said to be possible anytime; we just have to want it. That economic growth endangers our world, and that this cannot work in the long run, cannot be overlooked. Yet it is argued that, to escape this, we simply need to "rethink" things, while keeping our economy working with money but without its growth. That we wish this were the case is understandable, but it does not take into account what drives our economy: namely, money, which only exists if it grows. An economy without growth can only work without money. We are just as unable to decide that money should function without profit as we are to decide that a car should roll without wheels.

That having been said, there are actual reasons for thinking that money is not capital and for not believing that money forces its own growth. These reasons may ultimately be invalid, but we should take them seriously all the same. They can be summarized in the somewhat ironic complaint that there are two types of money: one that always decreases, and one that always increases. The first type, or simply "money," concerns average consumers and is constantly slipping through their fingers. Earned with much effort, it must be immediately spent again, and it never amounts to more than covering their need for goods to sustain their livelihood. The other type, "capital," on the other hand, does not serve the purpose of buying goods in order for them to be used; instead, it provides the means for its own growth. It is believed that only those who have a considerable amount of this type of money actually have it—meaning the means to make more of it are in the hands of those who need it the least. That is why the distinction between money and capital is often accompanied by the accusation that we owe this madness of growth solely to the greed of those in whose hands money becomes capital: the bosses, the managers, the stock brokers—in short, the capitalists—as if it were only their insatiable greed that brings ruin upon humanity, and we need only to stop them and keep them from using their capital in a profitable way to solve the problem of growth.

Distinguishing money from capital in this way may not deliver the truth, but it does point at something that is correct: It is true that many people barely have enough money to sustain themselves. Those who earn their money through labor, for example, are rarely able to demand the prices they want. Instead, they can often count themselves lucky if they are able to acquire enough money to afford the bare necessities. Under such circumstances, they are not in a situation to use their income to make more money out of money. In this sense, they are only "consumers" and nothing else: They use their money exclusively for the commodities they need and consume to live their lives. They may venture beyond this if they have money in the bank and receive interest for it, or if they invest a sum they do not immediately need for consumption in the hopes of making a profit—for even if they leave the growth of money to others, it remains money that they use to acquire more money. Yet if we disregard this possibility, consumers could honestly say they do not strive to make more money out of the money they have. If things went according to them and everyone lived as modestly as they did, money could always be exchanged only for commodities—in other words, the same for the same—without ever demanding notorious economic growth.

While this seems to be true, we still overlook how it is specifically money that even the most modest of consumers use to acquire their commodities and that money works fundamentally differently from the commodities that are bought with it. From the consumer's point of view, it would probably make no difference whether they pay with money or if they could help themselves directly to a selection of commodities. For them, money as the mediator for the commodities they need plays a more or less negligible role. Yet it is only from their point of view that it disappears. The money that slips through their fingers when they buy commodities exists as a quantity of value in the hands of those who sell them these commodities. Each sum of money *remains the same* when it becomes someone else's property through a payment. Where money is concerned, buying and selling become the opposite sides of one and the same process in which there is a buyer on the one side and a seller on the other, and each calculates something entirely different. Buyers are interested in the commodity, while for sellers it is about the money they must demand. This means that, in a purchase, unlike the buyer, the seller must absolutely strive to acquire more money with their commodity. The same sum of money that buyers pay and is thus "lost" to them is necessarily a sum that must contribute to the seller's profit. The sum the buyer uses to acquire the commodity is identical to the sum that must replace the money the seller has spent and should also yield the necessary surplus value as capital. The money one person spends is the money that serves as capital for another.

This is the case not only when regular consumers spend their money; it also occurs when they earn it, although they may not necessarily be aware of this. Insofar as people earn their money through labor that others pay for, they can be considered sellers—namely, sellers of their own labor. Those who benefit from their labor are buyers. The money that the one receives and the other must want to increase is the same money. For every company, the money paid to employees is necessarily capital that must earn the company more money. It is only when a company makes a profit after all the labor costs have been deducted that it can pay for the labor that enables an employee to earn money.

This is also why it is in consumers' interest that their employers make more money thanks to them. According to the logic of money, employees must also be interested in costing their employers less money than they enable them to earn. They can only hope that their boss's business is profitable overall and justifies not only the costs of paying them, but also everything else that the company needs and must pay for. Only then will it be able to stay on the market and "survive" and will perhaps pay enough money for its employees' labor, so that they can make a living. It must also be in everyone's interest that not just one business is performing well, but that all businesses in general are profitable, for only then is it likely that they will find enough buyers for the commodities made by the labor of their employees and that these commodities will give them the necessary increase in money. Not only should their business customers have enough money for this by making a good profit, but their end customers as well—and not just on the local level in their city or region, but in the economy of all nations. The growth that money forces on us is thus unavoidably in all our interest. All of us must follow this trajectory, even if we are not conscious that we are doing so. We are all forced to be on the constant lookout for opportunities to make money and hence more money.

The imperative to generate more money is inherent to money itself. It weighs on the money subjects who must force this imperative on each other in a *competition* for money. It weighs on the world that they must increasingly transform into a commodity through a special kind of *ownership*. This imperative is enforced with the power wielded by the guarantors of money—by *states*.

AMONG MONEY SUBJECTS

Money is capital because it forces the necessity to make *more* money out of money on everyone. No matter how relentless this necessity may be, however, it does not mean that we will actually manage to achieve the demanded increase. It is an imperative that is forced on us without a guarantee of success. The successful increase of money is not what makes it capital because the failure to achieve this is also a regular occurrence in a money economy; what makes money capital is that it successfully manages to force this imperative of making more money on all of us.

It can happen anywhere or anytime that we may not be able to make any money, or we may not make enough, or we may even make a loss. Private individuals can become insolvent, companies can go bust, and entire states or national economies can be forced to declare bankruptcy. There is no guarantee that we will be successful in our efforts to earn a profit with money. The only thing that is guaranteed is that, wherever money is used, monetary gains are essential. Guaranteeing for this, which means nothing less than guaranteeing for money itself, is the responsibility of the highest subjects that the money world needs, which are states.

Very early on in the history of money, states guaranteed the power of money with their own power. Money relies on states to use their power to ensure that the pure numbers, which consist in nothing other than what they bring into the world as money, are actually money—that these numbers are *recognized* as and can function as money. It needs states to enforce the highly demanding imperatives it dictates. It needs them to ensure that, when striving to obtain money, everyone's efforts take the form of a *competition*. States also assume the responsibility of establishing and protecting a type of *ownership* that corresponds to the demands of money and only money.

IV
MARKET AND COMPETITION

Whenever everyone must buy from and sell to each other what they need to provide for themselves, we can count on the existence of money and on the existence of a *market*. It is only through money that *the* market, the *one* market, emerges. Through money, commodities collectively form the supply of offerings from which we must all choose using this one medium of exchange. The unity of money corresponds with the unity of the supply of commodities that must be the basis for every demand for which only money can be used. Such unity was unknown in the multitude of early markets, with their makeshift mobile stands. During the time when buyers did not deal with money as the unified medium of exchange, markets also did not form the unity of the one market. The opportunity to buy and sell virtually anything on this kind of market occurs only within a society that is mediated by money and when this one medium of exchange fuses all commodities into a unity that forms its counterpart. Everything that should generate money must be offered for money and supplied on the same market in which everyone is forced to satisfy their demands with money. The unity of the pure medium of exchange has thus led to the unity of the market of supply and demand, which in turn has lent our economy mediated by money its deserved name: the *market* economy.

Competitors on the One Market

When money evolved, the existence of this one market was barely noticeable. It only showed itself in the increasing supply of commodities in the market stalls, workshops, and early stores. Only the more recent history of how money pervaded reveals how the market became established as well—through department stores, shopping arcades, supermarkets, and malls. Without doubt, the market has reached its full potential in our extensive ability today to order commodities online from anywhere to anywhere in the world. The Internet is fulfilling money's necessary goal of making it possible to directly purchase anything from the entire supply of commodities on a *single* market.

This market is defined by competition, which necessarily means the competition *for money*. The concept of the market is thus openly used as a synonym for the competition it explicitly needs to be governed by. When we say that the market is functioning according to its "market laws," this simply means that there is a proper competition. By the same token, we may say the market has been shaken, or it is "distorted," if a company uses "unfair" competitive advantages, or if anything disrupts this competition in any other way. The state regards it as its responsibility to ensure that this competition runs smoothly, and it is precisely the job of a competition and markets authority, as in the UK, and antitrust agencies like the Federal Trade Commission, in the US, to ensure that each participant in the market has a fair opportunity to compete with the others. Even if the state must hold back individual companies that are too successful in competition, and even if the antitrust agencies must prohibit mergers in which the parties involved would unfairly gain dominance in their market segment, competition is only reined in in these cases to keep it going without obstacle: to ensure that competition is not strangled *through competition*. This is because, despite the great reputation it has long had, competition is not friendly. It also means the necessity to compete with others until they have been run into the ground, because without cutthroat competition and the elimination of many companies from the market, there would not be a market consolidation, and the market would not be *the* market.

Despite being strictly linked to money, this type of competition has, as we know, the good reputation of being the result of a deeply human need. It is believed that it merely serves our inborn pleasure of competing with others; that it is a hereditary drive of primates to want to do better than others. In any case, we believe it is a need that can only be beneficial for humanity. Indeed, in ancient Greece, there was no greater celebration than a competition. The Greeks not only organized competitions for their own pleasure or as a way to achieve honor, which was so important; they also regarded contests as nothing less than a way to give the gods the veneration they were due. This was the purpose of the games in Olympia, Nemea, Corinth, and Delphi, to name the four most important events that were organized regularly. The Olympic Games even continued for more than two thousand years until a Christian Emperor put an end to them. In addition, esteemed guests were honored by being asked to participate in an *athlos*, or athletic contest, while no funeral ceremony could do without the noble competition.

Of course, the enjoyment of competition lives on today. I would not exclude the possibility that, even in the modern competition of the market economy, many people are driven by the desire to be victorious. However, this is not the reason for this competition. In fact, it has a very different reason and character that is worlds apart from the ancient form: It is based on and is all about money.

In communities where money did not yet exist, there was usually no competition for different goods. If there was a sufficient amount of goods available, there could not be any dispute about them. Having enough of these goods was the result of the joint efforts of the entire community: Everyone contributed through their personal obligation toward others. Of course, their efforts could be thwarted by poor harvests or enemy attacks, which could cause a lack of certain goods that could incite people to fight over what was left. However, this was the only case when members within a community might compete for goods.

Money, on the other hand, must be competed for *always* and in a very specific way, regardless of how abundant goods may be. It is not a good; instead, it is the one medium of exchange that everyone needs so they can acquire goods. Money, and *only* money, is precisely what *everyone* always needs for survival—it is their primary and most important means of living. Not only is everyone after the same thing, which is money, and therefore competes with everyone else for their share of it; money, and money alone, has the particular quality of being able to be acquired only from other people—from the hands of those others who also need it for themselves, for their survival, and who can only get it from yet others in turn. To illustrate: The situation with money is as if people could only eat potatoes, for example, but for some reason were not able to harvest these potatoes or collect them themselves. They could only get them from people who also needed them for themselves and must get them from yet other people in turn. Naturally, this could *never* be the case with potatoes or any other goods, but money is not a good, and what would otherwise be completely impossible is actually the case with money. This is precisely what forces people into a kind of competition that can only exist for money: a competition to acquire *as much as possible* from others what they want to let go of *as little as possible* because they themselves need *as much as possible* of it … and so forth.

With Money for Money

As much and as little possible: This is the *one* interest, in its two opposing forms, that everyone must have regarding money. The sellers of a commodity—for which others are expected to pay them money—are interested in receiving as much as possible for it. They are thus interested in setting a price for a commodity that is as high as possible. Buyers of a commodity, on the other hand, who are expected to pay others money for the commodity, all share the opposite interest of giving as little money as possible for it. They thus want a price that is as low as possible. Money is nothing but a quantum, and hence any demand connected with money must be quantitative. It is a medium of exchange and therefore always used exclusively for purchases, a situation in which buyers and sellers have the same but opposing interests. Therefore, even a mere purchase—the simplest type of interaction involving money—is a competition for money.

The balance of power between the two competing parties is often uneven, meaning it is favorable for the one and unfavorable for the other. Average consumers are usually forced to pay the prices that sellers demand for food and other things, for example. Those who cannot afford these prices are left only with the decision to eat lower quality food for less money. When renting out apartments—humans need shelter—landlords can demand extravagant rents and let potential tenants compete over who can afford them. This neediness, which often plays a role in purchases, does not always have to be a disadvantage for the buyer, however. For example, someone who has only their labor to sell and is desperately dependent on being paid money is at the mercy of buyers, who then can pay them the lowest rates and even charge money for housing in a dirty hole.

It does not matter how civil and whatever else this competition and its many forms may be; as a competition, it means one side is against the other. It pits everyone against everyone else because they are bound together in their dependence on money. Franz Kafka once wrote that his father, who had a company, insightfully called the workers who sold him their labor time his "paid enemies," to which he equally insightfully added that his father must then be their "paying enemy."[126] Wherever money exists and rules over people, *homo homini lupus,* a phrase in antiquity that Plautus used exclusively to refer to the fear people feel when meeting people they do not know, applies as a general truth. In the middle of the seventeenth century, Thomas Hobbes used this phrase to refer to the competition among the highest money subjects: states.

The competition for money, in its many forms, exponentiates as it expands from simple purchases to a global dimension. It merely *starts out* with individual buyers and sellers who compete with each other for the money one of them must pay and the other must be paid. Perhaps competition becomes most clear when people are pitted against each other as buyer against buyer and seller against seller.

For example, we might have a renter who lives in a house that is put on the market by the owner. Since the renter does not have the money to buy it, the owner then matter-of-factly sells the house to someone else who does have the money and unceremoniously kicks the old tenant out. Or certain commodities of a quality that should be the standard for all commodities out of decency—whether they be chairs, mattresses, or simply tomatoes—find enough well-off buyers at a high price, which makes it worthwhile for the seller but means that the less well-off buyers can no longer afford the quality item and must make with commodities of scandalously poor quality. The wealthy and the less well-off need never meet in person or treat each other with hostility; they compete with each other nonetheless through their use of money, and one limits the other in terms of possible living conditions that are contingent on how much money someone has at their disposal.

The competition between sellers is just as common as between buyers. The society that is mediated by money forces everyone to acquire money, which they must get from others for something they must sell to them in one way or another. Everyone must therefore find enough buyers for the commodities they sell, despite these usually being available from other sellers. Money means a market for *all* commodities, after all. For sellers, selling commodities is not ultimately about providing buyers with all the commodities they need; it is about getting the money the sellers need. Sellers also have to compete with each other because they want the buyers to purchase commodities from them and not someone else. For this reason, they are forced to cater to the buyers' interest as much as possible and set prices for their commodities, which need to be as *high* as possible, as *low* as possible. As high and as low as possible: This is where the law of value that forces everyone to earn a money profit by selling their commodities comes into effect. As the sellers of commodities, they must set prices low enough to find buyers yet high enough to yield money—in other words, more money than their costs. The competition for money thus necessarily results in a competition for buyers—for their money.

But that is not all. The competition between buyers and sellers is not only a level up compared to the competition among buyers themselves or among sellers; the competition *for* money also intensifies into a competition *with* money. Money is not only the goal of competition; it also becomes its means. Money is invested in the production and provision of more, improved, or new kinds of commodities—especially at a lower cost, meaning for less money. In order for certain commodities to succeed in the competition with other commodities on the market, it helps to have the universal means on which everything depends in a money society. The more substantial the amount of money—or the "capital" as it is otherwise called—that is invested in it, the more likely it is that the commodity in question will prove superior on the market. The amount of money that makes a commodity "competitive" decides how much of a plus will be made with it. It also determines whether any plus can be made at all: If a manufacturer cannot keep up with expenditures and therefore offers commodities that cannot keep pace with those of competitors in terms of price, technical standards, or general quality, then that manufacturer may soon not be able to sell any commodities whatsoever. If they sell too little or nothing at all, they go belly up and are taken off the market.

According to this competitive logic—a logic that belongs only to money—it becomes painfully obvious that the gap between the poor and the rich *can* only continue to grow wider—just as it is doing today in such a blatantly contemptible way. Having more money gives some people an advantage in the competition for money; success in this competition leads to access to even more money, which then results in even greater competitive advantages. Should we be surprised that the opposite is also true?

This intensification of competition is also the reason why profit can never be large enough. The goal must always be to be able to use as much money as possible to make more profit. Money does not allow something like enough—an amount with which we could be satisfied—because, except in special circumstances, no one competing for money can let themselves be content with what they have achieved. If they did, others could and would have to get ahead of them and push them out of the market. Their competitors must go beyond being content with enough, so that they can stand their ground as competitors. Unless they find a special niche on the market, entrepreneurs who do not want to compete over the size of their financial means, and that usually means over growing their company, can watch as their company drops out of the competition.

Pressure of Competition

Money's ultimately boundless need for endless profit is an essential characteristic that is unique to it. In contrast, no one can use an infinite amount of goods. You don't need more than one, tops two refrigerators in your kitchen, and even the biggest truffle fan could probably not imagine having more than a pound at home. Money, the one medium of exchange, however, represents every indeterminate thing we might ever use. You might have enough money to afford two fridges or a pound of truffles, but you can never have enough money for all the things you don't know you might need. All our living conditions depend on money, and thus necessarily on the amount of money that we as a money subject have. Money, the quantum with which everyone must pay for all their expenses—meaning it is constantly shrinking—can reasonably never be enough. It justifies becoming more and more, always and forever. Even if an entrepreneur has made enough money to last several hundred lifetimes, all of that money cannot idly wait to be spent. It must "work" and be invested, so that it can yield more profit—for heaven forbid if there is not more profit! That would mean their company's rating would drop and their fortune would quickly plummet in value by many percentage points. With money, also, no one knows how much or how little even millions or billions represent in terms of value and spending power when inflation hits, as it has done in the past and can do in the future—perhaps next time in a form that we have never seen before. With money, and *only* money, is there never something like enough.

This is also why there is always a shortage of money everywhere, no matter how much of it there may be in circulation.

There is a very powerful ideology that explains this by stating that money reflects the shortage of *goods* and that we must compete for money because it is a scarce good. However, the opposite is true. A scarcity of goods is not what makes money rare and causes everyone to compete for it; it is money that enforces competition and, through this competition, generates a scarcity, but not a scarcity of goods: It is a scarcity of itself, of money. Naturally, there is always a finite amount of goods, but they do not have to be scarce all the same. No one *must* be wanting, because the need for goods is just as finite as their quantity. It is only the demand for money that is infinite.

Competition guarantees that this demand can never be sufficiently satisfied. It must do this, so that money can function as money. This can be proven by a short thought experiment. If there would be no competition, everyone could demand the highest prices they wanted for their commodities and would still be sure to find buyers who are willing to pay these. This, in turn would only be possible if the same buyers could also demand the highest prices they wanted for what they are selling. Not only would this experiment come to a quick end because this process would clearly lead to inflation; it would be the end of money. Competition may put pressure on prices and limit profit, but no competition would paradoxically abolish money as such. Without pressure on prices and without the need to make profit, the general necessity in society that constitutes money—the necessity to earn profit—would no longer exist. Without this necessity, there would be no need to run after profit anymore, meaning there would be no more profit at all. However, money could not tolerate this, because it would cause it and thus its value to deteriorate. Even if we were merely to mitigate competition, this would also mitigate the necessity to earn profit and would thus weaken money. It is only cold, hard competition that makes money hard and hence money in the first place.

This has inadvertently been tested and proven by large-scale historical experiments. The socialisms of this world believed they could teach money good manners by prohibiting it from competing. In their honorable desire to lift the pressure money forces on people, they set fixed prices and incomes, so that no one would lack money. They thus put our thought experiment into practice. The result of this experiment was that their money was no longer "real" money, and they were not able to achieve the surplus value—the expected result of profit—prescribed by the state, no matter how hard they tried. What circulated was no longer money, or no longer "hard" money, as it is correctly called. Instead, it was what, in Eastern Germany, for example, people disdainfully called "aluminum chips." While it may have still officially been called money, this was thus nothing but a nice euphemism for vouchers that could be used to acquire commodities, which is, in fact, what capitalist ideology claims to be the "real" function of money, although this downplays its true function. These states thus had their own "money" typically circulating internally as pseudo money in addition to the "real" money from abroad into which this money was not convertible because the hard money was subject to the market and competition.

Clinging to a type of money that is not money was the biggest mistake that every socialism has committed so far in the incorrigible hope that a kind of money could be benignly kept from following its own logic, while still functioning like money. Money becomes money through the profit that must be made with it, and this profit only occurs under the merciless pressure to make more profit, which is the pressure of competition.

V
STATE AND SOCIETY

It is a historical fact of the utmost significance—one that has since been backed by thorough research, but still remains unknown to most people—that the “state” and “states” have not been a part of human history from the earliest times, but instead emerged very late and only in a certain region of the world, which should seem *very* familiar to us by now—namely, in Europe in the sixteenth century. Of the many communities that existed up until that time, none was ever a state: not the Roman Empire, not the *polis* of the Greeks, and none of the medieval kingdoms. As to communities outside of Europe, many did not become states for a long time after that, like Dahomey, or the admirably highly developed Chinese empire. It is therefore completely wrong—and evidence of more than mere negligence—when historians talk about an ancient “Roman state,” for example, or when philosophers treat Plato’s *Politeia* as if it were naturally a work about the “state.” That this label misses and distorts the essence of a *res publica* has long been documented. Yet it is completely commonplace today to call any larger association of people who at some time or another have lived together in a community a *state*, which offers this up to an extremely false interpretation.

State

Machiavelli was the first to discuss what he called *status*, which means "state" or "condition" in Latin, when describing the highest worldly power. This word, which was *stato* in his native Italian, became "state" in English, and *staat*, *état*, *estado*, and so forth in other languages. Already in the early sixteenth century, this bright mind observed how familiar communities were transforming into something that they had not been before and for which a new name was needed. This makes clear, and has been proven many times, that the state began to pervade in Europe at this time. While the state originally diverged from the medieval form of authority, the features that characterize it also distinguish it from all other powers that had ruled up until that time in the world, some of which continued to rule much longer outside of Europe. The difference was:

> Medieval authority was connected to a person. It was a direct relationship between the feudal lord and his vassals. With the state, however, an institutional administrative apparatus evolved that was meant to maintain power and shape policies. The stato thus increasingly became a legal entity with its own civil servants and its own dignity, independent of the respective lord as a person. The "reason of state," as it was later conceived in polemical discussions regarding Machiavelli, thus followed a logic that was not based on Christian moral law or the ruler's individual will. Rather, it followed the higher goal of always maintaining the state as a political order whenever it was threatened by human vices.[127]

The goal of the state is to maintain the state. It is its own goal. The state's main interest lies in its own consolidation, its own power that is above everyone, and in an order that is above and independent of absolutely everyone under it. This even includes the bearers of power, who are only allowed to implement it, just like everyone else under it. This *one* order that is independent of everyone does not consist in several powerful people, as before; instead, it is an impersonal entity that stands above them. The highest power is an impersonal order *because* it is not bound to a person. It is a condition or a state, and through it, the *polis* separated itself from the *politai* who once formed it and transcended above them as a political order whose power no longer lay with the people. The state only uses people as its civil servants; they function as its power. The impersonal state needs these civil servants to carry out what it dictates, what it predetermines as its "reason." Those who acquire a state's power take it upon themselves to execute this power in the manner that the state requires. How they use this power must follow the state's logic and enforce only its interests as a state.

That the highest power is an impersonal order above all people is a quality of the state that leads to its other characteristics:

- The *unified territory of the state* as an area where a single claim to authority is valid that excludes all other claims that were once connected with different people or that possibly overlapped, meaning it must insist on outer borders that are clearly demarcated and exclude any possible overlapping.
- The *unified population of a state* as the entirety of those who the state clearly—namely, from birth onward—claims as belonging to its territory as permanently and exclusively as possible, a claim that it makes with sovereignty, without being asked, and with which it subjugates people, as its citizens, to its highest power.
- This highest power is the *unified power of the state*. It is a sovereign power—namely, the only power that a state recognizes as inwardly and outwardly valid, which means having a

> monopoly on the use of force—a right that every state grants only itself and denies everyone else. It is inwardly valid through the use of administration, the judiciary, and the police, and outwardly valid as the unlimited right to wage war against other states and to mobilize part of its own population to serve as military.

In the history of how the state pervaded—for which a revolution was needed once in a while—the state became explicitly based on constitutions and the rule of law. This completed the impersonal order that was intended to constitute and reconstitute itself as independently as possible by excluding any personally motivated decisions by those charged with power and by being based solely on rules and predefined procedures. The state also explicitly became a *nation state*. The term *natio*, which signifies a community with a shared heritage, is used here to refer to the state's population, which, in contrast, defines itself precisely as *not* such a community, but is identified—or identifies itself willingly or out of necessity—all the more firmly with the impersonal and sovereign power that the state holds over it. Ideally, the state also becomes a democracy in the modern sense of the word, which means that the necessary exchangeability of those executing power—in other words, the separation of the person in power from the function of power as demanded by the state—is guaranteed by a regular procedure, in the form of elections, in which the state's population chooses from several candidates who form the basis for fulfilling the predefined functions of power with new people or the same people as before.

A kind of founding document of the state was the Peace of Westphalia treaty from 1648. Together with the Thirty Years' War, which it ended with difficulty, it was the first comprehensive proof that Europe's medieval communities were no longer acting as communities, but as states with sovereignties that were willing to use war to fight each other in what became the first European world war.

As we can see, there is ample historical evidence that the state evolved in Europe during this time. Yet, to this day, historians do not understand *why* it emerged. Even now, at the beginning of the twenty-first century, no one knows the reason for this eminently important fact. Almost 500 years of the state have not been enough time to be able to understand what led to its emergence. At least we have come to realize that the state is not an "anthropological necessity," and historians no longer regard it as "primordial"—a word we have heard so many times by now—after insisting on this for a long time.[128] Nevertheless, no other explanation has been found thus far. In Germany, even the greatest expert in the field has admitted to believing that the emergence of the state occurred "by chance."[129] It may be difficult to find this credible, but try as he might, he claims to be unable to find a reason.

It should be very clear to us by now that this historian cannot find a reason and a cause behind the emergence of the state because both he and his entire field of scholarship know nothing about the emergence of money. What is more, not only does scholarship still not understand how money emerged; strictly speaking, there is no emergence of money at all for the field of history because it supposedly occurred in a primordial era that we know nothing about. However, this is not the case. The emergence of money in Europe in the sixteenth century is the reason why the state was also born: it emerges at the same time and in the same place as money. This bears repeating: Money *caused* the state; it needed and demanded it. It *had* to lead to the state. So if you know nothing about the emergence of money, then the emergence of the state necessarily remains inexplicable.

Society

It cannot be stressed enough that money emerged as and remains a social relation. This strictly defined human relation connects people under the already explained historical conditions. It consists in their impersonal mediation through buying and selling. This relation is not one of many; it is *the one* on which their lives depend because it is the basis of their livelihood. Whereas before, personal connections and obligations constituted the fundamental conditions of communal life, after money it was the absence thereof that became the basic requirement for a new type of collectivity: a society. Because of this fundamental condition—that people needed to live by the impersonal act of buying from and selling to each other—the former inhabitants of communities merged to form a "society." This term, which originally had a different meaning, has come to be used in this specific sense—with right, I might add—and should continue to be used consistently in this way: as an impersonal system of mediation between people that represents the basis of their livelihood.

In this system, people are not only participants in a *unified market*; they are also dependent on the *unified medium of exchange* valid there, and they must necessarily rely on succeeding in a *unified competition* with everyone else for precisely the thing on which all livelihood is based: money. While this competition is in the shared interest of everyone in society, it also pits each individual pursuing this shared interest against all others. The society that necessarily binds everyone together by pitting everyone against everyone else needs an authority that applies to everyone universally, just as *one* condition determines their lives. Society requires only one authority, the highest authority, to ensure that we are all allowed to compete with each other for the money we need for our livelihoods in precisely the way we must. From the moment when money emerged, this highest authority was no longer embodied by powerful rulers and the personal bind to this authority fell away for members of society, or they were explicitly released from it. Also, the highest authority, which was needed by society, could no longer have been connected to a person regardless, precisely because it needed to be committed to the unified interest of everyone and not to the particular interest of a single person. A society living by money needs an authority that behaves impersonally: It must go beyond the personal to form a state order and become a state.

When money emerged, this type of power and order did not occur overnight: It needed time to develop. In fact, rulers with personal power continued to fight the loss of power for a long time before they, like everyone else, bowed down to the power of the state. A few heads needed to roll and a few aristocrats to be hung from lamp posts before their privileges finally came to an end. Despite this, a state order began to develop as soon as money emerged. This can be seen in phenomena like the early state banks and, most importantly, the negotiations for the Peace of Westphalia. This treaty demonstrated that European rulers could no longer speak for themselves, that they represented instead a sovereign power that was superior to them. The task of representing this power, which meant merely implementing it, remained in their hands for quite a while, however, because the impersonal power of the state necessarily needs hands and heads to execute it. It would not be until the twentieth century that the last remnants of personal, aristocratic power would come to an end and the few royals who were left were degraded to mere decorations of the state—which has only endeared them even more to the state's population.

The society mediated by money has thus created a state order that it both needs and submits itself to at the same time. This process has also been ideologically and, as usual, ahistorically explained as a kind of "social contract." Although it would be correct to call it this in the sense that it is legally absolutely binding, just like a contract, it is also wrong in that everyone who is bound to it did not sign it of their own free will as they would in the case of a normal contract. They did not form this society because they wanted to or because someone came up with the idea and everyone else happily agreed. The society that money emerged with and that emerged with money evolved just as unintentionally as money did: Society was an unplanned and unforeseeable momentum of identifiable historical shifts. This was also the case for the state, which this society needed, caused, and had no choice but to produce. The legally binding power that the state exercises over those who belong to it exists without them asking for it or even being able to ask for it in the first place. Although a few people who must assume the responsibility of executing this power in the name of the state must also decide what this power should look like and how it needs to be implemented in detail, this is still far from the autonomous decision-making that the ideology of the social contract presupposes. This is because those who are tasked with how the state and all its affairs should be organized and managed must work within the confines dictated by the form of the state and by the society and by the money that determine this form, which in turn guides their thoughts.

Although the society mediated by money and the state must be strictly distinguished from one another, the two are inseparable. As the highest authority, the state is clearly differentiated from the society over which it sovereignly rules, and yet society only exists in the first place by allowing and asking for the state to sovereignly rule over it. The impersonally mediated society that is dependent on money needs the state, causes the state, and, historically, directly leads to the state. However, this does not make society simply the whole of all the people who constitute it as opposed to the state. State and society are not simply divided into political authority on the one side, and the people who need it on the other. The word "society" is often ideologically identified with this meaning, while "civil society" explicitly specifies society as people who act independently of the state—as "just people," so to say. Reducing "society" to mean simply the people who are integral to it also inspired the comedians of *Monty Python* to create the so-called Dead Bishop sketch in which the Church Police, who are about to take away a man who has been identified by God as having killed the Bishop of Leicester, are set right when the accused says, "It's a fair cop, but society is to blame."[130] So they let him go and arrest society instead—in other words, everyone else. While this sketch is certainly humorous, it also demonstrates precisely what society is *not*. Society is not a group of people as such: It is not simply "everyone else," or everyone who can be made personally accountable as a group. Society is rather the *impersonally mediated connection* between people through money. And although it is the mediation of people through people and only works between people, it must be fundamentally differentiated from these people. Just like the state and society—or the state and the mediation through money—society and the people it encompasses must be distinguished, but not separated, from one another.

Reason

The society mediated by money is dependent on the state's authority and this is how the state evolved together with money. Money also predetermined its purpose, its logic, and its reason: the *reason of state*. The people who work for the state must follow this logic, which is unmistakably the logic of money. In the way it evolved in the early modern period in Europe, not only was the state characterized by the apparatus of institutional administration; this administration also needed to serve new constants. *Economy* and *finance* thus became the most important policy departments of every state.

That economic policies came to exist at all means that "the economy" had become its own area of society with its own laws. This could only occur through money, as I have mentioned before: It was only through money that the connection between politics and the economy as "political economy" became conceivable and necessary. The same is true for "economic policy," which has only one goal: to promote business with money and hence to promote the increase of money. How this is best done is a much-disputed topic, but the goal is clear. In the early days of money and the state, this was plainly expressed in the simple creed of state mercantilism. As Thomas Mun states in 1630:

> The ordinary means therefore to increase our wealth and treasure is by Forraign Trade, wherein wee must ever observe this rule; to sell more to strangers yearly than wee consume of theirs in value.[131]

The profit sought after in trade no longer took the form of goods that were to be consumed, but rather the *more* in *value* that these goods yielded when they could be sold for more money than they cost. Earning more money than spending it explicitly became the highest maxim of this rather simplistic economic policy and thus also the highest maxim of economic competition. That the state is interested in making more money through sales to other states serves the goal of letting other states, which share the same goal, earn less money. The obvious logic of surplus value and the essential logic of money is: to be paid more value than you have to pay yourself.

In its financial policies, on the other hand, the state acts directly as a money subject that must acquire money in order to spend it. Just like every other money subject that money rules over, the state depends on money to support itself. However, unlike the other money subjects, it achieves this by doing its own business only to a small degree. Instead, as is necessary and consistent, it demands taxes from the other subjects in the form of money. Most importantly, the state also has the power to create money. As a money subject, the state is primarily the master of what it considers to be "its" money. The state creates money by issuing sums that it guarantees have the property of money and which it implements with its authority as the state. Because it is a pure medium of exchange and hence consists in nothing, money must rely on such a guarantee from an external power to exist in the long term, and this guarantee is provided by the authority of the state. For this reason alone, states *had* to form when money emerged, after which money was soon circulating solely in the form of state currencies. The state guarantees the money property of the issued sums by forcing the population to use these as money—as so-called legal tender. However, although the state is able to ensure that this tender is recognized as a value in an exchange for goods, it cannot dictate *how much* value it has in each case. The goal of the state's monetary policies is therefore to have a positive impact on this—for example, by adjusting interest rates. Likewise, the state implements financial policies, which for example aim to ensure that national debt is at the correct level, as well as economic policies, which focus as much as possible on helping the "state's" economy make a profit and on generating a high demand for "its" currency based on rosy profit forecasts.

Not only in the departments and ministries devoted to money and its maintenance, but everywhere and in general, it is precisely the goal of the state to secure its position and to prove itself as *the* authority necessary for money and the money economy. The first thing the state does is to force its population to use money. It then compels them to use the state currency as money. Every single constitution ever to be written by a state entails a commitment to money: Even when money is not explicitly mentioned because it is naturally presumed, the commitment to a "market economy" or the "liberal constitutional order," which includes such a market, says all we need to know. The state that is grounded in the institution of money insists on money as its primary and necessary foundation. The state exists for money and would not be a state without it.

For this reason, the state's greatest interest lies in ensuring that everything runs smoothly for money. As money's agent, it assumes the job of representing the *one* interest in money that we all share in common but must pursue in competition against each other. This need to acquire money that defines all of our lives forces us to try to wrest money from the hands of others we are necessarily in competition with, while also compelling us to accept that others, in turn, are trying to wrest money from us in this same competition. These countless conflicts caused by the competition for money *must* occur for everything to go well for money. In the name of this shared interest, however, it is also the role of the state to prevent these conflicts from escalating to the point of destroying competition altogether—for example, should one competitor ultimately win. The state keeps all its citizens from using unauthorized force and binds them to the forms of legal power that it defines. Instead of ending competition, the state thus guarantees its permanence, allowing it to do what it must do, which is to continue to ruin people's lives and to fuel conflicts that occupy countless courts and entire armies of lawyers, but in a way that lets competition as a whole continue existing in the manner it should.

To this end, the state defines such things as how long a workday should last and what conditions should apply to it, how hard wages can be squeezed, how much ground water can be used or how much acid can be dumped into the sea; how much the air can be polluted with fine particles, the ground with pesticides, and food with one contaminant or another; what nature reserves can be declared suitable land for development, how large of an area of rain forest can be cleared, how little room a chicken, pig, or cow needs to grow, or from what day forward the maceration of male chicks is prohibited but alternative methods of disposal allowed. All of these things and countless others we know of are relevant to money and hence directly relevant to the system and the state. They all have an effect on costs, which should be kept as low as possible, as well as on earnings, which should be driven as high as possible in order to yield money profit under the pressure of the competition for money. The costs for general services like traffic and administration, which are indispensable for business but would ruin the profit calculations of any company, are therefore covered by the state.

The state manages its money by doing what money requires of it, which is to increase money. It is money's agent for the growth a money economy must achieve. Although this work is necessarily part of the state's daily operations, it becomes especially obvious when voices are heard vehemently demanding that something be done to counteract shrinking or already low growth rates. When this happens, a crisis can be seen looming on the horizon, or it has already arrived. This is very serious, because the collapse of money—in other words, the money system—becomes possible at that point. To counteract this, the state openly increases its efforts to boost the economy by implementing new incentives for growth by offering increased support to start-ups, providing more generous subsidies for exports, recruiting more specialized workers from abroad, and so forth. Goals otherwise touted by the state, like climate protection, are then more freely dismissed because, we are told, we need to be "realistic" and acknowledge "reality." And they are right about this, because the reality and ugly truth is that we live by money that forces us to make it grow.

For this reason, the state necessarily works to expand the business conducted with its money and for which it declares itself responsible. Everything that it does and must do to this end goes virtually unnoticed by us, because we have come to see this as completely self-evident. States will use every opportunity to create legislation to declare something a commodity, so they can make money out of it. They will also promote any additional opportunity to do this. States will do anything to increase their population in the hopes of being able to do more business, with the side-effect that there is an explosion in the world's population. States promote the conquering of new domestic markets and, from the beginning, have also aspired to conquer markets in other countries that they originally transformed into states for this purpose. They intensify economic relations with other states and must therefore, whenever possible, expand their power—their economic power and the military power needed to implement it. To this end, states arm themselves to wage wars and threaten others with war.

This has been the essence of the state from the beginning. The "rise of the modern state" led to a seventeenth century that "was not only the most important in the history of finance, but also saw the most wars in the history of Europe, at least in terms of the number and duration of the military conflicts between nascent states."[132] Since then, it has led to world wars and to a kind of competition between states that would become an arms race with weapons in outer space.

VI
PROPERTY AND THE INDIVIDUAL

Just as different forms of authority had existed long before the modern type of state was enforced by money, property is also much older than money. People dealt with property in many different ways, including the beautiful way of the Arapesh, before money replaced them all with a new, previously unthinkable form of property that corresponded to money's needs. Not only was this type altogether alien to these earlier varieties; it stood in radical contrast to them because it outright negated the decisive aspect they all shared. Just as the state overturned all relations of authority bound to a person, property in the form of money negated personal obligations through which all property had once been bound to the community. Money necessitated a type of property that excluded everyone but the owner, and it made owners indifferent to everyone else they were now connected with in a society. This is the only kind of property that we still know today and that makes sense to us, which is why we—once again, falsely—believe it to be property's primordial and natural form when, in truth, it is the modern type of private property.[133] With its emergence came the necessarily corresponding form of the modern owner.

Exclusive Property

Money must have this excluding effect on property because it is a social relation that defines people's lives and, as such, is closely tied to property. Money itself can only exist as property. Money must be owned by someone to serve its function as money for them. Money is always and exclusively the ownership of money. This is the case only for money: Nothing but money depends on being someone's property. It was not until property in the form of money appeared that we could own something that would no longer exist if it was not owned by anyone. Everything traded as a medium of exchange before money's emergence had been a real, existing thing. No matter if it was a cow, a piece of gold, or a helping hand: it was what it was, whether someone made it their property or not. Only money, the pure medium of exchange, consists in nothing but the ability to be exchanged for something, which means being transferred from one person's property to another's. Money must be property each and every second, for it would not be money if it were not property.

This means that everything—goods and commodities—that people must live by through money is also forced to exist as property. In a society mediated by money in which we all live by acquiring money for things and things for money by exchanging the ownership of the one for that of the other, both the ownership of money and the ownership of something else that has been made possible by money define everyone's lives. A purchase or sale in which the ownership of money is exchanged for the ownership of a thing is always a "liquidating" exchange, as Heinzpeter Znoj correctly calls it. An exchange for money liquidates all obligations between those involved in the exchange. If the ownership of money is correctly exchanged for something else, then the parties involved are even, and they need never have anything to do with each other ever again regarding the matter. This was completely opposite in the times before money, when people were obligated to each other through such an exchange. Now, after money, we no longer confirm our obligation to treat each other with goodwill, nor do we act in a manner that demonstrates our connection to a community. An exchange for money completely ignores the people who might otherwise be connected to something and instead focuses exclusively on the matter—the money or object— being exchanged. It merely compels those involved to exchange property, after which they are even and their mutual obligation is liquidated. The form of the impersonal society mediated by money thus also necessarily determines the impersonal form of its property. It also determines how people must act with each other and with objects, and thus with the world in general. To be able to turn something into money, we must own it or make it our property, as the ownership of money requires. The goods we want to sell must be exclusively at our disposal, liquidating all other obligations—just like the money that the sale is meant to earn us. We must have the same exclusive power to use our money as we see fit as we have over the goods we want to sell for money. This specific form of money ownership based on exclusivity is transferred to objects, which must constantly be sold and become private property for money.

What this means and how much it defines our world is ultimately decided by the fact that money is a social relation and, as such, has pervaded globally. This is because, just as money is universal, there is a universal necessity to turn everything we can lay our hands on into a commodity and hence into private property. This is why the entire globe has been divided into pieces of private property as much as possible and, more importantly, why so much on this planet now only exists as private property. This form of property is just as expansive as money. It takes hold of everything. When money emerged, one particular good began to come under the private and exclusive control of individuals that would have been unthinkable before during the long history of humanity: the land itself. The following example should be familiar. Europeans who already lived in a money society and thought in its terms entered a transatlantic land that would later be called America, named after an Italian. They would occasionally remunerate the natives they called Indians living there for permission to settle on their land. Sales agreements were signed that gave the Europeans "ownership" of this land. The significance and sense of this kind of ownership was unknown and unimaginable to the locals at that time, and they would pay for this in blood. It meant that the strangers would not be living on the land in *addition* to them, but that they who had lived on it up until then were no longer allowed to live on it and were excluded from what that they had believed they were sharing. This is what money demands: It is the meaning of property in money form.

Because money means that even the most basic and universal necessities of life are for sale, these necessities clearly demonstrate the specific qualities of private property. Some objects like toothbrushes or shoes that are generally not used by several people at once have an exclusivity of ownership that may seem to correspond to their exclusive use by their owners. It may therefore seem natural to mistake this form of private property for something that, quite primordially and innocently, is self-evident. Its special quality as private property does not become noticeable because it does not much matter in this case. In truth, however, property and possession, which were once synonyms, deviated historically at the beginning of the European modern era in the money period and became different things by law when property became private property. What had until then also been ownership—namely, the power and right to actually use something—was now "possession," and ownership immediately referred to private property, which was the exclusive right to something.[134] According to this distinction, renters only possess their apartment. They do not own it because it is the property of someone else, who may live at the other end of the world and may never even have seen the apartment. The owner need not have anything to do with their property other than use it as precisely this property, as private property, which ultimately means—to be precise and specific—the right to treat it as money value, to make money with it, and to sell it for money.

As to the toothbrush I already mentioned, the difference between owning one and having one in your possession is negligible. Where the difference becomes strikingly clear is in those necessities of life that were once self-evidently common property but were then gradually transformed into private property. In the last century, for example, a few global players succeeded in doing this with water. They filled it in bottles, pushed the idea that water should only be drunk from bottles, and made it as convenient as possible to buy water in bottles ideally made of lightweight plastic, which were simply thrown away after one use. For this, they transformed water sources into private property under the protection and encouragement of the state, which until then had provided water to the population of entire regions who were now no longer allowed to use it. People were thus unquestionably and mercilessly cut off from the water supply in their immediate vicinity, like Tantalus in his pool, condemned to watch the fruit and water in front of him recede whenever he reached for them. The overwhelming interest in money has ensured that water has become private property and is sellable as such, which means that it ultimately generates good money.

This all would have made no sense and could not have existed before money, but once money existed, it also had to exist. Although we may now know how this began, to this day it has not been recognized as the beginning of money and the beginning of property in the form of money.[135] During the "long" sixteenth century, in England, for example, one feudal lord after the other began to drive his peasants off the land, although these were people that he had previously depended on for his livelihood and had therefore also protected. Whereas this would have always been *self*-destructive before, it now meant something new: namely, the destruction of *others* for one's own wealth. Thus, the feudal lord forcibly drove "the peasantry from the land, to which the latter had the same feudal title as the lords themselves," also taking the common land, to which he had no right at all, and making everything his private property.[136] The lords accumulated this land and transformed it into pastures for sheep and cattle. No longer yielding tributes from farmers, this land now had a more important purpose because it could produce things to sell for money: the milk, meat, hides, and especially wool of the animals and the animals themselves. Only a few shepherds and herders were needed to maintain the pastures, leaving costs low while yielding much money. How could it be otherwise? The lord thus dispossessed the peasants who had once been his people, tore down their dwellings, and subjected them to misery and poverty. This history as it occurred in a specific place is told in the following excerpt:

> The Highland Celts were organised in clans, each of which was the owner of the land on which it was settled. The representative of the clan, its chief or "great man," was only the titular owner of this property, just as the Queen of England is the titular owner of all the national soil. When the English government succeeded in suppressing the intestine wars of these "great men," and their constant incursions into the Lowland plains, the chiefs of the clans by no means gave up their time-honoured trade as robbers; they only changed its form. On their own authority they transformed their nominal right into a right of private property, and as this came up against resistance on the part of their clansmen, they resolved to drive them out openly and by force.[137]

Their brutality was thus no longer directed outward but specifically toward those who had been their own people. As one contemporary witness writes frankly, "The Scotch grandees dispossessed families as they would grub up coppice-wood, and they treated villages and their people as Indians harassed with wild beasts do, in vengeance, a jungle with tigers," which reminds our witness of the Mongolians, "who, when they had broken into the northern provinces of China, proposed in council to exterminate the inhabitants, and convert the land into pasture. This proposal many Highland proprietors have effected in their own country against their own countrymen."[138]

Under Protection of the State

What had once been so distinct from one another—how you treated your external enemies and how you treated your own people—were now turned upside-down into a kind of heartless behavior that became sensible, reasonable, and approved normality according to money logic. This logic cynically reversed the cruelty of private individuals into a blessing for all—"private vices, public benefits"—because now all people were mediated by money, so they formed a society that was dependent on money and hence on private property that yielded money. Common land could provide people with a livelihood, but it did not provide them with money. Consequently, the state, as the representative of the universal interest in money and money profit, logically took matters into its own hands and pushed this transformation of common land into private property forward by writing the enclosure of land and the expulsion of people into law. What was initially only an "individual act of violence" by the powerful, as Marx calls it, or what "took place through informal agreement," as we civilly describe it today, was so important to the state that it protected it with its power and allowed it to be enforced when "during the 17th century the practice developed of obtaining authorisation by an Act of Parliament."[139] In fact, it began already around 1600, a time frame we are by now very familiar with, and it has continued on a massive scale to this day: "Overall, between 1604 and 1914 over 5,200 enclosure Bills were enacted by Parliament which related to just over a fifth of the total area of England, amounting to some 6.8 million acres."[140] The violence of these privatizations, which were made legal by the state, could rely on the support of the state's authority. For example, the Duchess of Sutherland decided to

> turn the whole county of Southerland, the population of which had already been reduced to 15,000, by similar processes, into a sheep-walk. Between 1814 and 1820 these 15,000 inhabitants, about 3,000 families, were systematically hunted and rooted out. All their villages were destroyed and burned, all their fields turned into pasture. British soldiers enforced this mass of evictions, and came to blows with the inhabitants. One old woman was burned to death in the flames of the hut, which she refused to leave. It was in this manner that this fine lady appropriated 794,000 acres of land which had belonged to the clan from time immemorial. She assigned to the expelled inhabitants about 6,000 acres on the sea-shore – 2 acres per family. The 6,000 acres had until this time lain waste, and brought in no income to their owners. The Duchess, in the nobility of her heart, actually went so far as to let these waste lands at an average rent of 2s. 6d. per acre to the clansmen, who for centuries had shed their blood for her family.[141]

That these property victims found a new hand-to-mouth subsistence by catching fish in their new home by the sea shore, where they had been assigned to live, did not last long either because soon the fishing was also claimed by owners who received the fishing rights from the state. They then leased the sea shore, so that it could be used exclusively by those who could pay money for it. The state, the highest, law-making proponent of such *Inclosures of Commons*, also realized what could be done with the huge masses of people who had been callously robbed of their means of providing for themselves: As punishment for their misfortune and to compound their misery, they were subjected to unspeakable repressive measures that left them nowhere to go but the factories. There, they earned meager sums of money by helping others generate the desired hard-won money profit. Despite all the brutality, this led to the normal, fruitful ways of money business in which this extreme malice or, euphemistically spoken, "the proceedings in Sutherlandshire," could be regarded as "one of the most beneficent clearings since the memory of man."[142] Such proceedings were therefore successful, for "if, by converting the little farmers into a body of men who must work for others, more labour is produced," in other words, turned into money, "it is an advantage which the nation should wish for."[143] And indeed, the nation did wish for this, as did ultimately even those who were forced to work for money, because they were deprived of everything else they could live by otherwise.

What was initially enforced in open acts of violence has pervaded over time, while violence has never stopped playing a role. When the democratically elected president of Chile, Salvador Allende, voiced plans to nationalize a fruit company because its profits were primarily benefiting another state, this other state had Allende killed without further ado and General Augusto Pinochet installed in his stead. The private property that makes money profit possible is ultimately always protected through violence by the state. What in the beginning had to be implemented in a series of forceful acts thus became the usual, accepted, calmly and regularly pursued course of business that lets all of this harshness appear justified because it is, in fact, legal. The law that the state enforces protects it. Resistance, if it occurs at all, arises whenever the distribution of this harshness seems unfair, and not because it is seen as wrong to exist in the first place. When this happens, its distribution is adjusted a little here and there, and some people get a few more dollars that are taken from someone else—after all, compensation intended to amend the harshness of money is no longer imaginable in any other form than money. However, the severity with which money must separate people from that which they must acquire only for money not only continues to exist; it has increased immeasurably.

It has grown so much that it now threatens life on the entire planet—this wonderful, incredibly beautiful, and rich Earth. Money, and the form of property it needs, mercilessly force us to do the most harmful things to the Earth, while also ensuring we do not do what is most necessary to stop this. Parallel to money, this logic has pervaded on a global scale and means:

- People must try to sell everything that humans rely on for living, like nourishment and other things, to other people for money.
- For people to buy these things with money, they must be excluded from them, meaning they can only acquire what they want or need if they pay money for it.
- These things must be the private property, or the property in money form, of whoever sells them.

This is what it means when a society lives by buying and selling. That everything that is intended to be used as a commodity must be private property is a condition of money. This means that an unfathomable high number of people are suffering from hunger today not because not enough food exists on the planet to feed them. On the contrary. For example, the amount of bread that lands in the garbage every day in the largest city of one country equals the amount of bread eaten daily in its second largest city. People who are starving do not lack food because there is none, but because they lack the money to buy it—because they can only get it for money, because others are forced to demand money for it and must therefore withhold whatever they must sell for money from those who do not and, often enough, cannot pay this money.

Every call for donations from charities that promise to do everything necessary to relieve the misery somewhere on Earth proves that money creates the misery it can help to relieve in the first place. The German charity *Brot für die Welt* (Bread for the World) advertised, for example, that "100 euros make it possible to buy a water buffalo for fieldwork in the Philippines." This could only mean that the water buffalo a fieldworker needs to alleviate hunger already exists because it can be bought. Yet, the same water buffalo does not exist for this fieldworker *because* it must be bought. It does not exist for them if the 100 euros are not paid. The 100 euros need to be paid because someone must demand them, so they demand them for the water buffalo because they can—because they have the kind of ownership of a water buffalo that necessarily and primarily means they have the right to ask for money for it and the right to otherwise withhold it, even from someone who is starving in front of their very eyes. Ultimately, there are those who suffer, and then there is a reality that could relieve all misery, where the fulfilment of their needs could be realized, but there is a barrier that callously keeps the sufferers out, unless they can pay money.

Money creates suffering and presents itself as the only thing that can save us from it. It causes even more anguish by doing damage to this real world—serious and increasingly irreversible damage. Let me mention a relatively harmless example: The ownership of grain that bread manufacturers purchase with money grants them the right to use this grain to make a money profit without consideration for any other claims on it. It does not matter if people are starving; the manufacturers have the absolute right to destroy excess baked bread, which they do because it is cheaper to bake a larger amount than what is likely to be sold than if store shelves are inconveniently empty and customers have to go to a neighboring competitor, resulting in a greater loss. The destruction of bread thus pays off thanks to the gain in the money it serves, and this gain is only served if the excess bread definitely does not fill anyone's belly when they could otherwise pay for it.

Like the grain that is destroyed, the earth, plants, and animals are being permanently damaged: The soil is poisoned with glyphosate because it is the exclusive right of the landowners to treat it however they feel necessary for as high a money profit as possible. What else is supposed to happen? What else do we expect as long as we use and live by money? The Brazilian state must declare the rain forest to be property, either its own, or that of buyers. As part of this living world, it must be property that is free to be logged because its destruction is the necessary source of money profits for all the money subjects that rely on this.

Even if state constitutions have vague language in this regard, generally because it is considered self-evident, the property that they so categorically protect is, without exception, private property as determined by money.[144] They have the right to use it to make money profit without consideration for anything else. This right can be legally enforced within a state and, in some cases, it can now even be enforced across state borders. If, for once, a country passes laws that try to make it harder to obtain access to an important area of forest or try to protect a particular part of nature in its territory, thereby reducing the profit of a company whose business operates in the currency of a foreign, more superior state, then there are supranational legal institutions that the company can turn to and that will reliably ensure suitable legislation—to the disadvantage of the living nature of this world.

Through its law of value, money makes private property necessary. It fundamentally forces people to make as much money as they can in a way that costs them as little money as possible. This leads to the necessity to snatch up more and more of this world and sell it as a commodity, while keeping costs as low as possible. Under the conditions of money, showing consideration for the nature around us usually means either expending more effort, which raises costs, or forgoing an opportunity, which generates no money. Being considerate of the Earth usually comes at a financial cost because it reduces or even prevents necessary profits. Not showing consideration for it but damaging it instead yields money and earns us what we will continue to live by until we are no longer able to live on this planet. Euphemistic talk of a "balance" between the economy and ecology exposes what it wants to hide, which is that the money economy and the well-being of our planet are mutually exclusive and form opposite ends of the scale. What is good for the living world around us and makes sense from an ecological point of view is harmful for today's decisive economic factor, money, and what is good for money harms living nature.

What consideration is still shown for this world must thus be forced on the economy mediated by money. It must come from the outside, so to speak. This is also done by the state, which is interested in keeping the destruction, which it is very well aware of, at a level that, at least in the short term, allows it to continue as before. States thus define the legal limits with which they can curtail the same right to use a poison that they fundamentally grant. They prescribe how comprehensive occupational safety for workers should be, so these can withstand the strain they are legally subjected to in their workplace for as long as possible. States issue decrees regarding what species of animals should be protected under what circumstances, meanwhile species after species is allowed to disappear. States even designate protected areas that are exempt from the usual, legally protected treatment the planet receives. But regardless of how many bills are passed, as money's highest subjects, states have the greatest stake in protecting and promoting money and money profit, which is why they will always be ready to comply with money's demands. In their mindfulness of money and money profits, they must be as little considerate of the world as possible, which appears to be the situation at the moment.

We therefore cannot demand that the "common good," from which private property so decidedly differs, be given any more regard than is already the case today. Shifts are the most we can expect. For example, it would be much better for this world if there were fewer cars, but because this economic sector is so highly profitable and hence indispensable, the solution on the table is, honestly, to turn billions of cars with combustion engines into scrap metal and replace them with electric cars—in other words, to significantly increase the sales of new cars yet again, while exploiting the world's resources to an unfathomable degree that may mean less CO_2, but also plenty of other kinds of pollution. Nothing can be done for the "common good" under money conditions other than what is good for profit, which cannot be good for the common good. An international conference on "the fight against global warming" is programmed to end without even the slightest result, not because the participants were not aware of the urgency of the task, but because money prescribes what task must be even more urgent to them. It is a well-meaning but extremely dangerous fallacy to think that we simply need to shake people awake, as if they had not noticed the misery and danger yet, or that we need to make politicians more aware of what they already know by organizing spectacular acts of protest. How much attention we devote to the "common good" that money and private property pay no mind to and hence people pay no mind to does not depend on whether we are nice or actively think about it; it depends on how much we can afford it. It is clearly and stubbornly a question of money. Richer states where business is going well can afford to be more considerate toward the planet than poorer ones, but they can only do this by outsourcing all economic activities that require less ecological consideration and even fewer restrictions to precisely these poorer countries who then must even be grateful for the poisoned waste they subject their inhabitants to, because the enforced participation in the world market makes earning money this way indispensable. We are all forced to act as owners and as money subjects, leaving us victims of our own behavior.

Person, Individual, Identity

Money must be property and hence have an owner. All individuals who have to live by money live precisely by being owners: owners of money and of everything that money enables them to acquire. Being these owners determines who they are and how they live. If we would not transform ourselves into the owners of money and hence of everything we need to live, none of us could survive in a money society, and the money society would not survive either. That each of us can only acquire money and what we live by through money from others not only determines us as owners; it also forces us to interact with everyone else as owners, just as they must interact with us in the same way.

This context demands that we be very precise: All of us become the owners of money as individuals. We can share money with others if we choose, and we can give it away, but primarily and fundamentally, the exclusivity of the ownership of money and private property necessitates that it is owned by a single, isolated person: an individual. Money requires the exclusion of others for the money economy to work. That is why every sum of money needs precisely one person as a point of reference as well as the indispensable quality of being this person's property. When an economy uses money, everyone must economically fend for themselves. It does not matter whether you can count on your parents to help in a pinch or if the state can help you with social benefits, whether you share the harvest of a few vegetable patches with others or are allowed to help yourself to the pears in the neighbor's garden: When it comes to money, each of us is *individually* and *exclusively* the owner of our own money and solely responsible for how we use it, whether we want this or not. In a money society, all of us live and define ourselves as individuals because of our exclusive property of money.

People sensed and recognized this accurately already very soon after money emerged. Understandably, they did not realize that money was the condition for this; instead, they thought it was unconditioned. As we should be familiar with by now, they regarded it as a natural state that was essentially human, as if there could never have been or could never be any other way. Incidentally, they were able to correctly describe it as a "possessive quality" that was characteristic of "seventeenth-century individualism":

> Its possessive quality is found in its conception of the individual as essentially the proprietor of his own person or capacities, owing nothing to society for them. The individual was seen neither as a moral whole, nor as part of a larger social whole, but as an owner of himself. The relation of ownership, having become for more and more men the critically important relation […] was read back into the nature of the individual.[145]

This was not just vaguely for "more and more men," but for all people living under the clearly definable conditions of the money society.

> The individual, it was thought, is free inasmuch as he is proprietor of his person and capacities. The human essence is freedom from dependence on the wills of others, and freedom is a function of possession. Society becomes a lot of free equal individuals related to each other as proprietors of their own capacities and of what they have acquired by their exercise. Society consists of relations of exchange between proprietors. Political society becomes a calculated device for the protection of this property and for the maintenance of an orderly relation of exchange.[146]

Although the first people to live with money thus understood this correctly, they consistently "read it back into the nature of the individual." Once again, they declared what was, in fact, the last link in a chain of circumstances that resulted from a historical process to be its origin. John Locke, for example, "was reading back into the state of nature the market relations of a developed commercial economy"—in other words, of the money economy of *his* time.[147]

He and others believed that this was where everything began: with individuals and their property. At first, there were only individuals, and their property was only themselves. Then, in addition to themselves, individuals also owned what they did and were capable of and therefore everything for which they could use their abilities. As a result, individuals became the owners of something outside of themselves that is nonetheless their exclusive property, like their ownership of themselves. Precisely because this ownership is exclusive, all of these individuals who are determined in the same way are connected by nothing: They all owe each other nothing and are independent of each other: each individual is for themselves. They are not connected by anything other than that they are each owners. Hence, they only relate to each other through their property: by exchanging property for property. The individual's existence as an owner ultimately leads to a society that is mediated through the exchange of property, that lives by buying and selling, and that forms a state to protect this property and to regulate how it is bought and sold.

Seventeenth-century thinkers may have realized correctly that all of this is connected, but in reality, one thing led to another in the exact opposite order, mediated by money. The society that lives by buying and selling, and therefore needs its state, forced everyone living in it to relate to each other through money and hence through property that was exclusively theirs in the form of money. This transformed them into owners who are mutually exclusive and thus independent of each other and not obligated to each other in any way. Money made them individuals who, as such, are solely defined by their private property.

At the same time, money also transformed them into those "free" and "equal" individuals who were postulated for the first time. As "functions of property," this "freedom" and "equality" are characterized by the money form of property. Individuals are "free" insofar as their property does not impose a duty or obligation to others. Every individual has the right to use their property through which they relate to others in society *freely*. When it comes to property, individuals are independent of the will of others, simply because it excludes all others. As individuals, we need not know anything about others apart from that they are also owners—owners of money and of everything we want from them for money. We are not obligated to do anything for any other individuals other than recognize them as owners. Every individual is an owner who treats others as owners. We are all "equal" as owners.

All people are equal before money, but they are only equal in this way, for money then creates differences between them that go far beyond what would ever have been possible before. These differences assume almost absurd dimensions. For some people, owning money means they have barely enough to starve, while others have so much that their only worry is "What should I buy next?" Although everyone's lives are equally defined by a quantum of money that they own, the differences reach proportions that could only be produced by this ultimately unlimited quantum. How much property in the form of money we have at our disposal very unequally determines each of our actual lives. That we are all equally forced to have such property at our disposal grants us a kind of equality that makes a mockery of the word.

The same is true for the freedom of the individual: It is the freedom to have yourself at your own disposal in the same way you have your private property in the form of money to use as you wish. Everyone may have everything freely at their disposal that can be acquired for money and thus be transformed into their property for money, but this freedom reaches only as far as the amount of money each person has at their disposal. It is measured quantitatively. The quantum of money that we call our property and that determines what and how much we can buy can be so small that it grants us very little freedom, or it may be so great that this freedom seems limitless. Even in this "best" case, however, this freedom is still limited by the sheer unfreedom of having to acquire money, and by all the things we are forced to do to get it. To be able to acquire the freedom money grants us, we must all subject ourselves to the many forms of unfreedom resulting from having to earn our money in one way or another. Everyone is free to choose how they make money and what they want to ask money for from others. But they are completely unfree, in that they *must* do this and, more importantly, they must also yield a *profit*. This not only significantly limits their choice of possibilities; it also affects them deeply through an even deeper lack of freedom.

What probably leaves the greatest impact on free individuals is that money limits their freedom to the freedom of buyers only. Everyone is free to decide what to buy with their money, but not that they have to *buy* it. This means that individuals must act as consumers toward everything they need to live. They must act as buyers choosing from the selection of commodities on offer. The first and highest law everyone must obey in a money society is that they must earn money to be able to provide for themselves by buying what they need. Money does not allow it any other way. The moral accusation that people only know how to consume these days, that they cling to a way of thinking based on consumption and are much too focused on having instead of being, is unjustified. They must. As owners of money, they have to be consumers of what can be acquired with money. This describes precisely the double burden money puts on everyone and how money splits everyone's lives and time into a work life, which serves the purpose of earning money, and the rest of their lives, for which the earned money is intended. However, money can only serve this second life if people use money to buy things. All our efforts to earn a livelihood are directed toward getting our hands on a quantum of the pure medium of exchange that alone lets us acquire the very real things we need by buying them. It cannot be any different. Because we strictly rely on this first and highest means of living and must focus our entire lives on acquiring it, we all see the world as a kind of department store and market that presents the world around us in the form of commodities. We have access to our lives, which we must earn through money, like we have access to a menu offered by others from which we need only to choose, or hope to be able to choose. The life that we access this way is made up of the commodities into which the world is transformed. We all acquire commodities when our lives are property.

Despite this, we feel free in this regard: free to have at our disposal everything this world has to offer and everyone who strives to offer it to us. That is why it is understandable that Locke and his contemporaries placed the individual and everything the individual owns at the beginning, before everything they believed is determined by it, and regarded it as the principle and starting point for society and the state. This was taken even further in the nineteenth century by Max Stirner in his book *The Unique and Its Property*, which culminates in an apotheosis of the individual.[148] Stirner not only postulates that individuals actually define society and the state according to their own terms; he also argues that they should ideally completely rise above society and the state through their quality of being individuals alone because, through their money, everyone really, truly, and literally has the whole society in their pocket. When you have money in your wallet, you have freely at your disposal everything that this society is most interested in letting you have for money. Everyone seems to be "unique": Their immense self-confidence lets them believe they need no one else in the world as long as they have their money, while everyone else needs them, because everyone wants their money. Through money, they have every*thing* at their fingertips by having every*one* at their fingertips. The property of others becomes their property when their money changes hands.

This is not because we have to ingratiate ourselves to everyone else because they are all magnificent "unique" people, but because we must appease money. As individuals, each of us has society at our disposal because of money. Money *is* society. It is the social relation that everyone must bow down to. The power we carry in our pockets in the form of money is the power of the entire powerful context that money consists in. It does not matter whether we acquire the money through profitable business, phishing, or robbing banks; the money that we have at our disposal is the direct and unrestricted power of having society at our fingertips: the power to access its property. However, this is precisely not due to our "uniqueness" as individuals, which would elevate us above society and the state, but because this power is mandated by society and is protected and implemented by the state. Although this social power of being able to use everything as we wish enables us as individuals to be unique and omnipotent insofar as we have everything at our disposal through our exclusive property, in fact we are alone as the powerless, last links in the chain of an overpowering context that is money. And because it is money through which we as individuals have things at our disposal, our access to these things only reaches as far, is only as secure, and is always only as contingent as this context allows.

This goes even deeper. Money transforms commodities into something twofold: the goods that they are, and the money value whose bearers they become. Money does the same thing to the individual as well: Everyone is the person they are, but as owners, they also become the bearers of money and money value. Their property is not connected to anything that characterizes them as a special or natural person; it is not linked to their personal qualities. Whether a person is tall or short, kind or cruel, or anything else makes no difference to the money whose owner they are. For money, all owners are equal because, for money and through money, the person it needs as an owner is entirely abstract. The natural person is a mere point of reference for their property of money. They are the necessary embodiment of the disembodied right that the property of money consists in. Just as money must inhabit the needed body of a commodity to exist in the world and to interest people in buying this commodity and hence in using and making their money real, money also needs the body of its owner in whom this interest must be piqued. As living beings, individuals are interested in things, but it is only as money owners—as the abstract, pure points of reference of money—that they have the right to have their money at their disposal. In the impersonally mediated money society, every single person necessarily becomes the paradox of the impersonal person. Every individual is both a living and an abstract person, a human being and a money subject: who they are and their right to their money property.

The person as simply a human being was thus historically supplemented by the "legal" person. While in some cases, it would not be integrated in legislation until the twentieth century, it is easy to guess in what century this idea was first conceived. Even before Hobbes, a fundamental distinction began to be made in Europe—of course, it was Europe—between the abstract person and the natural person that can be found in Roman law, for example.[149] There is much written in modern philosophy about this abstract person, culminating perhaps in Hegel's theory of law. Furthermore, that this abstract person is separate from the natural person can be seen in the well-known case in which institutions can also be "legal persons." As to what a legal person *is* exactly, this "problem is regarded as unsolved to this day" and is actually very complex.[150] A legal person is no longer a person. Instead, a legal person is a mere "end point of imputation," or an entity to which an inherent "set of legal rights and duties" are attributed, as this is called in legal terminology:[151] "A person, therefore, in the law is a mere ideal or conceptual point of reference."[152]

The ownership of money requires a person as this pure point of reference. Without a person, it would be neither property nor money. By disregarding all personal aspects, this point of reference consists only in identifying this person, who becomes, in addition to what they are, a mere identity. Today, in this late and possibly last stage in the history of how has money pervaded, this is crystal clear. It is currently the state's first act in a person's life to give them an identity or identification number at birth. We are only legally in this world if we have some kind of identity card or birth certificate. Just think of when we use online banking to handle money on the Internet. An enormous amount of effort is used to identify us as the owner of the sums of money we want to move. This is obviously purely about determining our identity itself; it is not about who we might be beyond this identity. This process of identification always ultimately consists in connecting the account number with which a sum of money is identified with a number that correctly represents our identity. As a point of reference for the right to own a sum of money, we become just as abstract as money itself.

But while money may simply stay abstract, it has very real and far-reaching consequences for us as people, because everyone's lives are defined by their functioning as money owners, by functioning as the identity that money projects onto them, if you will. Just as commodities are predominately treated as the value they as goods are not, everyone must primarily act as the identity they as a person are not. They must adopt this identity that money demands that they be. Everyone is thus both a natural and an abstract person: They become a hybrid of a person and an identity, and because they can only perceive this as a schism within, they must try to align these two sides internally.

This may sound like nothing more than an abstract construction, but it is an obvious and all-too-familiar reality for all of us. The search for our own identity is something we all pursue nowadays. It is naturally also regarded as a primordial human need and the most profound goal of every human life. Yet the identity that we are searching for, we do not have, and we are not it. Identity is precisely *not* the unity of a person it claims to be; instead, it signifies the irresolvable schism within each of us: in ourselves and in not-ourselves. We all know ourselves as both the person we are and as this other person we are searching for by trying to be like them: our identity. It cannot be grasped and is forever out of our reach. It can always only be searched for. It is the "self" in the "self-discovery" and "self-actualization" that pays the bills of countless therapists and life coaches, that is the theme of myriads of eagerly read books, and that is imposed on us as a project that is never-ending because it can never and under no circumstances succeed. It is presupposed in the question "Who am I?" that practically every one of us asks themselves and that always presupposes two selves: The "I" who is asking and the "who" we are searching for but do not know. It is another person who is always alien to us and which the self knows only one thing about: we must be this person and always strive to "become who we are" and therefore who we never are!

If this identity were just about being identical with ourselves—research today completely denies they could be different—it would never be the object of our search, and we would not have the desire to find it. Heraclitus asked himself whether the river we step into will be the same the next time around—in other words, whether what changes remains the same—but it would never have occurred to him or anyone else in antiquity or the Middle Ages that when he said "I" that this could ever mean anyone else but himself. The famous saying *γνῶθι σαυτόν*, which means "know thyself," encourages us to recognize the circumstances of ourselves, and not to first *find* such a self or even create one. Whenever someone said "I" or talked about themselves before the time of money, they never made themselves the object of an identity formation without which we believe a human life could not be possible or bearable today. For people in the Middle Ages, it would have been incomprehensible and absurd to want or need to create what they doubtlessly regarded as their already existing selves. Identity—the highest goal of modern psychology—did not exist. It did not exist as long as money did not exist. In sum: Money has necessarily transformed us into a mere point of reference for the property through which we have society and the world at our fingertips to the extent that our money allows. This point of reference of a pure quantum has nothing whatsoever to do with our self and our person, and it does not need to be a part of our self for us to be this point of reference. Just as a commodity is not actually the pure quantum value that it is supposed to "have" and that we relate to just as abstractly by projecting this value onto it, we are not actually this pure quantum of money that we "have" and that is only abstractly related to us. Because we identify the value of a commodity with some of its qualities and hence interpret it as content, we also interpret our identity, the point of reference for our money property, in terms of content. We search for it in qualities we want to have, because our identification with these means that we do not find them in ourselves but wish we did. We want to adopt them and make them the qualities of a profoundly desired goal: the identical self.

As money subjects, we understandably tend to identify ourselves with the highest money subject: the state. We see our identity in the quality of being a citizen of "our" state, a quality that we therefore tend to deny others. We can naturally also identify ourselves with our property, which we see ourselves actualized in. We can identify with our favorite team, with an idol, with the ideal image of a self that we create for ourselves. We can identify with qualities that are undeniably ours, such as our gender, for example. Yet, like everything we identify ourselves with, these things also become more than what simply exists. Even if we only identify as a certain gender, we always connect this with our feeling of self-worth. This "worth" indicates that we think about ourselves in value terms: We literally experience our own selves as a value. Proud Achilles would not have understood the meaning of this at all. Although he was acutely aware of whether a certain person was above, below, or equal to him in rank, the idea that he himself could have a value that was more or less great would have been incomprehensible to him. For us, this is more than self-evident—indeed, it is a matter of the heart—the feeling of being worth more or less. Often enough, we feel inferior and worthless. We place our worth, our value in our identity, and we do this for a reason. What we fill this identity with is secondary and can even be completely unimportant. We base our value rather on the fact that we *have* our identity.

This means that we try to lend a higher value to the identity we stake our worth in. One of the milder examples of this is our gender. When we identify as a woman, for example, we feel the urge to raise the value of being a woman and women in general as an identity. On the other hand, a troubled and potentially toxic example would be when we search for our identity in a nationality, religion, or skin color that we then regard as being worth more than others, or as even the only one with any value at all, because when we have difficulties with our identity, we are prone to see less value in others as a way to increase our own value in comparison.

In conclusion, the identity that we must develop transforms the self into a project. Everyone is forced to work on themselves and try to increase their value. The self becomes the object of the self-improvement we practice so diligently today and that can never end. The self that is not the self devotes all its time and energy to this alien element inside it, as if it were a business it wants to run successfully. This has been correctly called and described in sociology as "the entrepreneurial self."[153] As a project that never reaches, and can never reach, its goal, it is agony. In its forever remaining beyond our grasp lies the modern suffering of identity.

We all know when this suffering started: when money emerged.

THE COURSE OF BUSINESS

Whenever money is used, it forces us either to look for, or at least thankfully approve of, opportunities to make money and hence more money—in other words, to look for opportunities to do business. Such opportunities are necessarily the subject of *speculation*, because everyone is forced to speculate that they will occur. Regardless of whether this speculation more or less pays off, or whether it entails little risk, either way it is speculation because it is necessarily directed at the future of which we can never be sure. More importantly, it is directed at conditions that never depend solely on the individuals who are forced to speculate, but also on an impersonally mediated social relation that has now pervaded the world and whose development is obscure and unforeseeable in its details: money.

First of all, these conditions include those that enable money and the increase, which it needs in order to function, to emerge in the first place. So how is money created? How is it determined how much of it will be created, and who should create it? And what is the significance of the amount of money created for money itself and its value?

These conditions also include the degree to which all this money proves itself as value and hence as access to an amount of commodities. How is money backed as this value? How is this value guaranteed, and what does it depend on? And how can it also literally dissolve into nothing?

This depends on the conditions under which there is an increase in money, or not. If money, and then more money, is created, under what condition does the value it represents also increase? What happens if it lags behind the increase in money? In other words, under what conditions does a larger amount of money buy you a larger amount of commodities?

Finally, all of us who live by money must also recognize that one of the conditions we must speculate on is that the increase in money has become, for the most part, separate from commodities. In financial markets, for example, sums of money no longer refer to commodities, but directly to other sums of money. Financial instruments that are based on money are bought for money, thereby generating profit. Money directly tied to money becomes more money. It must do this, because the failure of this type of money increase endangers institutions that are systemically important, and it threatens to become a crisis that could end everything. As to whether this will happen, we can only speculate on that as well.

VII
SPECULATION

Money, of course, does not grow on trees. It must be created, but it cannot have been created all at once, or how could it increase? For this, it must be created *all the time*. Yet, although it is not difficult to create a pure number, it must be ascribed an amount of value and therefore be backed for it to be created as a medium of exchange—in other words, as access to all commodities.

Because the need to be created, backed, and increased are characteristics unique to money, these three criteria can serve to distinguish money from those media of exchange that existed long before it. In a way, previous media of exchange did, in fact, grow on trees, for they were all material things like plants sprouting in fields, minerals and other treasures slumbering inside the earth, or animals thriving naturally. They may have needed to be nourished, cared for, harvested, mined, extracted, processed, or prepared. A medium of exchange could also be a service. Either way, they all existed and were at hand. They were what they were without a person having to specifically create them as a medium of exchange. They also did not need to be backed by something other than themselves to be traded. They were esteemed for what they were and were related to one another based on this estimation and on the relationship between the people involved in the exchange. Once again: Because they were what they were, they did not need to become *more* of themselves in order to be exchanged when the occasion arose. Only money must be created, backed, and increased to be what it is.

That this is true for money may seem self-evident today, but how this actually works in these three cases has long been one of the greatest mysteries. Fortunately, we can now shed some light on the situation with a relatively brief explanation.

Creation

Money as the pure medium of exchange can only ever be created in one way. It began to be created this way as soon as it emerged, although this went unnoticed at the time, and it is officially created this way to this day. However, because no one has ever managed or attempted to clearly distinguish older physical media of exchange from money, the way money is created has long remained in the dark.

Coins existed long before money emerged and therefore cannot have been money. They only became money through its emergence. As I discussed already in the context of the *kipper* and *wipper* era, until the dawn of money, minted pieces of metal were not ascribed a quantum of value—essentially, an amount of the pure medium of exchange in the form of the quantified power to have access to commodities. With money's emergence, coins, like commodities, were then typically transformed into something twofold: They were both real existing things as well as the bearers of the value for which they were then exchanged. This means that, when it comes to these hybrid coins, money was bound to things as "their" value. Like commodities, these coins were equated and identified with this value. Also like commodities, these physically existing coins seemed to *be* the money value that they were ascribed. Because they had already served as a medium of exchange, among other things, coins, more than anything else, seemed to be this value and the medium of exchange that was money.

That coins are not money but only document, through their material existence, the nominal money value they are ascribed is historically proven by the difficulties that emerged in the *kipper* and *wipper* time, when these hybrid objects were separated into their two essential parts: coin material and value. Another strong piece of evidence that coins are not money is that the "creation" of money in the form of coins—or, to be precise, the material connection of money to coins—historically did not last. The most important proof is the fact that, from the beginning and parallel to its connection to pieces of metal, money was already being created to a large degree in the only way that adequately corresponds to its essence: as credit.

We need only remember the countless informal debt relations that occurred during the early period of money. As we already know from Muldrew, "Merchants traded on credit; tradesmen sold or worked on credit; and many of these people were in debt to the poor for wages and for small sales, or work done," while credit was "extended as a normative part of the tens of thousands of daily market sales and services," meaning that ultimately "every household in the country, from those of paupers to the royal household," was in debt to someone and hence owed them credit.[154] When a seller did not demand, or could not be given, immediate payment from a buyer, the seller extended credit to them. This means that the seller loaned them a sum of money value that they had to pay back at a later point in time. Until then, they were in debt to the seller. This was what everyone did, because it was what they had to do. If the money that was needed for paying for something was not at hand, it could be loaned as credit and thus be at hand as money insofar as it functioned as money, enabling purchases to be transacted in this way. Even when a sum was still owed and not paid back every now and again, the “complicated webs of credit” that Muldrew describes and that every household took advantage of because they depended on them to survive still existed.[155] Non-existent money became money after all by being created in the form of credit.

These informal loans could not remain the usual practice for long, however, because the money economy had an intensive and extensive need for loans, even when coins of full weight were still in circulation. As I have already mentioned, not only the goldsmiths of Lombard Street in London issued and processed loans; banks soon did as well. They were followed by states that not only assumed the responsibility of monitoring the formal extension of credit; sooner or later, they began to officially create their own money by also lending it as credit.

Of course, this method first had to be regulated and implemented historically, and there was also a certain range of possibilities and conditions involved. Despite this, it has always remained the same and is the only possible way to create money. It does not require using a printing press or a punching machine; instead, the creation of money generally occurs through credit.

A state or central bank creates money by crediting it to the accounts that accredited private banks or institutions hold with it. Money evolves precisely in harmony with its essence in the form of a pure number recorded in a bank account in units of a respective currency. What also reflects the essence of money is that nothing actually emerges when it evolves, strictly speaking. Not only do these recorded numbers consist in nothing; each new sum represents a debt that must be paid back. The influx in money that is received as credit always corresponds to the sum that is demanded as a return, meaning these numbers mathematically cancel each other out. This whole undertaking is openly and intentionally circular, and nothing is created between money subjects but a relationship of cancelation. One money subject owes a sum that the other money subject must claim, and once it has been paid back as demanded, both parties involved are left with a zero. The state is not doing anything inappropriate here. It is allowed to generate money out of nothing simply by recording a sum, but because this sum means a plus on one side and a minus on the other, it creates a zero, or nothing, out of thin air.

How this still turns into money—the immaterial material we all need in sufficient amounts to ensure our survival—is an enigma that money alone is capable of and that money inevitably necessitates. As we would expect of the pure medium of exchange, its creation begins with a purchase or a sale, respectively—only, in the case of credit, money does not buy a commodity; it buys money directly. A sum of money is paid for with a sum of money, or a sum of money is offset by a claim on a sum of money. This claim does not need to equal the sum of the credit issued. What is decisive is that a claim, a money claim, is created through this credit, because this money claim is considered money.

How does this happen? If a loan of one million dollars is issued by a bank, for example, this sum is available not only to the debtor, whose account this is credited to; it is also entered in the books of the creditor as a claim, meaning the creditor also has the same sum of money that they issued as credit at their disposal. They are entitled to it, and they can expect it to be paid back. They therefore have this sum at their disposal by speculating on its expected payment. They have the debt the other person owes them in their hands, like a promissory note guaranteeing for the owed sum. The one million dollars that the creditor enters in their books as a minus appears as a plus at the same time because it is money they also have at their disposal. Meanwhile, the million entered in the books of one party as a plus does not cancel out the minus in the books of the other party, resulting in zero; rather, they result in a *double plus*, or a plus for both the debtor *and* the creditor. This means, instead of one million minus one million, we have one million plus one million, which equals two million instead of zero. When money is created through credit, we can observe the enigma that a minus counts as a plus when the two are added together. Not only is the credited sum created; it is doubled, which is precisely how the creation of money works.

This may all seem crazy, but it can be observed to be true when the loan is paid back. The moment the debt claim is paid off, neither the claim nor the sum on the debtor's account exists anymore. Both sums are repaid and their creation is reversed. Economists plainly and transparently say that newly created money is "destroyed" as soon as the loan through which it was created is paid back. It must be paid back, because this is what the claim obligates a debtor to do, but it should also not be paid back—at least, not until the debtor has taken out new loans that will replace the first loan's business of creating new money in its stead. If the claim ceases to be credit the moment someone pays it off, it also ceases to exist as newly created money and succumbs to its own destruction.

Only an ongoing loan is newly created money, provided the loan does not appear to remain ongoing indefinitely instead of eventually being paid off. If it is clear that a claim will not be paid off, the entire equation is not simply reset to zero; the doubly created sums then count as double debt. Instead of making new money, the debtor has taken the loan, exhausted it, and owes it to the creditor who issued it, who did not receive it back, and hence has lost it. It becomes a sum that the creditor had at their disposal as a claim until then. The plus and minus of the credit becomes a double plus of created money as long as the claim still exists, but it becomes the double minus of money debt if it is lost.

This means that only an ongoing loan that is still expected to be paid is created money. A loan based on money, which *is* therefore money, creates money only as long as it is a claim that is not paid off, but allows us to speculate that it will be paid at one point in the future.

Money is created as this claim not only when a state bank issues new money; this is the case everywhere else as well. This is also true for all forms of these loans, whether they are bonds or contracts that often allow for payment after a service is rendered. What counts is that a corresponding money claim is implemented. Regarding the special case of the state bank lending money, the state is only the first creator of the money. It guarantees with its authority that all claims can be asserted and that they are denominated in currency that is recognized as money. The money claims issued by the state are thus the highest form of security for all the claims that the many money subjects in the state want to implement, because all of these must be claims that are guaranteed as money from the beginning.

The way money must be created has consequences, however. In order for the state to create money, like any creditor, it must rely on finding debtors. These debtors must be willing to borrow sums of money that they must pay back, which only makes sense if debtors can use it to make more money. Therefore, a condition for this is that they will walk away with more money, and hence money at all, after a loan is paid off. This means a money profit is required to make borrowing money worthwhile. Money must become more money for the creation of money to be profitable, justified, and successful in the first place. Money's need to grow is thus already established the second it emerges.

It then continues, as it must. All of the money increase that a created sum must justify is only at our disposal if it has been created in addition, which means if it is created on top of the already created money. Money that does not justify itself by increasing and yielding a profit winds up being destroyed. It is gone; it loses its value. Nothing of it is left when its creation is over, if the debt is paid off or if there is not enough money to pay it off and the debt is still standing. Each created sum of money—in other words, all money—is always threatened by destruction if it does not lead to profit and to more money. Furthermore, it would not be created in the first place if this could not be expected and if the debtor's speculation that they will make more money with the loaned money would not be justified.

All money is only created in speculative anticipation of the expected increase. Money must produce this increase, so that debt—a zero, or a double debt burden—is not the only thing created through credit. This increase in money can only materialize, however, if each paid-off loan is accompanied by further ongoing loans that not only replace it, but have superseded it. More ongoing loans are always needed than paid-off loans. The higher the number of ongoing loans that are implemented, the greater the next ongoing loans that must supersede these must increase to avoid payment and destruction. The necessary increase in money cannot be created without having already been superseded by the anticipation of even more money.

The creation of money thus drives and chases itself in its own anticipation, like a wave whose crest rises higher and higher until it overtakes itself, pushing over itself and lurching forward, breaking into foam, while being driven still further and further ahead by the liquid mass behind it that is pressing forward.

Backing

Now that we know that this is the way money is created, it is clear that money cannot be backed. Money cannot have the backing we so desperately search for or whose absence we lament today. From the moment money is created and from the first moment it historically emerged, it is never and has never been backed in the sense of being grounded in a good or in a commodity that is "actually" money and is otherwise only represented by money.

That money is created through and as credit means that it is not created as or due to a commodity that it can refer back to and which its value somehow "consists" in. As credit, money refers only to itself as this sum. Money is not deposited in commodities that then provide security for it, even if we were to believe that money was originally exchanged for those commodities and therefore emerged from them. As credit, money is not created through past exchanges. Quite the opposite: It is exclusively created by speculating on its own future—on its increase. The claim a credit consists in must, for at least one of the parties involved, be connected to the expectation that more can be earned with it. This means that everything money can be backed by cannot be behind it, but only in front of it. From the beginning, money has been, and still is, necessarily a matter of speculation about the future.

The state can ensure that money is recognized as money and hence as value, that it is a medium of exchange that provides access to all commodities. However, if it does not want to damage its money, it cannot prescribe how much access to all commodities this entails, or how much value the created money should represent at a particular moment. No state can exclude or prevent the possibility that even enormous sums of its money could be destroyed. Whether the state can "back" its money must first be proven and depends on how much of a certain commodity and how much more of itself money can provide money subjects in the future, not how much it has already provided. We can therefore only refer to the backing of money in hindsight, when things work out well. Otherwise, money does not "have" it: It never has it.

Nothing about money is as difficult to accept as this. It casts doubt on our unswerving, desperately held belief that money must consist in *something* because it can be exchanged for something. We believe in this because we do not want to believe in the opposite: namely, that money and money value can disappear and become nothing. Our faith that money is "real" and "actually backed" fools us into thinking that a collapse of its value could only be the result of a mistake in how it was handled or because it has been perverted through a potentially "unrestrained" capitalism. This belief lets us think that we need only to avoid this mistake or restrain capital in the right way for the value of money to be secure. This is what we must believe if we do not want to lose our faith in the backing of money.

Without wanting to offend anyone, this almost child-like belief is held by many money subjects: from the most radical Marxists to the most capitalism-friendly economic liberals. As we now know, this is due to our belief that value must be found in commodities and in money itself because this is the only way the world seems to make sense to us. We fiercely defend any feasible illusion about what backed money could or should consist in if everything went as it should, and we do this although all illusions are proven wrong by the way money is created. To dispel this belief, I will briefly discuss the most important ways we think money is backed.

Some people believe, for example, that cash was not created as a form of credit, but as cash money that provides security because we can physically hold it in our hands. However, bills and coins are not money simply because they are printed and produced as material things. Instead, banks merely exchange part of the sums regularly created as credit at the central bank for cash. No new sums are therefore created with the coins and bills received. Instead, the sums that have already been created through credit simply change the form in which they are certified as money. If this money gains or loses in value, it makes absolutely no difference whether it is printed on a bill, embossed as a number on a coin, or recorded in an account.

Other people actually regard the circulating sums of money as being backed by the collateral that commercial banks must usually deposit at the central bank in exchange for newly created money. However, not only do the sums used as collateral only amount to a laughably small portion of all the money in circulation, they usually only consist in assets that are simply another obligation in the form of money. That such an obligation can back money is just as untrue as the story of Munchhausen pulling himself out of the swamp by his own hair. Rather, it is about the state having something in reserve in case a bank it has supplied with new money defaults on a loan. In the best case, the deposited collateral only offsets a defaulted loan and leaves a zero in the books. The new money is still destroyed. The collateral thus only saves the state additional debt, meaning the state could never protect itself against the devaluation of its money in this way.

Then there are the proponents of the *vollgeld* (or "sovereign money") theory, primarily in the German-speaking world, which I have briefly mentioned. This school of thought believes that the sovereign type of money—money that is complete and whole because it is completely and wholly backed—could be realized if the issuing of new money were entirely in the hands of central banks. Having since realized that this is not possible, their demand for backed money has been reduced to a call for central banks to apply stricter control to the issuing of credit. This is because they claim there is a difference between the money created by a central bank and the money created by a commercial bank. They believe the first type is controlled and therefore good, while the latter is not and therefore bad. The decisive element for backing money, in their eyes, would be achieved if central banks would have more control and let the commercial banks create less money. It is easy to see the problem with this view. The idea that money could be divided into sums of different types according to certain criteria is absurd. Money cannot be divided into blue or dark-green money or into money originating from a central bank's credit or from a private bank. As we know, the economy in which all business is run with this money does not work with different sets of accounts, with certain ones for the money created by the state, and others for money created by commercial banks. The only difference between the two instances is that the state does not need to make a profit with the newly created money, while a commercial bank very much depends on this. Of the profit that the bank receiving the new money expects to earn, the state could claim a part in the form of interest, but this is not necessary. Just how little the state needs to do this can be seen in the fact that, in some cases, it is even willing to pay negative interest—in other words, pay money—so that a bank is willing to loan money, or it will turn this around by demanding interest if a bank is hesitant to accept the loans that are available to it. The state usually is not determined to make a direct profit from its money creation, as a rule. The decisive point here is that the state is necessarily always the most interested in the profits that it makes possible by creating money as well as the profits that follow as a result—in other words, the profits of those private banks and all of the private money subjects that are active in the state's "economy," who for this purpose need money provided by these self-same private banks. The state explicitly enables this with "its" money. It provides these banks with the ability to issue loans, to engage in obligations in the form of money, and to let other money subjects engage in such obligations as well as all the things the continuous creation of money means—because the state depends on them. The state *never* has complete control over all the creation of money through its own money creation. Rather, it must always be interested in the subsequent creation of money by private actors and hope that a company expects to make a profit with it. It is only when this profit later materializes that the state has created more than temporary debt—in other words, nothing—with its initial creation. When a company needs and demands new money because it expects to make a profit with it, it is definitely in the state's interest to give that company access to this money. The state does not care where the money is created. If it were to limit money creation that serves private profit interests, it would prevent potential profit and would be in danger of making its money weaker instead of stronger. It is therefore in the state's own economic interest to leave the creation of money to those who plan to do the desirable thing with it. Just like the state is interested in having as much profit as possible generated with its money, it must also be interested in issuing as many loans as possible to those who expect to make a profit with them. This is also the only way that profit can be produced in the first place. If we were to demand that the state limit the private issue of loans, so that we can produce so-called sovereign money, then we would ask it to limit precisely the profit that its money creation is all about. The sovereign money achieved in this way would be money whose value deteriorates.

Finally, there are those who would argue that a money value that is stable, and in this sense "backed," is tied to a controlled amount of money in another way. They believe that the value of money clearly depends on the relationship between the amount of money and the amount of commodities. If the amount of money increases in relation to the amount of commodities, its value supposedly drops. If the amount of money falls, its value increases. According to this theory, keeping the value of money constant is thus as simple as maintaining a certain ratio between the amount of money and the amount of commodities and ensuring that all money is completely backed by all existing commodities. The major flaw behind this assumption is that it confuses how the value of money is quantitively *measured* with how its quantity is *determined*.

The value of money can indeed only be measured based on how much of certain commodities can currently be bought with it. What we need to remember, however, is that money never "has" a value that is "its" value. When the price of gas rises, money then "has" a lower value in relation to gas, but it has the same value in relation to tomatoes, the price of which remains unchanged, or it has a higher value in relation to a commodity the price of which has just dropped. The unified rising or falling of "the" money value is never anything other than the result of a calculation based on the average of changes in the prices of selected commodities, but never all of them. This average can thus provide general insight into how much the prices of these selected commodities are rising or falling and thus into the overall state of the economy, but this one value only comes about as the result of a single value being calculated from the average of prices of different commodities, and not because money carries it as "its own" value within itself.

No ratio between the amount of money and the amount of commodities could ever determine how high sellers should set the prices of their commodities in order for the value of money to either rise or fall in comparison. Even if it were possible to ascertain the entire amount of money at a given moment, it would never be in a definable ratio to an amount of commodities that could be determined in any way. After each purchase in which a sum of money is measured in an amount of certain commodities, this sum is immediately ready to be measured again in an amount of different commodities, and after this purchase, again and again. This means that a certain amount of money is never offset by a certain amount of commodities alone, but is a virtually infinite amount. Between a certain and infinite amount, however, there is never a specific ratio: there is no ratio at all. Because the amount of money and the amount of commodities do not relate to one another, such a ratio can never determine the value of money.

At this point, we may then wonder what is behind every state's monetary policy. After all, it is the most important task of any proper central bank. It is simple: Central banks do not try to control the amount of money in circulation, but rather the profitability of new money. States regulate the access to newly created money particularly through the interest they charge financial institutions below them for it, who in turn pass this interest down as claims to those they supply with money. If a central bank decides to demand a low interest rate or to waive interest completely, we call this a loose monetary policy, because private banks can get new money more cheaply or even for free and can use it extensively. Higher interest rates represent the opposite, which is called a tight monetary policy. Either way, the interest rate is never intended to withhold money from the private sector, where it could be used profitably. Rather, a central bank bases its interest rate on the economy's profit expectations: how much or how little profit the economy can speculate on making with new money.

Steering the economy in a desired direction thus has its problems and contradictions. For example, if profit expectations are poor, states do not want to demand interest from their economy, because this would reduce their profits even more, or kill them entirely. They therefore set the interest rate low in these cases. If higher profits are expected, on the other hand, a state raises the interest rate, because it must try to avoid letting the demand for money, which also rises with greater profit expectations, ultimately become higher than actually realized profits. It does this because, if profits are lower than the demand for money, then demand was too high measured against these profits, and this threatens the value of money. On the other hand, states must also raise interest rates if profit expectations are not good or downright terrible. In this case, instead of trying to maintain profit expectations by lowering interest rates as usual and issuing new money cheaply and generously, states try to do the opposite by raising interest rates. It is believed that, if not even the lowest interest rates produce sufficient profits and all the cheap money is losing value because it is not yielding enough profit, the opposite is sure to do the job, even if this is what otherwise only helps with the best profit expectations and is usually avoided at all costs when the forecast is poor. Monetary policy thus clearly does not regulate the amount of money, although that is what we are taught. Instead, by expressing a more or less uncertain hope that the wished-for effect will materialize, monetary policy regulates the relation between the costs of new money and the profits that are desired and depended on.

Let us now discuss the burning question that any discussion about this topic would open with: Why were actual efforts made for a long time to back money? Why Fort Knox, why the promise that bills can be exchanged for gold, why the gold standard, and why Bretton Woods? What were these things all about, and why do they not matter anymore? All efforts to back money are part of the history of how money pervaded, and with its ultimate success came the end of such efforts. For a time, however, they were still necessary as a way of dealing with money's lack of backing per se.

Exactly because money consists in nothing and is therefore also backed by nothing, its acceptance as money has had its limits. For monetary transactions between states, these limits were once state borders. A state's power to guarantee its money as a means of payment did not exceed the territory of its authority. As long as international monetary transactions were not sufficiently guaranteed by regulations for the mutual recognition of currencies or by the rise of certain currencies to a kind of global money, necessary payments had to be made in a different way that was as similar to money as possible. Money as the medium of exchange provided only one option for this, which was the one form in which it must ultimately prove itself as money: in the exchange for commodities. The money owed by one state to another was exchanged in the form of a commodity recognized by both states as a bearer of money value that they could therefore easily exchange into their own money. This retransformation was best achieved with gold and silver, but it could also be done using other means. Not only historically across state borders, but whenever or wherever money no longer functions as money today, or even if it seems like it will no longer function, people rush to ensure that it will, hopefully only temporarily, fulfill its function one last time by being transformed into a commodity in which it can survive. In times of war, abnormally high inflation, or when something as mundane as insolvency occurs, we need other guarantees that money will keep on functioning as money than simply our general dependency on money to do so. If you cannot pay with the necessary money, then you have to pay with your home. When you cannot get anything for money, you might use cigarettes for trading instead. Or when money value is otherwise unreliable, other things must stand in as "values" that prove how much you are "good" for. The promise that was once printed on bills stating that they could be exchanged for a corresponding amount of gold is the same thing: It is the promise to transform money into this most durable of commodities should money's ability to function as such appear to falter.

In all of these cases, however, the commodity is not the "real" money that "regular" money only replaces; rather, it is always only money's replacement. Even gold, which often plays a part in this context, never assumes the role of money. It could not do this anyway; rather, it is expected to return to being money again in the safest way possible. All commodities that are meant to back money in this sense replace it with the clear intention of taking the position of money only temporarily. "Real" money is expected to replace the replacement as soon as possible, because what makes commodities secure as a money replacement—namely, that they consist in something, and not in money—also makes them unable to function as money. This was proven by the last experiment in history to use a gold standard to back money: the Bretton Woods system.

This system was established after World War II along with the World Bank and the International Monetary Fund, which were designed to implement and control it. It consisted in tying the exchange rates of all participating national currencies to the US dollar within a certain range and tying the dollar in turn to a predefined amount of gold. In this way, all sums of money that were circulating in these currencies were ultimately backed by gold as a way of keeping international monetary transactions in safe waters. However, whether intended or not, by connecting money to gold, the existence of money was doubled into a *material* and a purely *nominal* value. That this had to cause problems, as it did in the *kipper* and *wipper* period, is clear, only this time they were much more complex. While the gold bars stored in Fort Knox were safe from being diluted, the nominal money value was also not allowed to change. Most importantly, it could not increase to the degree that the course of business demanded. These problems inevitably caused the system to collapse. In 1971, the Bretton Woods agreement came to an end and became historical proof that there is no kind of backing that agrees with money.

Increase

Money does not have a fixed value within itself or in commodities. Money must continue to prove its value in commodities, which it does when its owners use it to buy and pay for these commodities. However, if money has proven itself as money in such a purchase, this does not mean that it has proven itself once and for all and that, from then on, it somehow carries value within itself. Quite the opposite: As if nothing happened, money must immediately prove itself again as value by being used to buy commodities again. Money is never value once and for all after it has been exchanged for commodities. Money can never stop being a magnet for commodities, attracting and pushing them away again. It cannot rest in them for even one second. As long as this influx and flow of commodities does not cease, money proves its value in only this form.

This brings us back to the fundamental contradiction between money and commodities. Commodities are usually consumed as the goods that they are. While much effort may go into packaging, conserving, and performing other protective measures to ensure that commodities remain intact, untouched, and unaltered until the moment they are sold, as soon as a buyer begins to use them, they are either used up and consumed, like services, or they will be consumed soon, like food. In the case of durable commodities that last longer, the process of aging and decay starts, at the latest, when they are purchased. This prevents most of the commodities from being resold multiple times. Instead, they are sold or paid for precisely once, after which they have nothing to do with buying and selling ever again. In some cases, commodities can be sold two or three more times as secondhand goods or as antiques before it is over for them as well. Although a few seemingly permanent things, like gold, may even be traded indefinitely, they are not traded ceaselessly and, most importantly, they do not need to be traded. Money, on the other hand, depends on a constant exchange, and it undergoes permanent use without ever being consumed in the process. Each sum of money remains absolutely the same with every purchase. The $100 that a buyer pays for a commodity are precisely the same $100 that the seller is paid and with which they must hope to be able to pay for other commodities in turn. In its function, money becomes neither more nor less. The dollars or euros do not somehow become 99 or 98, or 110 or 200. They remain 100.

It may then seem mysterious how money can increase under such conditions at all. But this is not a real mystery, of course. The assumed 100, or millions or billions, of dollars that remain the same are only the nominal value of money, meaning nothing but its recorded number. This, as we know, can increase through money creation just as easily as it can dissolve when the creation is rolled back. Only money's real value—the quantified power to have commodities at our disposal—must be measured in terms of the degree of our access to a certain commodity and can therefore vary in size with every purchase. This real value of money is never fixed but is constantly being determined through prices. It rises and falls via these prices, and under certain conditions, it can fall so dramatically that it even disappears altogether. The mystery, or at least the question, can therefore only be: How can the real value of money increase the way it should?

What may seem strange in this context is that, when money generally loses in value because prices are rising overall, this is called "inflation" and means that the course of business is so far off target that the real value of money is falling and countermeasures must be taken. Because of this reaction, we may think the opposite is actually the goal and that prices should be falling and money value rising. However, such a "deflation," as it is called, is equally threatening to the economy. A third option that is neither inflation nor deflation, called "stagflation," is also correctly regarded as an economic threat by the state, which tries to fight it by boosting the economy, as it always does with everything. Because none of these three options are ideal, a fourth option is preferred: a little inflation. Although inflation is normally bad, in little doses, it is good; it is even necessary. The slight price increase that historically emerged as soon as money came into existence, as already mentioned, is exactly this little bit of inflation. Today, the official rate of an economically "healthy" inflation is an estimated two percent.

So now we know that money requires this inflation to function, but we have not yet discussed why. Because we understand what money is, this explanation should no longer be so difficult. It is a matter of money's own temporal structure. To begin with, we need to realize that, while the inflation rate is calculated based on the average of a selection of prices, it actually refers to all prices as a whole because the change in the money value as a whole is indicated in this rate. This corresponds to recognizing money as the overarching social entirety in which the total costs that occur are identical with the overall earnings these generate. This identification of overall costs with overall earnings may seem, at first glance, to mean there is a quantum of money that always remains the same. Yet, money must also accept its identity of increasing in the real world, meaning it must be possible to explain the increase of money and inflation in this context.

Let us look at a random moment, which we will refer to as $x1$, when the total money expenses emerge as a certain number, and earnings correspond to this as precisely the same number. Let us assume a value of 100 for these expenses and earnings, respectively. Now, the 100 in earnings and the 100 in expenses must not only balance each other out as zero, as they of course do; they must also yield profits and generate money that can then be used to continue harvesting more money. However, this can only be achieved in one way: In a later moment we will refer to as $x2$, all the commodities as a whole that were offered for sale in moment $x1$ for which the total expenses paid are equal to the value of 100 and for which prices of the same amount have been demanded must be sold at a higher price than in $x1$. This is the only way that overall earnings with a value of more than 100—let us say 105—can be achieved. This five percent increase is then profit that has been earned. What is puzzling, however, is that this is clearly nothing more than a price markup. The higher price of 105 percent is demanded for the same commodities that once went for 100. This requires a credited five-percent increase in money and meets the criterion of a “little bit” of inflation. But so far it is *only* inflation. Something else must also be added to create real additional value.

But first, we should note that this price increase does not need to be visible as such. Only a small minority of traders who buy and sell finished products must obviously charge more than what they paid. The majority are new and additional commodities entering the market whose prices reveal nothing about previously lower prices because, once again, it does not matter for the increase expected from the new price of a commodity that the original costs were paid for this particular commodity: for its production, storage, transport, and so forth. For this increase, it does not matter at all what these other prices were paid for: whether for the labor with which a commodity was manufactured, for the rights that make its sale possible in the first place, or for expenses that have nothing to do with it at all. What counts is solely that all money subjects as a whole are interested in generating the necessary profit from the sale of the commodity for themselves. Why costs arise for money subjects does not matter; they must still try to surpass these total expenses by asking for or accepting prices for their commodity that are high enough that they can keep doing business with the increase in money they earned.

Naturally, money subjects are aware they are the ones who successively increase the prices. Prices do not increase by themselves, after all. However, they do not need to be aware that what forces them to do this is an increase in prices that is demanded overall. When setting prices, they need only to follow their own profit calculation, which must be oriented toward one important thing: The prices must be realized at some point. The commodities for which prices are demanded must be bought at these prices and paid for with the corresponding increase in money. Otherwise, there is no price and no price increase and naturally no profit. Setting prices is subject to competition, as we know, and setting prices at the right level is a matter of speculation. This speculation is necessarily oriented toward a later moment, moment $x2$, which is the moment when the commodities that were originally offered on sale in moment $x1$ are finally sold.

At this later moment of $x2$, the total earnings that have been generated up until then are identical to the expenses that these signify for the other party. Because they are now increased earnings, they are also increased costs. Therefore, the total that generates the higher earnings necessary for a profit through the increase in prices must *additionally* make up for the higher costs that were incurred. Otherwise, the increase in prices would be balanced out by the identically marked-up costs. It would be null and void, and there would be no profit. What remained would only be inflation. Compensating for the self-inflicted higher costs through additional earnings can thus only be achieved in one way: The total commodities that are for sale in moment $x2$ must increase as well. The money subjects therefore must not only have increased the prices; they must also have created more commodities than in moment $x1$ and have speculated on the realization of these new commodities as money at an even later date, in moment $x3$.

If this is successful, the necessity to lower costs and / or to make profits results in the higher prices actually being met with a higher number of commodities in which they can be realized. If a higher amount of commodities is actually bought at the higher prices, money value does not go down. On the one hand, the amount of commodities must thus try to keep up with the prices that must be raised in speculation on profits. On the other hand, it is clear that if commodities would completely catch up with prices, there would be no increased earnings compared to spending, and there would be no money profit—and money profit has priority. It must always be a step ahead of the increase in commodities that it drives. If the increase in commodities is three percent, for example, two percent remains of the assumed five percent increase in prices, resulting in two percent inflation as a little leeway for the speculation on profits.

In the movement of the speculation from moment $x1$ to $x2$ and so on, it must, in order for money to function, always try to navigate between Scylla and Charybdis, without the golden middle providing a safe passage. An increase in prices that is not realized in a corresponding increase in commodities means the Scylla of inflation; while an increase in commodities that cannot be realized in money paid for set prices means the Charybdis of deflation. Even if both—the level of prices and the amount of commodities in which they can be realized—are kept in balance, we are maneuvering a leaky ship between them. The speculation on money profits means we must steer toward Scylla, but we must try to not run aground on its shore.

The metaphor of the breaking wave can therefore be expanded and applied in another way. Not only must the amount of created money be increased by a permanently growing surplus of itself; along with this surplus of increased money, the amount of newly traded commodities must also be permanently increased. As with money, the number of commodities must therefore grow. However, for commodities, the following also applies: When an amount of commodities has been consumed for the most part, the newly created amount of fresh commodities that come after must always be greater than the amount already consumed. The growth of money demands that the amount of additional, newly created commodities also grows. Although money wants this growth to continue indefinitely, this cannot be achieved. At one point, the wave must break.

The breaking point is caused by money's essential connection to commodities, which limits money's need to earn profits and therefore ultimately conflicts with its own essence. Money cannot tolerate this limitation and must try to avoid it. The pure medium of exchange that is money even provides its own opportunity to do this—although it is also limited, as we will see.

VIII
EXPONENTIATION

Money does not reach a limit without needing to go beyond it. It must do this despite (in a complete contradiction to this) relying on what sets its limits in the first place: this beautiful and finite world of ours. In order for money to get what it needs to be infinitely transformed into, commodities must be extracted and squeezed out of this finite planet.

How money pushes these limits, goes beyond them, and must ultimately fail is what we will explore in this chapter.

When there are not enough commodities with which a sufficient increase of money can be earned, money solves this problem by *anticipating* profit. It then skips over the access to commodities and moves directly from one quantum of money to another quantum of money that is ideally larger. In this way, it succeeds in generating profit by merely referring money to money. This is the entire foundation of the financial economy, which in turn is merely the result of the necessity to expand and exceed the limits of commodity trade. However, no amount of surpassing these limits can take away profit's need to ultimately be realized in commodities. Profit can never be increased to the degree money requires over an unlimited time. When profit is too low, or there is no profit at all, then money runs up against a limit, and it creates crises.

Money’s Self-Referentiality

Most of us hardly notice that our money—and we by extension—are involved in ongoing global speculation, whether we want to be or not. We usually can only watch how others speculate on the future of their money and ours and must stand by as the resulting data develops—commodity prices, stock prices, and interest rates—unable to do anything about it. If we have a bank account or cash under our mattress, on the other hand, we must speculate that money does not lose value, but rather increases in value. This is not because we have an affectionate trust in money, but because of the cold hard fact that we are forced to rely on money’s future.

This speculation is a little more obvious when money is demanded and paid as interest. The rate of interest is determined by speculating on the profit that others could earn with money they have borrowed from someone else. This speculation occurs on two sides: The borrower must speculate that their future profit will be more than the demanded interest, while the lender speculates that they will receive the interest they are charging and hence also that the borrower will earn a profit, so that they will be able to pay this interest. At this point, speculation is raised to a second, higher level. Whenever a bank pays credit interest, the average bank customer actively adds their money to the speculation pursued by their bank: They become part of the bank’s active speculation with their money. The average citizen thus also participates in this most peculiar dynamic of money: money referring to itself, or its exponentiation.

Money buys commodities as value. It itself is value, and it transforms commodities into value in an equation with itself. In every purchase based on money, value self-referentially buys value. In this sense, money always buys a quantum of its own kind. Money is therefore necessarily able to buy its own kind directly, and not indirectly by purchasing a commodity. Money directly buys money that must then be used to buy commodities at a later point in time. Paradoxically, such a purchase in which money is equated with money is only logical and not tautological if there is *no* equality between the money on the one side and the money on the other, but rather a difference. This difference can only be quantitative for a pure quantum, meaning that money buys money that speculatively promises more money in the future.

As is fitting for money, the first and simplest form of this difference can be found in any kind of credit, meaning it exists already when money is created. When a state gives a private bank new money as credit, the bank, like everyone who has to work with money for economic reasons, must necessarily make a profit with this money. As the lender, the state can therefore anticipate a necessarily expected profit and hence demand part of this profit as interest. In this way, the borrower, or here the bank, pays for the credit with the loaned sum that it owes *plus interest*. It buys money with more money in the necessary speculation that this money will earn it more money—and the lender more money in turn. The lender, on the other hand, buys the sum that must be paid back plus interest with only the net sum that they are lending—in other words, they buy more money with less money. It is a trade of money for money in which both sides pay each other different amounts of money by both of them speculating on more money. However, this difference is not the only remarkable thing about such a trade; it harbors another, highly consequential particularity.

This unique feature is that, for a loan, one party uses a certain method to guarantee earning the profit that the other party can only speculate on. The lender does this by turning the borrower's need to make a profit into their own right to a profit by charging interest. In this way, they ensure that they are entitled to part of the same increase in money that can take however long to materialize for the borrower. This profit, which remains completely speculative because it has not yet been earned, therefore also becomes divided: For one side, the profit is realized *now*, while the other side must continue working to realize it *in the future*. As a result, profit that has not yet been earned becomes oddly doubled into profit that has definitely been made now and that is based on profit which must first be generated. This already made profit loses its speculative character and becomes actually earned money because the profit that is still only a speculative expectation is moved to the side where this money has already been earned. The necessity to make profit with money thus becomes actual, materialized profit for one side by referring to the other side, where it continues to exist as something that must still be realized.

Instead of being a transgression against the essence of money, this actually fulfills its essence. The necessity to make profit with money—money's need to become more—leads to the formula money – commodity – money+, which reflects how money must become more money through the buying and selling of commodities, meaning its logic lies entirely in the movement from money to money+. Anyone able to pay money that must become money+ for them and others must try to utilize this movement. Such a money lender essentially has no choice but to earn their plus from someone else whom they enable with their money to speculate on such a plus, which is exactly why the commodity can be left out of the formula money – commodity – money+, so that we have the direct movement of money – money+. This is how money can be increased in a self-referential way.

Not only creditors, but also investors and / or whoever else lends money in this sense all add their speculation on a money increase to the same speculation of others. The general dependence on making more money is thus consequentially and absurdly transformed into an actual money plus because the lenders have siphoned off part of the borrower's plus *before* this plus is realized—or not. Money becomes independent of whether or not it actually increases through its self-referentiality. This is part of its essence: Money actually increases without actually increasing.

Although this aspect may especially seem to correspond to its essence, money is unable to do this indefinitely. This method of continued money creation can be pursued for a long time because commodities can always only temporarily be taken out of the formula money – commodity – money+ by leaving the reference to commodities to the next money subject, but this self-referential increase of money must reach its limits at some point. At first, however, its continuation seems so simple that it is as if it could go on forever. For example, after the state has given the first bank new money on credit, that bank can pass this money on as credit to someone else and demand interest, regardless of whether the state demanded interest or not. The bank thus immediately receives more money for money, and the next borrower can do the same thing as the bank and pass the money on as yet another loan, or use it as an investment to make more money. Whoever receives the passed-on money does not have to take part in the formula money – commodity – money+; they can turn around and put this money directly toward the profit speculation of someone else and immediately generate profit by getting paid by them.

Every time money does this, however, money's need to be realized as profit through commodities is delayed but does not end. Still, not only is a real profit earned every time; the amount of money is increased over and over again through the issued credit sum, thereby becoming even more burdened. What this means is that not only does the state have it recorded in its books as a sum that it is due and hence has at its disposal, the same also applies to the "first" bank and its books and to every creditor after that who also issues it as a loan in order to directly make money+ from money. Every time the increase of money through commodities is delayed, money increases *itself* again. When credit is issued a dozen times, even hundreds of times, this also increases the amount of money a dozen times or hundreds of times. And that, as we know, is what money needs. As credit, it always needs more of what it is.

But once again: Loans are not the only way to add real profit to speculative profit, or profit that can be expected or merely hoped for, while never being definite. Any potential relation between money and money+, or any relation in which applied money promises profit, can be documented in a contract and turned into a financial instrument and thus transformed from speculative, possible profit into actually existing profit. Furthermore, the relation in which a creditor takes the possible money – commodity – money+ formula, which the debtor may speculate on, and exponentiates it to create their own money – money+ can be summed up as a specific reference of money to more money. This is because, before it is realized and before it earns the creditor actual profit, it can be turned into a financial instrument once again, so that it yields actual profit in turn. The relation that results from this leads to a money – money+ formula that has been exponentiated yet again and can be anticipated and turned into a financial instrument again as a relation exponentiated to an even higher degree.

This can continue onward and upward until it reaches the dizzying heights of today's derivatives, and only one thing is necessary for it to continue higher and higher: The profit expectation that has been turned into a financial instrument as a profit must find a buyer, meaning someone who will pay others the profit they earn *now* for being able to speculate on a *later* profit. For this reason, the continuous exponentiation of money must sooner or later come to a certain end.

Financial Economy

If we remember from our earlier discussion about the price of all things and the pure medium of exchange, in 1622, the Englishman Misselden pointed out that, at that time, commodities were no longer the main feature in purchases and sales: money was. Without being aware of it, he thus observed the major historical change through which money evolved in the first place. After this shift, it would take only a few dozen years for what we now know as a speculative bubble to form for the first time. In 1634, the Netherlands underwent what was called a "tulip mania," and this bubble would burst only three years later.

The whole thing began when the prices for tulip varieties from Asia and the Ottoman Empire began to rise continuously. Acquiring the bulbs of these plants and shipping them to the Netherlands required expenses that were covered by loans. The profit earned by these tulip bulbs when sold on the domestic market then not only paid for these loans: it began to exceed them to a growing extent, meaning the employed money yielded a profit that could be expected to rise. For this reason, people not only speculated on the expected profits; they speculated on their increase as well. A creditor or general investor would buy the tulips from merchants before the ship had even sailed, and they had the *later* delivery of the tulips be guaranteed for a price that was determined *already then*. For the merchants, it had the advantage that they could already set the price higher than what the tulips cost at the moment, because the tulips could be expected to generate more profits for buyers later. They also had money at their disposal that saved them from loaning money and servicing further loans. Therefore, merchants could afford to ask for less for the tulips than they were likely to earn with them later, and they left the additional profit that could be expected to the buyers of the tulips who had speculated on it.

However, there is more to it than this. As is now common in any financial market, the speculators acted as buyers of the tulips by contributing to the very price trend on which they themselves speculated. By paying prices that were higher than the current ones, they let them rise, and by doing this, they also supported and bolstered the general expectation that they would go up, while additionally amplifying the incentive to engage in the same speculation as them, thereby driving the prices and expectations even higher every time. This resulted in many people actually beginning to speculate on the profit from tulips that were supposed to be sold later at a higher price. They could also acquire the sums they used to speculate on this as loans. They then speculated on being able to pay for these loans with the outstanding profit as well, while still making a profit. In this way, they added to their own profit expectation the profit expectation of someone else who came before: their creditor.

In the other direction, there was a regularity to how this continued as well. Each speculator added their own profit expectation to the profit expectation of the speculator after them, because those who had guaranteed the right to a later purchase did not need to actually carry out this purchase and hence did not have to depend on whether they would actually succeed in selling the tulips at prices that were expected to be higher. The guarantee of a later purchase was, again, an alternative option for future money profits and as such could be traded yet again. Those who took this option then sold it to someone else with a surcharge, turning the right to a possible profit that they themselves had speculated on until then into the right of the other person. In this way, as already described, sellers of this option could generate a profit already based on their speculation on later profit by adding a surcharge, which they were either paid outright or they could also have guaranteed, which was a new development at the time. Through their speculation, the buyers of this option thus maintained the previous speculation of someone else, realizing this as profit even before the speculative, expected profit could finally be paid out.

Sales of tulips were hence soon attached to profit expectations that were then exponentiated several times and could be continuously exponentiated several times more and that were paid for with the sums with which each successive party took over the same speculation as their predecessors. The demand for money+ thus successively satisfied itself: The sums of money that were invested to make a profit were available in each case for paying and realizing the profits for which the previous sums of money had been invested. The expectation that these sums would generate profits led to the sums in which these profits were realized. This was a spiral in which the tulips themselves no longer even played a role, at least not for a certain time—or to be precise, for a speculatively *un*certain time.

Although this phenomenon was called a "tulip mania," when it finally became a mania, it was no longer about tulips or even commodities. As Misselden said, it was really about money. The prices of tulip bulbs soon increased fiftyfold, meaning that ultimately the value of three bulbs was enough to buy a sizeable house in Amsterdam. However, these prices no longer actually needed to be paid for the tulips, and the tulips did not actually have to be sold either. It was enough that the prices were set at ever higher levels to keep the self-propelling speculation spiral running. What counted was no longer the things for which these prices were supposed to be realized, but that more money was being promised through them. Until prices were paid, the tulip bulbs could be ignored. It also did not matter that they were tulips; it could have been any other goods. The increase of money was separated from the commodities, and money directly became more money. While this continued, speculation no longer needed to be based on goods; it could also focus on pure units of value, like the options I already mentioned here, or like Bitcoin today. What represents nothing but value that can become more value, should people speculate on it, is an ideal object of speculation, but nothing more.

What played out in the tulip mania immediately after money emerged was the fundamentally speculative relation that money emerged as—in other words, having to make more money with money—which was thus imposed on an entire society. This mania, and also this first collapse, revealed nothing less than a financial market for the first time. There is a reason why the market, which would have previously been unfathomable, was soon safely and securely organized in powerful institutions. What was initially a mere singularity that was therefore confined to narrow limits has since grown and now determines the course of the entire world economy today in the form of the stock exchange. The entire financial economy has expanded from the business with tulips to business with anything and everything with which money can be made, whether this be land or food. It may be augmented into a highly complex form, but it always works according to the same logic that came to the fore in this first mania. This is the logic of the self-referentiality of money that we have already talked about: Out of the general necessity to make money profit with money, profit is made now with money that incorporates the speculation that this money will attempt to achieve this money profit *later*. There is no simpler way to express this circular overlapping and interweaving, but at least it makes clear how the chronology that is characteristic for money is formed in it. This in turn reveals that, by following the described logic, the financial economy completely corresponds to money, just like its very first creation: credit. That is why the speculative bubbles that have become so famous today historically began as soon as money came into existence. They are part of money's essence.

The distinction between fictive money and somehow real money, which is today regarded as so important, is therefore irrelevant. Money does not first change into fictive money and fictive capital when it reaches some higher level of the financial market. Although money that the financial economy appropriates from profits that are only speculative, anticipated, and not realized, in fact, does not consist in anything real and, in this sense, is fictive and can dissolve into nothing, the same is true for *all* money. There is no difference. Money does not become fictive at some point; money *is* fictive from the start. There is no exception to this. The belief in a specifically fictive money or capital is based on the original mistake of fundamentally ascribing an inherent, substantial value to money. It is only if you see such a "real" value in money that you must distinguish it from a kind of fictive money that can in no way have a reference to an imagined value substance or a commodity. Yet since this substance does not exist, this distinction is also meaningless. There is no split between real and fictive money, just like there is no distinction between a simple bank account, where money is assumed to be real, and complicated financial documents, where it crosses the line and becomes fictive. There is a clear continuity between the simplest money market and the derivatives market, which is the only reason why a crisis in the financial market can have an effect even on the money of the little guy, which is why we have to take this continuity very seriously.

It is also why it is wrong to demonize Wall Street and other financial centers as part of a criminal superstructure that abuses instead of uses money, which is supposedly harmless in itself, and does things with it that run counter to its good intentions and purpose. No matter what absurd levels this kind of economy with its securities and derivatives has now reached, in its self-referentiality, money is simply and completely being itself. Money needs the financial market to unfold its logic in. Money could not exist without a financial economy, because the possibilities to generate money through commodities by following the formula money – commodity – money+ are always limited by precisely these commodities. Even if we continue to exploit everything on Earth that can be turned into a commodity as ruthlessly as we do now, the Earth will always be finite and hence always necessarily lag behind the increase that money necessarily requires. Making money with commodities is never enough and must thus be supplemented with and expanded by profits that are separate from commodities. The profits on the commodity market depend on being continued through profits on the money and financial market. Money and its economy must rely on this market as it is now and as it has become for precisely this reason. It is systemically important.

What is more: This dependence on the financial market must be increasingly intensified and exponentiated. By providing what money needs, the financial market makes this need more urgent because, by increasing the amounts of money, it raises the amounts that must be increased even further. Therefore, if money growth through commodities was not sufficient earlier, it will be even less so later, making the financial market even more necessary. The market not only increases the amount of money, it also bolsters its own need to ever higher levels, as measured in the degree to which money and the economy are dependent on it.

As a result, the effects of the market have become exacerbated to the extent that, in the last decades, even lay people can no longer overlook them or avoid being concerned. This is what occurs when the financial market surpasses its limits, which it most certainly does. The first time this happened, it was over relatively quickly. The tulip mania began in 1634 and the bubble burst only three years later. Its scope remained local and the sums that were created and then destroyed were negligible. However, it could not remain at such a small scale forever.

Crises

In an economy based on money, how this economy is doing always poses a problem. Because it revolves so fundamentally around speculation, we can never really be sure why and what about it is going well or why it is not going well. This speculation is also essentially oriented toward conditions, decisions, events, and situations that no one can or should directly control or steer. How countless people act and react to things determines, always in an impenetrably indirect way, the future of each person and, more importantly, the course of the economy as a whole. There is a reason why, in this one type of economy that we know today, all available data must be ceaselessly examined and probed in an attempt to determine what they tell us about the future. No situation is ever reliable. Instead, we must ceaselessly check the mood on the stock exchanges; in industry, the different sectors, and the small and medium-sized businesses; and of the consumers. We try to read one mood or another; to predict the next election, the global political situation, and the weather; and to try to interpret the latest natural disaster. We consider anything and everything in an attempt to understand what its impact may be on the course of business. A good harvest could be bad for prices, and devastating floods could save struggling construction companies. Or it does not bode well if a stock exchange index registers the umpteenth high in a row this year, while if it crashes, some people might have the chance to finally earn new profits. Everything that concerns the economy must be monitored with feelings of perpetual hope and fear, because there is always the very real threat emanating from money that a crisis will befall it.

The state of a money economy is thus always a problem, but unfortunately, it is this very problem that suppresses those problems that this type of economy causes in our world. Even if all you had to worry about was keeping your poorly paid job, which damages your health and barely earns you enough to get by, you would still have to hope and pray that the economy as a whole was doing well and that absolutely everything was being considered and done to ensure that this was the case without showing consideration for anything else, because your life depends on it. In fact, it is the *number one thing* you need in your life. The well-being of this economy, along with the crises that it is threatened or already affected by, are necessarily the first and foremost issues on everyone's minds—and even their hearts. They are a matter that everyone must worry about, and they are their greatest, most constant concern.

So much can be said, written, and thought regarding the course of the economy and its outlook, and equally much was said, written, and thought about its crises. The consensus is that these crises must be avoided at all costs to keep things running smoothly for money and the economy on Earth. We have heard countless famous suggestions, ideas, and initiatives regarding how to cope with crises, and a great deal of noble effort has been spent to track them and analyze how money could be kept safe from them. Yet all this effort is wasted because we do not consider whether what we are trying to save actually deserves to be saved. Furthermore, it is wasted because very little effort is needed to realize that money cannot exist without crises. Yet, they do not matter to money. They only matter to those who are forced to live by money.

A crisis occurs when money fails to generate enough money. Whether it yields sufficient money is determined by the ratio between a given amount of money at a given point in time and the amount of profits that can be expected based on speculation.

If the amount of profits that can be speculated on is too small in relation to the amount of money that depends on these profits, then the money value shrinks because business deals are not made and prices must ultimately be raised to still make a profit. The amount of these expectable profits can be too small either because not enough commodities are expected to be sold with a profit, or the profits that are realized in exponentiated anticipation of expectable profits are met with insufficient profit expectations. This occurs, for example, when the profit expectation contractually documented in the form of an issued security does not attract enough buyers expecting to earn a profit with it, or when such contractually documented anticipation fails because it will not be foreseeably paid anymore and hence the expectable profit can no longer be realized as anticipated profit, meaning it can no longer act as the basis for further anticipation. It is so complicated and yet so simple!

Because the amount of money that must yield more money increases exponentially the longer it is successful at this, the moment must come when exponentially increasing profits can no longer be expected. When the required profit surpasses the limits of possible expectations, the profit expectation changes into a loss expectation. Then the entire dynamic of the expectation that more money leads to actual more money—in other words, money is earned and more money is created—is reversed. The opposite expectation must then result in *less* money and a reduction or even destruction of the created money. Hence, the speculative change in the amount of money can mean not only the creation of money, but also its destruction.

As a result, the amount of money shrinks in a crisis, shifting the decisive ratio between a given amount of money and the amount of profit that can be expected from speculation. But because there is less money that must be increased, less profit is needed to shift the ratio in its favor again. Profit that had not been enough in the crisis could then become enough in its aftermath and correspond to the decreased amount of money. The cycle then begins again, and the typical economic roller-coaster continues with crisis after boom, boom after crisis. However, although this is the characteristic scenario, it is not guaranteed. Depending on the extent of the crisis, profit expectations could continue to drop in relation to the smaller amount of money, and this would have the corresponding effect on the amount of money with the consequence that both continue to decrease.

In reaction to a crisis, voices usually become loud that speculation should be reined in by taking such steps as controlling the banks, introducing a transaction tax, and prohibiting securities that are "too" speculative. However, nothing could be more wrong. Like the overall course in a money economy, the path out of the crisis depends on precisely the speculation that, according to those voices, should be capped. Reining in speculation and hence what drives the increase of money means doing exactly what provoked the crisis in the first place. Although these voices are correct in their aversion to an absurd and threatening system, if their proposed measures were actually to be implemented, the crisis would only get worse.

Within this system, where all that counts is what is systemically important, there can only be one salvation, albeit only a temporary one, that is now practiced to the greatest perfection: Trying to do anything and everything to boost growth, so that profit expectations rise again. To this end, interest rates are lowered as much as possible and enormous sums of much-needed money are created in order for enough profit expectations to be loaded onto them to transform exponentiated anticipation into profits. The specific self-referentiality of money, which means that the expectation of more money leads to more money in reality, thus puts this increase entirely in the hands of those who merely need to act on the corresponding profit expectation to achieve this. If the expectation of loss does actually lead to loss, then every player on the money market will hold on to the expectation of profit more tightly and think positively with all their might, because this is the only way they can help to generate profits. And people on the money market indeed do act this way whenever they can. In this respect, all individuals act together as one as much as they can in their shared interest in speculatively continuing profit expectations to the necessary degree. Yet at the same time, they must still work against each other and ensure that they realize when a speculation might fail before others do and withdraw their money in time, even if this means revoking the profit expectation that is generally needed.

The predictable results of such a withdrawal can be so much harsher than a crisis that the latter could seem almost comforting. After all, when we talk about a crisis, we are referring to a low point that will be followed by a high, or a down before the next up, or a threat or a little trouble for which a solution is surely at hand. However, the crises that money creates for itself do not provide such security. They can reach the farthest depths and lead to a crash. Furthermore, the crises that money causes for our world are never just money crises. They mean suffering, they mean misery, and they mean death. The dreary life of a hard-working, ordinary Joe who has to hold down three jobs at the same time, although they don't even pay enough to make a living, is and will always be a wasted life. All of the many species of animals that go extinct, thereby threatening our own survival even more, will stay extinct. Our living by money, which means we use more than this Earth is able to regrow and replace, is and will continue to be the consumption of irreplaceable things. And it still is not enough, which is why we should seriously ask ourselves whether the point when the whole thing begins to collapse has not already passed.

IX
THE CONQUEST OF THE WORLD

"The Conquest of the World" is the translation of the German title of Wolfgang Reinhard's book in which he presents the "global history of European expansion" over more than one thousand pages.[156] In his precise treatment of this theme, he writes about the most enormous and most violent events that humans have ever inflicted on the *entire world*.

Now that we know how money evolved, we can no longer be surprised about where and when these events originated. "The European expansion across the Earth is a modern event," writes Reinhard.[157] It is a story with roots in the fifteenth century, when we find the direct precursor to money, which can be seen in *Fortunatus*. The conquest of the world by European countries did not begin in earnest until the sixteenth century, however. The "discoveries" of these countries are well-known, their conquests notorious, and their colonialism insupportable. The replacement of this colonialism by a modern world order in which everything is completely in the interest of the leading countries is infamous, although now it is no longer only the European countries, but also their powerful extension: the West.

Why was it the European powers and their later offshoots that expanded? Why did they decide to use a kind of violence that was previously unknown and unimaginable in the areas where they attacked? Why did they begin to do this when they did, and why have they not been able to stop to this day? Why did it never occur to any other power before them to do what they did and to unleash this kind of violence to achieve its goals? The essential question is thus: What kind of logic did this conquest of the world follow? Why did it originate *only* in Europe, and only in the modern era? These important questions have remained unanswered to this day. The cause of these enormous events on Earth was still an unsolved mystery at the beginning of the twenty-first century. Even Wolfgang Reinhard, who is a renowned and undisputed expert in this field, has nothing to say about this. Although he mentions several hypotheses that are obviously untenable and which he rightly disproves, he is unable to provide his own clarification and comes to the conclusion that "a causal explanation for the phenomenon of European expansion as a whole cannot be found in this way." He resigns himself to the observation that this is all the result of "certain coincidences and their coincidental accumulation."[158] Could he really be saying that the conquest of the world was by chance? If so, that would mean that the global historical expansion of the European countries was not even merely a series of unfortunate circumstances, but simply a coincidence that was coincidentally followed by more coincidences!

So what in God's name *do* we know about these enormous events that have conquered our world and continue to rule over us to this day? Presumably, only that they "cannot be found in this way," which is true because, if we do not know where and when money evolved and what money is, we cannot find a reason for this historic, well-documented expansion of the European countries.

But we do have this knowledge; we do know the reason. People in those countries that were forced to become states began to live by money and thus had to follow a logic that was *new* in the world and that was based on putting a value on it by transforming it into money. This logic necessarily requires an increase; it is expansive. It is a logic of expansion without end.

The time leading up to this historical event, when Portuguese ships were sailing further and further south down the West-African coast to bring back slaves and other valuables, still belongs to the era of the merchants. Then, at the beginning of the long sixteenth century, the celebrated explorer Vasco da Gama demonstrated how things would develop for the first time. In order to give Portugal a monopoly on trade with various Indian cities and to discourage other traders, in this case Muslim merchants, he and his small fleet robbed a ship with pilgrims returning from Mecca "with several hundred passengers, including many women and children." He then burned it with everyone on board after "setting aside 17 young boys to be baptized," good Christian that he was.

He then sailed to Cochin, India, "where he established a factory [a trading post] and, using occidental economic policies, agreed on a fixed price for the delivery of spices with the raja [prince]." He also demanded that the prince drive all the Muslims out of Calicut, so that spices would be exclusively delivered to Portugal. When the raja did not comply, the great man "had departing fishermen and sailors from the ships in the harbor captured and hung from the sail yards. Then their heads, hands, and feet were chopped off and thrown into a boat that they let drift ashore with a threatening letter written in Arabic. The Portuguese historian Barros at the time explicitly described this as *terror*," writes Reinhard.[159] He was certainly right about that. The logic followed by da Gama is what brings this terror into the world because it is only with this logic that this terror makes sense in the first place—with horrible consequences.

And this was only the prelude. For some time, the Portuguese and Spaniards used the precious objects they had grabbed abroad to live like kings in their home countries, just like Fortunatus did. All the gold and silver that came into the country was transformed into precious objects and it flowed from the hands of the fortunate in single exchanges, after which it was gone. Despite spilling so much blood to acquire enormous amounts of precious metals, Spain had less one hundred years later than it had before. It would then fall to Great Britain and the Netherlands to be the first to consistently transform the media of exchange and commodities into money and to use money as value to become more money. The expansion beyond national borders began with the Indian trade companies of both countries, which were supported by their respective states. These initially private business ventures had already discovered rich opportunities to conduct speculative business at home. With the pure and absolute indifference dictated by money toward everything from which a surplus value could be generated, the English and the Dutch—and soon all European money nations—attacked the nature and the peoples of countries who were still unaware of this business with money and ultimately conquered them with reckless brutality.

The English in India were the first not only to take from a country what could be sold at home; they also forced the country itself to use and live by money. They coerced the peoples and countries they oppressed to use money by robbing them of all those economic activities they had relied on to simply provide for themselves—just like they and the rest of Europe had been robbed of these in their own countries—and they violently forced these indigenous populations to live by buying and selling. In this way, the Europeans dragged them into a kind of society that was dependent on money and into a life in which there was no other choice but to try to acquire this money. It was only as countries that used money that they could become a market where Europeans could acquire money directly. In the end, no country brutally conquered by the European powers was spared from this fate: not a single one.

Communities were no longer allowed to exist because all other forms of economic activity and communal living that had persisted for hundreds and thousands of years were prohibited and destroyed by these money-driven powers, who replaced them with an economy based on money. Without exception, the communities were transformed into states, into money subjects in state form, and were allowed to function, or try to function, as these states. Whether they were successful in this, or to what degree they were able to establish an economy at all after being devastated by the not very gentle rule of foreign powers was not the concern of these powers. The Europeans forced these states to participate in the world market, where they then became competitors. This left the Europeans in a superior position. After all, the countries where money first evolved had had more time to accumulate money, not least through their colonialist violence, and they now had a powerful and very large amount that gave them an unbeatable competitive edge.

The European countries, and later their offshoots, including the US, have since forced every corner of the globe into this irreversible dependence on money. They did not conjure up this dependence, and they did not wish for it either. To this day, they do not understand what forced them, and continues to force them, to expand. It did not start in Europe because the Europeans were evil people; it started in Europe because money emerged there.

Regardless of where it originated, it would become the greatest horror humankind has ever known.

EPILOGUE

Money is neither good nor bad. That much is true. Since money is not a moral being for which "good" and "bad" means anything, nothing could be more wrong than to make a moral judgment about money. Not only does money not care one whit about what we think of it; to judge money is to misunderstand it.

This thing that is beyond good and evil is also not the neutral tool we tend to take it for and for which it is supposedly all just a matter of whether we employ it for good things or bad. Money does not turn into "good" money if we use it to do good. If we spend money to pay for a water buffalo that enables a Filipino farmer to survive, if we save children from prostitution or from living on a landfill, or if we create protected areas for tigers so that a few remaining animals can survive, then we have unquestionably done something good. However, we do this with the same money that creates the evil circumstances that make good deeds like these necessary in the first place. Money may be nothing, but it is not neutral.

The whole truth about what money is can be seen in what money does. Naturally, money does not "do" anything at all. Although money's existence consists solely in *functioning* as money, it does not even do this by itself. Yet wherever money is, people's lives are necessarily dependent on its operating as money. Therefore, they are the ones who carry out this function and who must operate in this sense *themselves*. They do what money demands, they act the way money forces them to act, and they are what money forces them to be.

Whatever money does, *it does it with people*. We lend it our hands, our minds make it able to think, and it has access to this world through our means. With money, it is no longer a question of whether we or Margrave Rüdiger could *be* money instead of simply *having* it, for now the opposite is true: It is money that has people and that each person is, because it takes charge of them. People act *as money*. We act on its behalf, and we treat the world and ourselves according to its logic. How we must treat ourselves and this world is not neutral, and it is obviously our ruin.

Does this mean we should let such dark thoughts keep us from appreciating what is left of the world's beauty? For there is still beauty in the world. No, it does not. Yet what is happening to our planet and what is seriously threatening it can best be described by John Steinbeck in his novel *The Grapes of Wrath*. Set in the US of the 1930s, the novel paints a picture of the reality of our world under the dominion of money:

> The spring is beautiful in California. Valleys in which the fruit blossoms are fragrant pink and white waters in a shallow sea. Then the first tendrils of the grapes, swelling from the old gnarled vines, cascade down to cover the trunks. The full green hills are round and soft as breasts. And on the level vegetable lands are the mile-long rows of pale green lettuce and the spindly little cauliflowers, the gray-green unearthly artichoke plants.
>
> And then the leaves break out on the trees, and the petals drop from the fruit trees and carpet the earth with pink and white. The centers of the blossoms swell and grow and color: cherries and apples, peaches and pears, figs which close the flower in the fruit. All California quickens with produce, and the fruit grows heavy, and the limbs bend gradually under

> the fruit so that little crutches must be placed under them to support the weight.[160]

This fruitfulness in which humans play a part is something that Steinbeck deeply admires. Humans provide not only protection and care, but also breeding and chemistry—dangers which Steinbeck is not aware of yet. He sees what happens to all this fertility:

> And first the cherries ripen. Cent and a half a pound. Hell, we can't pick 'em for that. Black cherries and red cherries, full and sweet, and the birds eat half of each cherry and the yellowjackets buzz into the holes the birds made. And on the ground the seeds drop and dry with black shreds hanging from them.
>
> The purple prunes soften and sweeten. My God, we can't pick them and dry and sulphur them. We can't pay wages, no matter what wages. And the purple prunes carpet the ground. And first the skins wrinkle a little and swarms of flies come to feast, and the valley is filled with the odor of sweet decay. The meat turns dark and the crop shrivels on the ground.
>
> And the pears grow yellow and soft. Five dollars a ton. Five dollars for forty fifty-pound boxes; trees pruned and sprayed, orchards cultivated—pick the fruit, put it in boxes, load the trucks, deliver the fruits to the cannery—forty boxes for five dollars. We can't do it. And the yellow fruit falls heavily to the ground and splashes on the ground. The yellowjackets dig into the soft meat, and there is a smell of ferment and rot.[161]

Although people have worked hard for this good harvest, it cannot be sold. It will not be transformed into money. The calculation that everything and everyone is wrapped up in does not add up. The numbers on which it all depends do not lead to larger numbers, and that means the people who did the work have now acquired debt instead of a harvest. It means losing their orchards to a bank or a big company. And it means hunger:

> Men who can graft the trees and make the seed fertile and big can find no way to let the hungry people eat their produce. [...]
>
> The works of the roots of the vines, of the trees, must be destroyed to keep up the price, and this is the saddest, bitterest thing of all. Carloads of oranges dumped on the ground. The people came for miles to take the fruit, but this could not be. How would they buy oranges at twenty cents a dozen if they could drive out and pick them up? And men with hoses squirt kerosene on the oranges, and they are angry at the crime, angry at the people who have come to take the fruit. A million people hungry, needing the fruit—and kerosene sprayed over the golden mountains.[162]

What cannot be sold at a profit is not to be sold at all, so that the rest can be sold at a profit. No human being could have invented such a ridiculous and despicable logic. This logic *is* money, and we must act according to it insofar as we live by money. What does not yield money is destroyed to maintain the need that maintains money—the need to pay prices that yield money. Grain is burned, coffee beans are used as fuel in ships, pigs are slaughtered and buried, and potatoes are thrown into the river while guards stand ready on the banks "to keep the hungry people from fishing them out." Those who die of hunger "must die because a profit cannot be taken from an orange."[163] It really cannot. Everything else is a *must*, but this one thing *is not allowed to be* in order for money to be. Steinbeck sees a crime here "that goes beyond denunciation." He sees a sorrow "that weeping cannot symbolize," and a failure "that topples all our success."[164]

Therefore, he cannot help but think that all of this will be met with resistance at some point in the future—no, *now*:

> The people come with nets to fish for potatoes in the river, and the guards hold them back; they come in rattling cars to get the dumped oranges, but the kerosene is sprayed. And they stand still and watch the potatoes float by, listen to the screaming pigs being killed in a ditch and covered with quicklime, watch the mountains of oranges slop down to a putrefying ooze; and in the eyes of the people there is the failure; and in the eyes of the hungry there is a growing wrath. In the souls of the people the grapes of wrath are filling and growing heavy, growing heavy for the vintage.[165]

Yet, these grapes of wrath have also not been harvested, nor will they be. Where wrath grows, its fruits are not protected from kerosene, and those who want to harvest these fruits are met with guards even stronger and better equipped than the ones Steinbeck describes. And so the misery, the crimes, and the catastrophe continue.

This world, our beautiful world, can only survive *without* money.

But we may wonder: Can the world really survive without money? Is a world without money even possible? Would people ever be able to manage without it? I am familiar with all the arguments for categorically rejecting this idea, and I know them well; I have been confronted with them countless times. Yet I also know there is proof that all of these arguments do not have a leg to stand on, and this proof is that humans have *already lived* in a world without money. In fact, this was *most of our history*. Of the estimated 200,000 years that humans have been roaming this Earth, money has existed barely 400 years. The results of those 400 years have been a catastrophe, but these four hundred years do not mean that it has to continue this way. Because we live under the rule of money, we cannot imagine a situation without it today. Yet this unimaginable situation did exist once, which means it could exist again.

That a world without money once existed does not mean that, in a future world without money, things would have to be the same as before money. All of this cannot be about a regression to the Middle Ages. Although many of us may fear this, there is no danger of that happening, for as Steinbeck knew very well, we have succeeded in many things: some of which have even been thanks to money and its urgent need for "progress," and some which have come at a bitter price. In a world without money, instead of these achievements being destroyed by catastrophe, they would necessarily help us to live very different and far better lives than in the Middle Ages. Liberated from the necessities of money, our successes would be free to unfold their true potential for the first time.

This only needs to happen. Yet how it can happen, I do not know. No one person can, and most definitely not a political party. It is up to *all of us* to figure this out. With this in mind, I would like to end with a poem meant to inspire courage. It is Friedrich Rückert's "Song of Chidher":

> Chidher, the ever youthful, told:
> I passed a city, bright to see;
> A man was culling fruits of gold,
> I asked him how old this town might be.
> He answered, culling as before
> "This town stood ever in days of yore,
> And will stand on forevermore!"
>   Five hundred years from yonder day
>   I passed again the selfsame way,

And of the town I found no trace;
A shepherd blew on a reed instead;
His herd was grazing on the place.
"How long," I asked, "is the city dead?"
He answered, blowing as before
"The new crop grows the old one o'er,
This was my pasture evermore!"
    Five hundred years from yonder day
    I passed again the selfsame way.

A sea I found, the tide was full,
A sailor emptied nets with cheer;
And when he rested from his pull,
I asked how long that sea was here.
Then laughed he with a hearty roar
"As long as waves have washed this shore
They fished here ever in days of yore."
    Five hundred years from yonder day
    I passed again the selfsame way.

I found a forest settlement,
And o'er his axe, a tree to fell,
I saw a man in labor bent.
How old this wood I bade him tell.
"'Tis everlasting, long before
I lived it stood in days of yore,"
He quoth; "and shall grow evermore."
    Five hundred years from yonder day
    I passed again the selfsame way.

I saw a town; the market-square
Was swarming with a noisy throng.
"How long," I asked, "has this town been there?

Where are wood and sea and shepherd's song?"
I heard them cry among the roar:
"This town was ever so before,
And so will live forevermore!"
    Five hundred years from yonder day
    I want to pass the selfsame way.[166]

NOTES

1 Thomas Steinfeld, *Herr der Gespenster. Die Gedanken des Karl Marx* (Munich: Hanser, 2017), 70. All quotes from German sources have been translated into English by Ingo Maerker and Michelle Miles unless otherwise stated.

2 Fritz Helmedag, "Geld" in *Knapps enzyklopädisches Lexikon des Geld-, Bank- und Börsenwesens*, ed. Dieter Bartmann et. al., 5th edition (Frankfurt: Knapp, 2007) (1st edition, 1932).

3 Verse 1660, *wesen* (with a short *-e-* in the root syllable) is the infinitive form of the Middle High German verb meaning "to be." The *Nibelungenlied*, trans. Cyril Edwards (Oxford, NY: Oxford University Press, 2010), 152.

4 Verse 1637, "*wir findenz ninder veile*."

5 Jacques Le Goff, *Money in the Middle Ages*, trans. Jean Birrell (Cambridge: Polity, 2012), 148, 1.

6 *Die Unterwerfung der Welt* (Conquest of the World) is the well-chosen title of Wolfgang Reinhard's monumental global history of European expansion from 1415 to 2015. Wolfgang Reinhard, *Die Unterwerfung der Welt. Globalgeschichte der europäischen Expansion 1415–2015* (Munich: C.H. Beck, 2016).

7 Heinzpeter Znoj, *Tausch und Geld in Zentralsumatra. Zur Kritik des Schuldbegriffes in der Wirtschaftsethnologie* (Berlin: Reimer, 1995). A large "theoretical part" offers a critical engagement with earlier research in this field, while an "ethnographic part" covers Znoj's own, very informative research in the field.

8 For Znoj, this is the fundamental difference between archaic relations and those based on money. In his own generative model, he juxtaposes "liquidating" transactions that use money with "non-liquidating" ones that are dominant where there is no money. This distinction is necessary, although Znoj's terms reveal the hard-to-avoid weakness of only defining what existed earlier as a negation of what came later—in other words, what came earlier is defined *by* what comes later, not by how it works in and of itself. See Znoj, *Tausch und Geld*, "Liquidierende und nichtliquidierende Transaktionen: ein Modell," 118–131.

9 See Znoj, *Tausch und Geld*, "Gabe und Geschenk," 50–57, 46.

10 Michael King, *The Penguin History of New Zealand* (Auckland, New Zealand: Penguin Books, 2003), 91.

11 Marshall Sahlins, *Stone Age Economics* (Chicago: Aldine-Atherton, 1972), 152, translation of the Māori by Bruce Biggs, (*taonga* in brackets mine). See also Znoj, *Tausch und Geld*, 37–43, and his chapter "Der Dritte Mann," 44–50.

12 Aulus Gellius, *Attic Nights*, ed. John C. Rolfe, IV 12, 1–3. Available online at: https://www.perseus.tufts.edu/hopper/text?doc=Perseus:text:2007.01.0072:id=v1.p.353#note-link1

13 Julius Caesar, *The Gallic Wars*, trans. W.A. McDevitte and W.S. Bohn (New York: Harper & Brothers 1869), VI, 22.

14 Margaret Mead, "The Arapesh of New Guinea," *Cooperation and Competition*

among Primitive Peoples (New York, London: McGraw-Hill, 1937), 20–50, here 31.

15 Znoj, *Tausch und Geld*, 54.

16 Bronislaw Malinowski, *Argonauts of the Western Pacific: An Account of Native Enterprise and Adventure in the Archipelagoes of Melanesian New Guinea*, 2nd ed. (London: Routledge, 1932), 352.

17 Raymond Firth, *Economics of the New Zealand Maori* (Wellington: R.E. Owen, Govt. Printer, 1959), 417.

18 Marcel Mauss, *The Gift*, trans. W.D. Hall (London: Routledge, 1990), 33–34.

19 Homer, *The Iliad*, trans. Caroline Alexander (New York: HarperCollins, 2015), 1.

20 Ibid.

21 Homer, *The Odyssey*. This passage here was translated by Michelle Miles and Ingo Maerker based on the German translation of the Greek original by me.

22 The translation by Caroline Alexander has been slightly modified here based on the German translation of the Greek original by me.

23 *Iliad*, I, 111.

24 Ibid., 109–113.

25 Ibid., 110.

26 Ibid., 137–139.

27 The translation by Caroline Alexander has been slightly modified here based on the German translation of the Greek original by me.

28 Translators' note: In the *Merriam-Webster Unabridged Dictionary*, *geld* is defined as "the crown tax paid under Anglo-Saxon and Norman kings; *also*: a division of people or territory paying it." Under the origin of *geld*, it states "Old English *gield*, *geld*, *gild* service, sacrifice, tax, tribute; akin to Old High German *gelt* retribution, compensation […] Old English *gjeldan* to pay, pay for."

29 Jacob and Wilhelm Grimm, *Deutsches Wörterbuch*, Vol. 4, ed. Rudolf Hildebrand and Hermann Wunderlich (Leipzig: S. Hirzel, 1897), entries 2890 and 3067.

30 Hartmann von Aue, *Iwein*, verse 620 (Lachmann).

31 Ibid., verses 7214–16.

32 Walther von der Vogelweide, *Wieder die hohe Minne*, 49, 12 (Lachmann).

33 This theory was first discussed in depth by Bernhard Laum, *Heiliges Geld. Eine historische Untersuchung über den sakralen Ursprung des Geldes* (Tübingen: Mohr, 1924). This was even recently topped in an absurd way by Christoph Türcke, whose study *Mehr! Philosophie des Geldes* (Munich: C.H. Beck, 2019) has now (2022) been reprinted by the publisher with an unreservedly affirmative statement.

34 Znoj, *Tausch und Geld*, chapter "Primitive Zahlungen," 91–98.

35 *Iliad* IX, 279 in Alexander's translation.

36 Ibid., IX, 290, in Alexander's translation.

37 Both quotes from Grimm, *Deutsches Wörterbuch*, see entry for "geld," vol. 4, line 2892.

38 This context has been misunderstood from a modern point of view in David Graeber's historical reconstruction for which his book *Debt: The First 5,000 Years* (New York: Melville House, 2011) is praised. Although Graeber assumes a distinction that cannot be historically proven, he simply posits it retrospectively as the modern person defined by money that he is. This is the distinction between debt in a general sense and "proper" debt—namely, as Graeber's arbitrary definition states, in the sense of *money*. General debts are apparently the obligations that we have analyzed here, while "proper" debt is debt that, while it can be determined in a quantitative sense, can only be determined exactly *in money*. According to this, any measure with which such debt was determined, whether it was grain, livestock, or whatever else, would have been money *just for this reason*, and money would therefore have evolved together with such debt—

in other words, money and debt would have evolved *together* for 5,000 years. To prove the fallacy of this argument, we only need to return to the wergeld: a debt that must compensate for the loss of a man without something like money being needed to precisely quantify this.

39 This translation of the tables has been altered to include the indefinite article "a" before "person." English translation in Loeb Classical Library, available online at: https://www.loebclassics.com/view/twelve_tables/1938/pb_LCL329.477.xml

40 Friedrich Kluge and Walther Mitzka, *Etymologisches Wörterbuch der deutschen Sprache* (Berlin20: de Gruyter, 1967), see entry for "Zahl," 872.

41 This selection of examples is based on the significant collection of "traditional" or archaic means of payment at the Money Museum, Zurich.

42 *Odyssey* IV, 589 f.; 600 ff. This passage was translated by Michelle Miles and Ingo Maerker based on the German translation of the Greek original by me.

43 Eckart Frahm, *Geschichte des alten Mesopotamien* (Stuttgart: Reclam, 2013), 63.

44 This unfortunately shows how superficially Graeber equated part of archaic debt with monetary debt, which is the invalid foundation of his entire reconstruction of 5,000 years of debt and money.

45 I have elaborated on this fact in an earlier book *Im Takt des Geldes. Von der Genese modernen Denkens* (Springe: zu Klampen Verlag, 2004). See the chapter "Reine Zahlen" and the following chapters, 297 ff.

46 Gellius, *Noctes Atticae* 20, 1,13. The first sentence in original reads: "L. Veratius fuit homo egregie improbus atque immani vecordia." Here, "brutality" in John C. Rolfe's translation has been corrected to "lunacy" in the first sentence. *The Attic Nights of Aulus Gellius. With An English Translation.* John C. Rolfe (Cambridge, Mass., Harvard University Press; London, William Heinemann, Ltd.: 1927), available online at: http://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A2007.01.0072%3Abook%3D20%3Achapter%3D1

47 We owe more detailed insights primarily to the reports of three British travelers: Captain William Snelgrave, John Duncan, and Captain Sir Richard F. Burton. The most well-considered summary is provided by Karl Polanyi, "Redistribution. The State Sphere in Eighteenth-Century Dahomey," in *Primitive, Archaic, and Modern Economies* (Garden City, NY: Anchor Books, 1968), 207–237. Even Polanyi himself calls the cowrie shells money, although he is otherwise critical of retrojecting modern economic terms to earlier times. More on this in the following chapter.

48 Karl Polanyi, "Marketless Trading in Hammurabi's Time," in *Trade and Market in the Early Empires. Economies in History and Theory*, ed. Karl Polanyi et al (Glencoe, Ill.: Free Press and Falcon's Wing Press, 1957), 12–26, here 15. The following quote comes directly after this.

49 Frahm, *Geschichte des alten Mesopotamien*, 61; all following quotes 61–63.

50 Plato, *Politeia* II 371c, English translation https://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A1999.01.0168%3Abook%3D2%3Asection%3D371c.

51 Synesios, *Epistulae* 52, English translation https://www.livius.org/sources/content/synesius/synesius-letter-052.

52 *Odyssey* XI, trans. Emily Wilson (New York: W.W. Norton, 2018), 489–91.

53 Gellius, *Noctes Atticae* XV 20,1 and 7 f.

54 Le Goff, *Money and the Middle Ages*, 7. The first part of the quote in the original is as follows: "hoarded the larger part of the *monetary* income they obtained from tithes, paid partly in *cash*, and from the exploitation of their estates" (emphasis mine). In the omission from the second part of this quote, the English translation also calls these things a "monetary reserve." However,

they are precisely *not* money, as their treatment shows; instead, they represent a fortune from which *payments* could be made "when the need arose."

55 Marc Bloch, *Feudal Society*, (Oxon: Routledge, 2014), 74.

56 *Iliad* VI, 236. This passage was translated by Michelle Miles and Ingo Maerker based on the German translation of the Greek original by me.

57 That etymological dictionaries reconstruct a fundamental meaning of "valuable," or "equivalent value amount" which should come as no surprise.

58 Martin Luther, *79. Thesis:* Dicere, Crucem armis papalibus insigniter erectam cruci Christi equivalere [= aequivalere], blasphemia est.

59 Herodotus, *The Histories*, Book IV, trans. George Rawlinson (Moscow, Idaho: Roman Roads Media, 2013), v. 196, 315–316, https://files.romanroadsstatic.com/materials/herodotus.pdf. In the original, the report of the Carthaginians is in indirect speech. Modern translations have used "equivalent" for *axios* instead of "appropriate" and "value" for *axia* instead of "estimation." "Worth" in the Rawlinson translation has been corrected here to "estimation" (see italics), and "to view so much gold as they think the worth of the wares" has been corrected to "to view gold for the wares" (see italics).

60 Marshall Sahlins, "Exchange Value and the Diplomacy of Primitive Trade," in *Stone Age Economics* (London and New York: Routledge, 2017), 277–314; this and the following quotes, 278 f.

61 Because Sahlins, as an ethnographer, wrongly clings to the idea of value, he finds himself compelled to reattempt what he originally recognizes as "impossible" and assembles a list of fixed exchange ratios. This is how overwhelming the powerful reflex is to project aspects of money relations that rule today's world into any given reality. A more detailed criticism of Sahlins can be found in Znoj, *Tausch und Geld*, 87 f.

62 *Odyssey* I, Wilson's translation, lines 179–184 (page 111). Actually, it is Athena who is talking here. She shows herself to the son of Odysseus in human form, but this does not change the authenticity of the statement.

63 *Odyssey* VIII, 161 f. This is not Wilson's translation, but Samuel Butler's, based on public domain edition, revised by Timothy Power and Gregory Nagy (London: A.C. Fifield, 1900 (?)), http://www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A1999.01.0218%3Abook%3D8%3Acard%3D4.

64 This and the following quotes are from Cicero, *De officiis* I, 150 and 151. They are based on the translation found at https://penelope.uchicago.edu/Thayer/E/Roman/Texts/Cicero/de_Officiis/1E*.html. They have been corrected in places based on the author's German translation of the original Latin text.

65 *Fortunatus*, in the English translation by Michael Haldane, available online https://www.michaelhaldane.com/Fortunatus.htm.

66 In the original Early New High German, this is *vergelten*, which we know already means "to repay" or "to retaliate" in English, and can also mean "to pay" or "to afford."

67 Ibid. Haldane's translation has been altered in this passage to replace "money," which is used here incorrectly, with "wealth."

68 Jürgen Kocka, *Capitalism. A Short History*, trans. Jeremiah Riemer (Princeton: Princeton University Press, 2016), 46. Italics mine.

69 Ibid, 47.

70 *Fortunatus.*

71 Ibid.

72 Marc Bloch, *Feudal Society*, trans. L.A. Manyon (Oxon: Routledge, 2014), 73.

73 Eric Hobsbawn, "From Feudalism to Capitalism," in *The Transition from Feudalism to Capitalism*, ed. Paul Sweezey et. al. (London: NLB, 1976), 160. The following quote is from the same page.

74 Ibid. Hobsbawm is aware that he also

has not yet found this explanation and therefore formulates this as a task that must be fulfilled.

75 See for example, Le Goff, Money and the Middle Ages, 81.

76 Max Weber, *Economy and Society*, trans. by Ephraim Fischoff et.al. (Los Angeles and Berkeley: University of California Press, 1978), Second Volume, Chapter IX, 7th paragraph: "The City (Non-legitimate Domination)." Weber was not able to identify a reason for why this special development occurred in Europe. He therefore explains this special characteristic by listing reasons for why this development did *not* happen everywhere else in the world. This means Weber declares the European development to be the *natural* one: the one that does not require further explanation and was simply prevented in the rest of the world. This cannot be the explanation.

77 Hans Strahm, *Die Berner Handfeste* (Bern, Verlag Hans Huber, 1953), 153–181.

78 Henri Pirenne, *Economic and Social History of Medieval Europe*, trans. I. E. Clegg (London and Henley: Routledge & Kegan Paul, 1978, first 1936), 67–68.

79 Ibid., 70–71. The passage "*guests* [*advenae, hospites*]" in the first sentence diverges from Clegg's original translation "*hôtes* (literally guests)." It has been altered because *hôtes* is simply a carryover of Pirenne's French translation of the Latin original to which reference should also be made.

80 Ibid., 72. Clegg's translation has been slightly altered (from "ville neuve" to "villae novae" in the first sentence and from "different" to "separate" in the last sentence).

81 Ibid., 79.

82 Le Goff, *Money and the Middle Ages*, 16.

83 Ibid., Chapter 9: "From the Thirteenth to the Fourteenth Century: Money in Crisis," 82–93.

84 In the following, I refer to the chapter "The 'Long' 16th Century" in my book *Im Takt des Geldes*, 213–223. When I wrote this, I was still living under the assumption that the emergence of money was a mere shift in the role of money, which—following the usual mistake—I believed had existed already for a long time.

85 Leonhard Bauer and Herbert Matis, *Geburt der Neuzeit. Vom Feudalsystem zur Marktgesellschaft* (Munich: Deutscher Taschenbuch Verlag, 1988), 218 f. They cite Hannah Arendt, *The Human Condition* (Chicago: The University of Chicago Press, 1958), 28.

86 Alfred Bürgin, "Merkantilismus. Eine neue Lehre von der Wirtschaft und der Anfang der politischen Ökonomie," in *Studien zur Entwicklung der ökonomischen Theorie II,* ed. Fritz Neumark (Berlin: Duncker & Humblot, 1982), 9–61: here 21. The quote from Montchréstien was translated into English by Ingo Maerker and Michelle Miles based on my own translation into German.

87 Christian Braun, *Vom Wucherverbot zur Zinsanalyse, 1150–1700* (Winterthur: Schellenberg, 1994), 4 f.

88 Ibid., 81, 109–111, 113.

89 Craig Muldrew, *The Economy of Obligation: The Culture of Credit and Social Relations in Early Modern England* (London: Palgrave Macmillan, 1998).

90 Ibid., 19.

91 Ibid., 52–53.

92 Ibid., 3.

93 Ibid., 95.

94 Ibid., 100.

95 Ibid., 97.

96 Fernand Braudel, *Civilization and Capitalism. 15th–18th Century*, vol II, *The Wheels of Commerce*, trans. Siân Reynolds (Berkley: University of California Press, 1992), 477.

97 Werner Sombart, *Der moderne Kapitalismus. Historisch-systematische Darstellung des gesamteuropäischen Wirtschaftslebens von seinen Anfängen bis zur Gegenwart*, vol. 2, 2nd rev. ed.

(Munich: Duncker & Humblot, 1916–1917), 112–115.

98 Michael North, *Das Geld und seine Geschichte. Vom Mittelalter bis zur Gegenwart* (Munich: C.H. Beck, 1994), 95; my emphasis.

99 Wilhelm Abel, *Massenarmut und Hungerkrisen im vorindustriellen Deutschland*, 3rd ed. (Göttingen: Brill Deutschland, 1986), 40.

100 Ibid., 38.

101 This and the following quote, ibid., 41.

102 Edward Misselden, Free Trade or the Meanes to make Trade florish (London, 1622; reprint, Amsterdam, New York: Theatrum Orbis Terrarum, 1970), 7 and 93 *f* (page citations refer to the reprint edition).

103 This and the following lines are from the poem printed on the pamphlet found in *Deutsche illustrierte Flugblätter des 16. und 17. Jahrhunderts*, ed. Wolfgang Harms and Cornelia Kemp (Tübingen: De Gruyter, 1987), 254. Printed in the first line of the original is: *Sporensteich*.

104 Reinhard, *Unterwerfung der Welt*, 179.

105 "Vollgeld" is an initiative in the German-speaking area. Similar initiatives in the UK, like Positive Money, want to introduce a "sovereign money system" in which only the national banks would be allowed to create money, while this would not be permitted for private banks. More on this in Chapter VII.

106 Muldrew, *Economy of Obligation*, 95–96.

107 Ibid., 184.

108 Ibid., 95.

109 Thomas Steinfeld, *Herr der Gespenster. Die Gedanken des Karl Marx* (Munich: Carl Hanser Verlag, 2017), 63.

110 Karl Marx, *Capital. A Critique of Political Economy, Volume I*, translated by Ben Fowkes (London: Penguin Books, 1976) (first published in German in 1867).

111 Ibid., 162. In stark contradiction to his own explanation that a money commodity "becomes finally restricted to a specific kind of commodity," Marx goes on to assume the existence of several possible money commodities when he writes, "Throughout this work, I assume that gold is the money-commodity, for the sake of simplicity." (188) This means that there must be other money commodities apart from gold. Marxists hold up this vagueness as proof that Marx cannot be accused of "metallism," which is undoubtedly true, but hardly counts in comparison to the much more serious mistake of believing in a money commodity.

112 139.

113 Ibid. Italics mine.

114 Ibid.

115 Ibid.

116 Ibid., 138.

117 Ibid., 127.

118 The connections that are only briefly touched on here can be historically proven in detail. For an in-depth discussion thereof, I would like to refer to my study *Im Takt des Geldes*. The extensive third chapter addresses the natural sciences. When the book was published in 2004, I had only just started down the path toward the realization that money did not emerge before the sixteenth century. Several paragraphs, which luckily do not concern the main argument, therefore still display the usual fallacies about money.

119 I am referring here to the German book *Heiliges Geld* by Bernhard Laum (Tübingen: Mohr, 1924). In English there is also *Holy Money* by Timothy V. Peterson (2021).

120 Thomas Steinfeld, *Herr der Gespenster*, see endnote 109.

121 This is the main theme of my already mentioned study *Im Takt des Geldes*.

122 Translators' note: We use the somewhat awkward or unusual word "esteem" in this segment (see also earlier Chapter "Esteemed Goods"), because

ordinarily in English, the first choice would have been "value." This underlines the argument the author is making here, because it shows how both aspects have fused into a single word in English, value, which originally did not have the meaning of monetary or quantitative value, as can be seen in the Latin roots (see page 66) and has survived today in expressions like "I value your opinion." The word underwent a similar shift as the German word *geld*.

123 Marx, *Capital*, vol. 1, 129.

124 See ibid., 166.

125 Ibid.

126 Franz Kafka, "Letter to Father," 1919, https://www.prosperosisle.org/spip.php?article1198.

127 Thomas Maissen, *Geschichte der Frühen Neuzeit* (Munich: C.H. Beck, 2013), 13.

128 Such theories are correctly dismissed in the book by Wolfgang Reinhard, *Geschichte der Staatsgewalt. Eine vergleichende Verfassungsgeschichte Europas von den Anfängen bis zur Gegenwart*, 3rd ed. (Munich: C.H. Beck, 2002), 15.

129 This is what Reinhard, who was awarded the German Historikerpreis (Historian Award) wrote in the most recent, shorter version of his book *Geschichte der Staatsgewalt*. This new version is called *Geschichte des modernen Staates. Von den Anfängen bis zur Gegenwart*, (Munich: C.H. Beck, 2007), 8. In this version, he qualifies this by saying that the emergence of the state was "only *quasi* by chance" because it was a "development" and "because a development that was initiated at one point cannot simply fall back from the already achieved level" (ibid.). Declaring a development a development does not in any way explain why this development occurred. However, the fact remains, even this prize-winning historian cannot identify a reason for the important events that he is able to describe so well.

130 *Monty Python Live at the Hollywood Bowl*, 1982, 77 minutes. Coincidentally, the original version of this sketch was aired Nov. 2, 1972, in Episode 29 of *Monty Python's Flying Circus*, which was titled "The Money Programme."

131 Thomas Mun, *England's treasure by forraign trade* (1630), published in 1664.

132 Reinhard, *Geschichte des modernen Staates*, 76. The quote "rise of the modern state" refers to the English translation of the subtitle of this book.

133 While the term "private property" is today used not just for this modern form to distinguish it from older types, it certainly requires its own name, and this term suits it very well in my opinion.

134 That both words are usually used synonymously in everyday speech is thus not a mistake but simply ignores this distinction, which is only necessary for legal purposes.

135 In the following, I refer to several excerpts from the famous and very informative chapter on what Marx falsely calls "primitive accumulation" in *Capital*, 873–876.

136 Ibid., 878.

137 Ibid., 890.

138 Ibid., 891, Marx is quoting George Ensor, "An Inquiry Concerning the Population of Nations," (London, 1818, 215–216). See footnote 29 of this chapter in *Capital*.

139 UK Parliament, "Enclosing the land," https://www.parliament.uk/about/living-heritage/transformingsociety/towncountry/landscape/overview/enclosingland.

140 Ibid.

141 Marx, *Capital*, 891–92.

142 Ibid., 892. Marx is quoting Nassau W. Senior. See footnote 31 of this chapter in *Capital*.

143 Ibid., 888. Marx is quoting J. Arbuthnot, "An Inquiry into the Connection between the Present Price of Provisions and the Size of Farms, &c. By a Farmer," (London, 1773), 124, 129). See footnote 24 of this chapter in *Capital*.

144 "Most countries' constitutions presume property rights but don't define them, and it is rare to find so much as a reference to who, within the constitutional order, has the power to define new property rights or alter existing ones." Katharina Pistor, *The Code of Capital. How the Law Creates Wealth and Inequality* (Princeton: Princeton University Press, 2019), 25.

145 Crawford B. Macpherson, *The Political Theory of Possessive Individualism. Hobbes to Locke* (Oxford: Clarendon Press, 1962), 3.

146 Ibid.

147 Ibid., 217.

148 Max Stirner, *The Unique and Its Property*, trans. Wolfi Landstreicher (Baltimore: Underworld Amusements, 2017).

149 This has been historically researched and proven in Ulrich Palm's book *Person im Ertragsteuerrecht* (Tübingen: Mohr Siebeck, 2013), where he addresses it in the part "Geistesgeschichtliche Grundlagen der Person" (The Foundations of the Person in the History of Thought), 43 – 106.

150 Ibid, 32.

151 The German terms are "Zurechnungsendpunkt" and "Grundrechtssubjektivität."

152 Albert Kocourek, *Jural Relations*, 2nd edition (Indianapolis: Bobbs-Merrill Company, 1928), reprint (Buffalo, New York 1973), 292. Quoted in Palm, *Person im Ertragsteuerrecht*, 32.

153 Ulrich Bröckling, *The Entrepreneurial Self. Fabricating a New Type of Subject*, trans. Steven Black (London: SAGE Publications, 2016).

154 See Part 3, Chapter 1. Muldrew, *Economy of Obligation*, 95 – 96.

155 Ibid., 95.

156 This book is already mentioned in the beginning of Part I, Chapter I, but the full title bears repeating: *Die Unterwerfung der Welt. Globalgeschichte der europäischen Expansion 1415 – 2015*, which translates as "The Conquest of the World. The Global History of European Expansion 1415 – 2015" (Munich: C.H. Beck, 2016).

157 Reinhard, *Die Unterwerfung der Welt*, 31.

158 Ibid., 30.

159 This and the previous: Ibid., 119, italics Reinhard's.

160 John Steinbeck, *The Grapes of Wrath*, 75th Anniversary Edition (New York: Viking, 2014), 364.

161 Ibid., 365.

162 Ibid., 366 – 367.

163 Ibid., 367.

164 Ibid.

165 Ibid.

166 Friedrich Rückert, "Song of Chidher," trans. and ed. Margarete Münsterberg, *A Harvest of German Verse* (New York: D. Appleton and Co., 1916), 111–113. https://www.bartleby.com/177/63.html.

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