Money is always personal and impersonal

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The mystery of money

The process by which banks create money is so simple that the mind is repelled. J.K. Galbraith

Ours is an age of money. If human society has any unity at this time it is as a world 'market'. There is nothing wrong with people exchanging goods and services as equals. Markets are indispensable to the extension of society. The problem is that they use money: some people have lots of it and most don't have enough. Money marks social relations in capitalist societies. We think it makes a huge difference if a transaction involves payment or not. But we don't ask why this should be so, even less where the power of money comes from. With the exception of a few whistle-blowers like Galbraith (1995 [1975]), the economists prefer to keep us mystified; the media and the schools do little to enlighten us either. So we are sustained in our ignorance by vague beliefs and assailed by a mass of trivial facts, being left to build up our personal defences against an impersonal system we regard as inevitable.

Fig. 1. Heads or tails? A gold sovereign is a form of impersonal money.

CNG COINS (HTTP://WWW.CNGCOINS.COM)

The film *Money as debt* (Grignon 2006) – an underground hit in activist circles – seeks to explain where money comes from. Most people probably imagine that the government issues the money they use and that, under its surveillance, banks lend amounts that are covered by assets such as gold and property or at least by cash deposits. In fact, over 95% of the money in circulation is issued by banks whenever they make a loan. The 'fractional reserve system' traditionally constrained them to lend up to nine times the value of deposits with the central bank; but this ratio has since increased and in some cases no longer exists. The real basis of money, the film suggests, is thus our signature whenever we promise to repay a loan. The banks create that money by a stroke of the pen and the promise is then bought and sold in increasingly complex ways. The total debt incurred by government, corporations, small businesses and consumers continuously spirals upwards since interest must be paid on it all. The film briefly mentions some possible remedies, including local currencies.

This attempt to demystify money is admirable, but the message is in many ways misleading. Debt and credit are two sides of the same coin, the one evoking passivity in the face of power, the other individual empowerment. The origin of money in France and Germany is thought to be debt, whereas in the USA and Britain it is traditionally conceived of as credit. Either term alone is loaded, missing the dialectical character of the relations involved. The role of state-sanctioned banks in creating money involves some sleight of hand; but they are also subject to the same financial constraints as ordinary businesses. The film demonizes the banks, and interest in particular, letting the audience off the hook by not showing the active role each of us plays in sustaining the system. Money today is issued by a dispersed global network of economic institutions of many kinds; and the norm of economic growth is fed by our own desire to get ahead, not just by bank interest.

Money as debt is a fable that never moves beyond the insular assumptions of twentieth-century North American society. It says nothing about the current world economic crisis, although this has features that are well enough advertised in the media. The huge trade and budget deficits of the US economy are financed principally by Japan, China, Korea, the Gulf States and Britain (but not the US banks). The dollar's slide seems to be limited only by its role as the world currency and unit of account for the oil trade, and by its creditors' desire to retain the value of their Treasury paper. The interests at stake in the global energy economy are manifested in the war for Middle East oil; the trade imbalance reflects the transfer of manufacturing production and many services from the West to Asia.

Moreover, since the invention of money futures in 1975, world money flows, fuelled by bets on the future prices of notional assets such as stock market indices ('derivatives'), now dwarf the volume of international trade and even more national budgets (LiPuma and Lee 2004). The US housing market is a major part of all this paper debt, especially the dodgy loans known as 'sub-prime mortgages' that have recently undermined the global system of credit (Jorion 2007). Even the faith of the British middle classes in consumerism financed by ever-rising housing prices may yet be shaken by the fallout from this crisis. Reference is occasionally made to the Great Depression of the 1930s, but rarely to more recent demonstrations of the system's fragility – the global slump induced by the oil price hikes of the 1970s or the crash of 1987. We could be entering a new stage of capitalism where markets have been rationalized and risk is managed efficiently; or, more likely, we are heading for another crash (Taleb 2007). In either case, a lot more political education is needed before people can begin to reduce their dependence on an impersonal economy and develop a more personally meaningful relationship to money.

Impersonal money and its critics

So where did impersonal money and markets come from and how impersonal are they? Money was traditionally impersonal so that it could retain its value when it moved between people who might not even know each other. If you drop a coin or banknote on the floor, whoever picks it up can spend it just as easily as you can. Money in this form is an instrument detached from the person who uses it. The expansion of trade often depended on this objectivity of the medium of exchange and economists have long debated whether money's value derives from its being a scarce commodity or from the guarantees made by states who issued it (Hart 1986, Schumpeter 1954). Bank credit has always been more directly personal, being linked to the trustworthiness of individuals and, in the case of

PUBLIC DOMAIN

Fig. 2. A form of impersonal money: the United States financed the war of independence and the civil war by issuing paper notes: these were issued in 2003.

paper instruments like cheques, issued by them. The idea that transactions involving money are essentially amoral comes from its objective form, but until recently, even in societies using impersonal money, the bulk of economic life was carried out by people who knew each other and could discriminate between individuals on that basis.

Keynes held that modern money was as old as the invention of cities and the state 5000 years ago, that is, as old as agrarian civilization (Keynes 1930). Bank money is probably as ancient, but it took on renewed significance for western economic history in the Renaissance (de Roover 1999). Modern national currencies are the result of a merger of state and banking systems, leading some authors to stress the importance of sovereignty in the making of impersonal money (Aglietta and Orléan 1998, Ingham 2004). This theory is very much a minority thesis today, when the market model holds undisputed sway, especially in the English-speaking world. In liberal ideology, money is a commodity just like any other; its payment in exchange releases buyer and seller from the need for any ongoing relationship, allowing both the money and what it buys to be separated from their owners as private property. The parties to the exchange are conceived of as individuals devoid of social or cultural ties. The origin of such markets is said to lie in the 'natural economy' of primitive barter, with money appearing later to make good its inefficiencies (Smith 1961[1776]). The impersonality of money and of associated transactions is here derived not from a universal sovereign, but from the anonymity of homogeneous individuals meeting in the marketplace, with price resolving their superficial differences. This is less an analysis of money and markets than an ideological programme for displacing states from their central position in the economy.

Mainstream economics has always had its critics, among whom Karl Polanyi developed a line of attack on liberal capitalism and the economists that is more popular today than ever (Polanyi 1944). For him, impersonal markets and money have only recently displaced more humane institutions from the social organization of economy. These were society's way of ensuring material provisioning for its members and they subjected exchange to moral (personal and social) considerations. The self-regulating market dehumanized exchange. This would be bad enough when limited to what people make, like hats and shoes, but the market principle was extended to the conditions of our collective existence and these are not made by human design. For Polanyi, Nature, Society (in the form of Money) and Humanity had been reduced to the 'fictional commodities' of land, capital and labour. Impersonal markets thus threaten human survival itself and inevitably provoke a social reaction in the form of people's attempts to restore a measure of control over their lives.

All agrarian civilizations tried to keep markets and money in check, since power came from the landed property of an aristocratic military caste who feared that markets might undermine their control over society (Weber 1981 [1922]). This constituted a dialectic of local and global economy long before we came to perceive the modern world that way. Socialists (and most anthropologists) draw their ideas implicitly from the pre-industrial apologists for landed rule whose line was, broadly speaking, Aristotle's. Polanyi (1957) acknowledged the latter as his master and considered 'the self-regulating market' to have been the principal cause of the 20th century's horrors. But, if we demonize money and markets, we will be unable to grasp their potential for making a better world.

After the industrial revolution, the wage labour system led to an attempt to separate the spheres in which paid and unpaid work predominated (Thompson 1968). One is ideally objective and impersonal, specialized and calculated; the other is subjective and personal, diffuse, based on long-term interdependence. The first is a zone of infinite scope where things, and increasingly human creativity, are bought and sold for money, the *market*. The second is a protected sphere of domestic life, where intimate personal relations hold sway, *home*. The market is unbounded and, in a sense, unknowable, whereas the bounds of domestic life are known only too well. The result is a heightened sense of division between an outside world where our humanity feels swamped and a precarious zone of protected personality at home. This duality is the moral and practical foundation of capitalist society (Hart 2005).

The economists' insistence on the autonomy of market logic cannot disguise the fact that market relations have a personal and social component, particularly when human creativity is bought and sold. Human work is not an object separable from the person performing it, so people must be taught to submit to the impersonal disciplines of the workplace. The war to impose these rules has never been completely won. So, just as money is intrinsic to the home economy, personality remains intrinsic to the workplace, and the cultural effort required to keep the two spheres conceptually separate is huge.

Oswald Spengler (1962 [1918]) argued that the power of number and money to separate and depersonalize was even more fundamental. He identified a break in western history between classical antiquity and the modern period. For the Greeks, number was *magnitude*, the essence of all things perceptible to the senses. Mathematics for them was thus concerned with measurement in the here and now. All this changed with Descartes, whose new number-idea was *function* – a world of relations between points in abstract space. Now a passionate Faustian tendency towards the infinite took hold, married to abstract mathematical forms that freed themselves from concrete reality the better to control it. In economic life, a parallel shift took place from thinking in terms of goods to money. When a businessman signs a piece of paper to mobilize remote forces, this gesture stands in an abstract relationship to the power of labour and machinery, only taking the form of money numbers in a retrospective accountancy process. Thinking in money generates money. It turns the world into subjects and objects – a few executives and those who follow their orders. Each individual is either a part of the money force or just a mass.

Money in capitalist societies consequently stands for alienation, detachment, impersonal society, the outside; its origins lie beyond our control. Relations marked by the absence of money are the model of personal integration and free association, of what we take to be familiar, the inside. This institutional division asks too much of us. People want to make some meaningful connection between themselves as subjects and society as an object. It helps

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— 2007. Marcel Mauss: In pursuit of the whole.

MILA ZINKOVA

Fig 3. Mauss thought kula valuables like this one were a form of personal money. Note the names of previous owners scratched on the bracelet. See also Campbell (2002).

that money, as well as being a means of separating public and domestic life, was always the main bridge between them. Today it is the source of our vulnerability in society and the practical symbol allowing each of us to make an impersonal world meaningful. That is why money must be central to any attempt to humanize society.

What can anthropology offer?

Most anthropologists don't like money and don't have much of it. It symbolizes the world they have rejected for something more authentic elsewhere. This lines them up with the have-nots and against the erosion of cultural diversity by globalization. Accordingly, they have long had little of interest to say about money. Modern economic anthropology took off when Bronislaw Malinowski published his romantic allegory, *Argonauts of the Western Pacific* (1961 [1922]). Here a ring of islands, the world economy in microcosm, sustained an elaborate trade system through exchanging valuables as gifts – without benefit of markets, money, states or capitalists and on the basis of an aristocratic ethos of generosity quite unlike the selfishness of *Homo economicus*. He contrasted ceremonial giving with lowly barter between individuals. This publication encouraged Marcel Mauss in his belief that gift-exchange ('potlatch') was endemic to Melanesia and Oceania as well as to the American Northwest. His essay *The gift* (1990 [1925]) was the result.

Malinowski was adamant that Trobriand *kula* valuables were *not* money in that they did not function as a medium of exchange and standard of value. But, in a long footnote, Mauss held out for a broader conception:

> On this reasoning…there has only been money when precious things…have been really made into currency – namely have been inscribed and impersonalized, and detached from any relationship with any legal entity, whether collective or individual, other than the state that mints them… One only defines in this way a second type of money – our own. (op.cit.: 100-102)

He suggests that primitive valuables are like money in that they 'have purchasing power and this power has a figure set on it'. He also took Malinowski to task for reproducing the bourgeois opposition between commercial self-interest and the free gift, a dichotomy that many Anglophone anthropologists have subsequently attributed to Mauss himself (cf. Sigaud 2002).

There are two prerequisites for being human: we must each learn to be self-reliant to a high degree and to belong to others, merging our identities in a bewildering variety of social relationships (Hart 2007). Much of modern ideology emphasizes how problematic it is to be both self-interested and mutual. Yet the two sides are often inseparable in practice and some societies, by encouraging private and public interests to coincide, have managed to integrate them more effectively than ours. Mauss held that the attempt to create a free market for private contracts is utopian and just as unrealizable as its antithesis, a collective based solely on altruism. Human institutions everywhere are founded on the unity of individual and society, freedom and obligation, self-interest and concern for others. The pure types of selfish and generous economic action obscure the complex interplay between our individuality and belonging in subtle ways to others.

Mauss was highly critical of the Bolsheviks' resort to violence and especially of their destruction of the market economy along with the confidence and goodwill that sustained it (cf. Mauss 1997). He held that markets and money are necessary for the extension of human society, but their contemporary form is unsustainable. Even so capitalist institutions combine self-interest and the gift; sociologists and anthropologists should make this more visible. He advocated an 'economic movement from below', in the form of syndicalism, co-operation and mutual insurance (Fournier 2006 [1994]). His greatest hopes were for a consumer democracy driven by the co-operative movement. This was for him a secular version of the archaic phenomena described in *The gift*. They are 'total social facts', in that they bring into play the whole of society and all its institutions – legal, economic, religious and aesthetic.

This was the high point of economic anthropology. Ethnographers were subsequently content to provide exotic allegories of capitalism and its alternatives, but refused to engage with modern world history. Their readers were encouraged to reflect abstractly on 'us' as opposed to 'them', but this ethnography did nothing to increase their practical knowledge, as Kant intended when he launched our discipline as 'anthropology from a pragmatic point of view' (Kant 2006 [1798]; see also Ortiz 2007, Maurer 2006). Thus a collection of essays, *Money and the morality of exchange* (Parry and Bloch 1989), demonstrates that money serves long-term social purposes in non-capitalist societies and is not a quasi-autonomous, alienated force there. But the authors have nothing to say about contemporary capitalism.

The age of neo-liberal globalization seems to have changed this attitude. Now there is a veritable deluge of anthropological writing about capitalism in both the core and the periphery, much of it focusing on money (Akin and Robbins 1999, Guyer 2004). This work aims to humanize the anonymous institutions that govern our lives; and some of it does begin to bridge the gap between readers' everyday experience and the global economy, showing, for example, how digitization is altering conditions for workers in the finance industry (Zaloom 2006, Maurer 2005).

Some sociologists too have rejected the impersonal model of money and markets offered by mainstream economics. Viviana Zelizer (1994) shows that, even after the reluctant acceptance of a single currency, American commerce still spawned parallel currencies as a way of dividing the market through particularistic ties. Moreover,

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MICHAEL LINTON (WWW.OPENMONEY.ORG)

Figs 4 and 5. Forms of personal money: passbooks and plastic cards issued by the Bank of China Hong Kong (above) and the community currency smart card system (below) can support 15 independent virtual currencies (developed for LETSystems by G.I.S. UK).

ordinary people refused to treat the cash in their possession as an undifferentiated thing, choosing rather to 'earmark' it – reserving some for food bills, some as holiday savings and so on. Her examples come from areas that remain invisible to the economists' gaze: domestic life, gifts, charities. People everywhere personalize money, bending it to their own purposes through a variety of social instruments. When money and markets are understood exclusively through impersonal models, awareness of this neglected dimension is surely significant. But the economy exists at more inclusive levels than the person, the family, local groups or even a stockbroker's office. This is made possible by the impersonality of money and markets, and the economists remain unchallenged there. It will not do to replace one pole of a dialectical pair with the other.

Money's power of synthesis

If money has indeed separated economic spheres and fragmented human experience, it can also join together what it has divided. Like Spengler, the classical economists, from Smith to Marx, focused on the commodity's higher-order ability to enter into abstract relations of exchange with other commodities through money (quantity) rather than on its concrete value in use (quality). But the commodity remains something useful and in that use lies its concrete realization. The reality of markets is not just universal abstraction, but this mutual determination of the abstract and the concrete. If you have some money, there is almost no limit to what you can do with it, but, as soon as you buy something, the act of payment lends concrete finality to your choice. Money's significance thus lies in the synthesis it promotes of impersonal abstraction and personal meaning, objectification and subjectivity, analytical reason and synthetic narrative. Its social power comes from the fluency of its mediation between infinite potential and finite determination.

A lot more circulates with money than the goods and services it buys. Money conveys meanings and these tell us how we make the communities we live in. James Buchan (1997) suggests that money is principally a vehicle for the expression of human wishes. In order to realize our limitless desires, they are trapped for a moment, frozen in money transactions that allow us to meet others in society who are capable of satisfying them. But he underplays how money expresses something social. We need to understand better how we build the infrastructures of collective existence, money among them. How do meanings come to be shared and memory to transcend the minutiae of personal experience?

Memory played an important part in John Locke's philosophy of money (Caffentzis 1989). For him a *person*, by performing labour on the things given to us in common by nature, made them his own. But, to sustain a claim on his property through time, that person has to remain the same; and personal identity depends on consciousness. Property must endure in order to be property and that depends on memory. Money thus expands the capacity of individuals to stabilize their own personal identity by holding something durable that embodies the desires and wealth of all the other members of society. Money is a 'memory bank' (Hart 2000), a store allowing individuals to keep track of those exchanges they wish to calculate and, beyond that, a source of economic memory for the community. One of money's chief functions is *remembering*.

Economic history is dialectical. Most people become quite anxious when they depend on impersonal and anonymous institutions. This is an immense force for reversing the historical pattern of alienation on which the modern economy has been built. How we combine the personal and impersonal aspects of money has much in common with religion. Religion *binds* something inside us to an external force, lending stability to meaningful interaction with the world and providing an anchor for our volatility. What we know intimately is our own everyday life, our personal routines; but this life is subject to larger forces whose causes and outcomes we do not know – natural disasters, social revolutions and death. We recognize these unknown causes of our fate to be at once individual and collective. Religion is the organized attempt to bridge the gap between the world of ordinary experience and an extraordinary world that lies beyond it. Emile Durkheim (1965 [1912]) held that what is ultimately unknown to us is our collective being in society. The chaos of everyday life thus attains a measure of order to the extent that it is informed by ideas representing the social facts of a shared existence. Humanity's task today is to assume responsibility for life as a whole on this planet and religion, the synthesis of objective law and subjective meaning, is indispensable to that end (Rappaport 1999).

Because our ephemeral economic transactions depend on using money, it seems to be more stable than the relations it expresses. Money may thus be conceived of as durable ground on which to stand, anchoring identity in a collective memory whose concrete symbol is money, or as the outcome of a more creative process where we each generate the personal credit linking us to society (Simmel 1978 [1900]). When it is seen to be what each of us makes of it, we may be ready at last to dethrone money as the archaic God of capitalism it has become.

The unity of self and society

Money is intrinsic to politics in general, but it is intimately linked to democracy as a political principle because its impersonality dissolves differences between people. So we vote with our money whenever we buy something. But this system of voting is vastly unequal. Ever since Keynes, modern economies have been seen to be driven by the 'purchasing power' of people in the mass (Keynes 1936). The extension of personal credit in digital forms allows for this power to be realized by individuals. Governments and corporations still account for much of the debt in our money system, but increasingly you and I keep that system expanding through our willingness to contract personal

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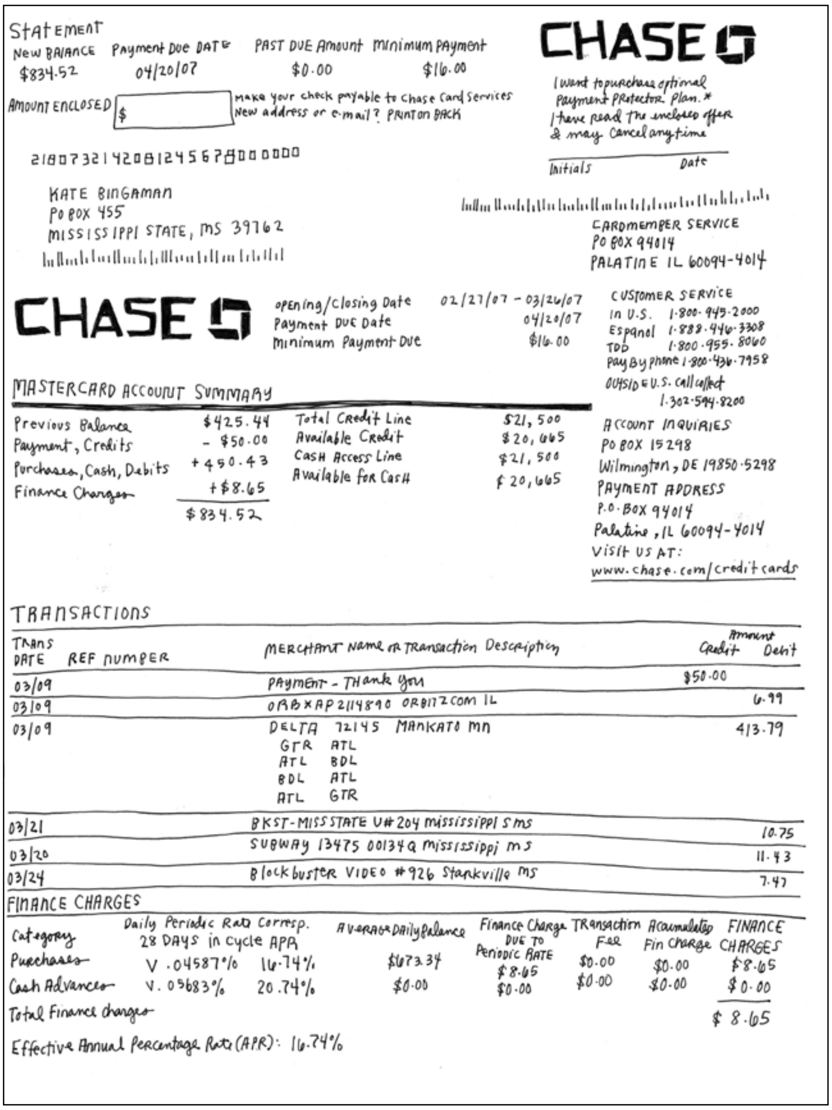

KATE BINGAMAN-BURT

Fig. 6. For artist Kate Bingaman-Burt (www.obsessiveconsumption.com) credit card statements are even more personal when she draws them.

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loans. If modern society has always been individualistic, perhaps only now is the individual emerging as a social force. But it is hard for individuals to take responsibility for the social conditions of their existence when they are deeply ignorant of the connection between them.

If money is a link between our personal lives and the wider reaches of an impersonal world, how more generally may we repair the modern rupture between self and society? M.K. Gandhi believed that the modern state disabled its citizens, subjecting mind and body to the control of professional experts when a civilization should enhance its members' sense of self-reliance and community (Parekh 1989). For him, every human being is both a unique personality and part of humanity as a whole. Between these extremes lie associations of great variety. He devoted much of his philosophy to building up the personal resources of individuals. How do we bridge the gap between a puny self and a vast, unknowable world? The answer is to scale down the world, to scale up the self or a combination of both, so that a meaningful relationship might be established between them. Our task is to bring this project, like those of Kant and Mauss, up to date.

If 'globalization' means increasing awareness of the world as a framework for shared social life, it marked the periods around 1800 and 1900, as well as now. Our interdependence in a global economy made by markets and money has lately been increased by a digital revolution in communications whose symbol is the internet. Time and distance have been shortened to an unprecedented degree. We need to understand this virtual world of abstraction in order to make meaningful connection with it from the perspective of our everyday lives. From having been an object produced by remote authorities, money is becoming more obviously a subjective expression of our own will; and this development is mirrored in the shift from 'real' to 'virtual' money.

It is now possible to attach a lot of information about individuals to transactions at distance. The trend is thus to restore personal identity to impersonal contracts, not least in the market for credit/debt. Of course, powerful organizations have access to huge processors with which to manipulate an often unknowing public; and rich individuals always experienced markets and money as personalities in their own right. But for many people these developments have introduced new conditions of engagement with the impersonal economy. The idea is slowly taking root that society is less an oppressive structure out there and more a subjective capacity that allows each of us to learn how to manage our relations with others. Money symbolizes this shift. It once took the form of objects outside ourselves of which we had a greater need than the available supply; but now it is increasingly manifested as digitized transfers mediated by plastic cards and communications satellites, thereby altering the notions of economic agency that we bring to participation in markets. Cheap information is undermining the assumptions that supported mass production and consumption for a century.

Economic anthropology should aim to show that the numbers on people's financial statements, bills, receipts and transaction records constitute a way of summarizing their relations with society at a given time. The next step is to explain where these numbers come from and how they might serve in building a viable personal economy. When individuals are able to take responsibility for their own economic actions, they will understand better the social forces impinging on their lives. Then it will become more obvious how and why ruling institutions need to be reformed for all our sakes. If credit cards could be seen as a step towards greater humanism in economy, this also entails increased dependence on the impersonal organization of governments and corporations, on impersonal abstraction of the sort associated with computing operations and on the need for impersonal standards and social guarantees for contractual exchange. Once we accept that money is a way of keeping track of complex social networks that we each generate, it could take a wide variety of forms compatible with both personal agency and collective forms of association at every level from the local to the global. It is up to us to build them.

Mauss was far-sighted when he traced the foundations of the modern economy to its origin in the archaic gift, rather than primitive barter as the liberal myth holds. The idea of money as personal credit, linked less to the history of state coinage than to the acknowledgement of private debts, is consistent both with Mauss's emphasis and my argument here. To take one example, we can now enter closed circuits of exchange using self-made currencies of the sort pioneered in LETS schemes, where acknowledgment of personal debt is transparently the source of money (North 2006, Blanc 2006; see www.openmoney.org). But retreat into the local will not help us make world society. Individuals also need to participate in global markets of infinite scope, using international moneys-of-account, such as the dollar and euro, electronic payment systems of various kinds or even direct barter via the internet. We must develop more effective impersonal institutions ('the state') at the level of world society as well as below (cf. Robotham 2005, Frankman 2004). Money's ability to sustain local meaning and universal connection at the same time is an indispensable means to that end. Like society itself, money is always both personal and impersonal. ●