fluctuating prices and the development of market trading can best be tackled and, as we hope, eventually resolved.

To conclude: A critical survey of the definitions of trade, money, and market should make available a number of concepts which form the raw material of the social sciences in their economic aspect. The bearing of this recognition on questions of theory, policy, and outlook should be viewed in the light of the gradual institutional transformation that has been in progress since the first World War. Even in regard to the market system itself, the market is the sole frame of reference is somewhat out of date. Yet, as should be more clearly realized than it sometimes has been in the past, the market cannot be superseded as a general frame of reference unless the social sciences succeed in developing a wider frame of reference to which the market itself is referable. This indeed is our main intellectual task today in the field of economic studies. As we have attempted to show, such a conceptual structure will have to be grounded on the substantive meaning of economic.

8

The Semantics of Money-Uses

Because of the exchange-use of money under our market organization of economic life we are apt to think of money in too narrow terms. No object is money per se, and any object in an appropriate field can function as money. In truth, money is a system of symbols similar to language, writing, or weights and measures. These differ from one another mainly in the purpose served, the actual symbols employed, and the degree to which they display a single unified purpose.

Pseudo-Philosophies of Money

Money is an incompletely unified system, a search for a single purpose a blind alley. This accounts for the many, unwavering attempts at determining the "nature and essence" of money. We must be content with listing the purposes to which the quantifiable objects actually called money are put. This is achieved by pointing to the situation in which we operate those objects and with what effect. We will find them called money, when used in any one of the following ways: for payment; as a standard; as a means of indirect exchange. The human situation is, of course, given independently of the notion of money, just as the handling of the objects is described in operational terms independently of that notion. Payment occurs in a situa-

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tion of obligation, and a handing over of the objects has the effect of wiping out the obligation. Money used as a standard is a quantitative tag attached to units of goods of different kinds, either for the purpose of barter with the effect that, by adding up the numerals, we can readily equalize the two sides in the exchange, or for budgeting and balancing stores of different staples, thus producing staple finance. Finally, there is the exchange use of such objects, that is, acquiring them in order to acquire other objects through a further act of exchange. The objects employed in direct exchange thereby gain the character of money. They become symbols through their participation in a definite human situation.

A few sidelines are here avoided. First: The distinction between tokens and what they "represent" is ignored. Either function as money objects and form part of the symbolic system. No difference is therefore made between barley money, gold money or paper money. To confuse the basic problem of money with that of token money is a source of frequent misunderstandings. Tokens as such are no novelty—fiction and abstraction belong to the original endowment of man. In Herodotus' well-known story of compulsory temple prostitution in Babylonia, he records this operational detail: "The silver coin may be of any size; it cannot be refused for that is forbidden by the law, since once thrown, it is sacred." Nor are mere tokens unknown in the primitive societies of our ethnographers. Some peoples of the Congo employ "simply as a token" straw mats or grass cloth originally of square shape, but eventually reduced to a tangle of hay, "practically of no value at all." Strips of blue cloth of standard width that had become in time useless rags were current as token money in parts of the Western Sudan. Since paper money came to the fore, however, scholars felt induced to focus on the tokens instead of on the massive physical objects themselves. The modernizing fashion carried the day. The latest outstanding work of an ethnographer, Mrs. Quiggin, takes the token to be the true money and accordingly dubs the actual money objects that it describes exhaustively, "money substitutes."

Historians of antiquity have proved hardly less susceptible to modernizing on the matter of money. Since third millennium Babylon possessed no paper money, the metals were regarded by historians as the orthodox money material. Actually, all payments were made in barley. Bruno Meissner, the Assyriologist, put this in the terms "Money was primarily replaced by grain." His colleague Lutz thought that the scarcity of silver "necessitated the use of a substitute. Thus grain often took the place of metals." Throughout, token money ranks as true money, since it is the most abstract and the least useful; next comes gold and silver, as substitutes; in their absence, even grain will do. This is a consistent reversal of the sequence in which the physical money objects are primary empirical evidence. Yet the existence of tokens should cause no complications; it is a matter of course in a monetary system. If paper money viewed as a token, "symbolizes" coins, then in our terms it symbolizes that which is already a symbol, namely, money. Symbols do not merely "represent" something. They are material, oral, visual, or purely imaginary signs that form part of the definite situation in which they participate; thus they acquire meaning.

Second, a similar disregard of the semantics of economic theory is forced upon us in the choice of terms when referring to the various money-uses. Payment, standard, and means of exchange are distinctions originally developed by classical economists. Hence the understandable belief of some anthropologists that their application to primitive money implies an economistic bias. The reverse would be truer. Actually, modern economics does not rely for its monetary theories on such distinctions at all. Archaic

society, on the other hand, shows an institutional setting where the use of quantifiable objects typically occurs in precisely those three ways.

All-Purpose and Special-Purpose Money

From a formal angle, modern money, in contrast to primitive money, offers a striking resemblance to both language and writing. They all possess a uniform grammar. All three are organized in an elaborate code of rules concerning the correct way of employing the symbols—and general rules applicable to all the symbols. Archaic society did not know “all-purpose” money. Various money-uses may be supplied here by different money objects. Consequently, there is no grammar with which all money-uses must comply. No one kind of object deserves the distinctive name of money; rather the term applies to a small group of objects, each of which may serve as money in a different way. While in modern society the money employed as a means of exchange is endowed with the capacity of performing all the other functions as well, in early society the position is rather the reverse. One encounters slaves or horses or cattle used as a standard when judging of prestige conveying wealth, or anyway of large amounts, while cowrie shells are solely employed for small amounts. (Eventually, the unit slave or horse may stand for a conventional value representing a mere unit of account, real slaves and horses being actually sold at varying prices.) We might also find that while real slaves are a means of payment of tribute to a foreign lord, cowrie shells function as a domestic means of payment or even as a medium of exchange. This may not exclude the use of precious metals for hoarding wealth, while such metals may not otherwise serve as money except perhaps as a standard, and in exchange for imports. Where the market habit is fairly widespread, money might, moreover, serve as a means of exchange to which several trade goods might be in use, which otherwise are not employed as money at all. Numerous combinations of these varieties occur. No one rule is universally valid, except for the very general, but no less significant, rule that money-uses are distributed between a multiplicity of different objects.

No such fragmentation in the use of sounds is known in any language. In speech all articulate oral sounds, in spirit all letters of the alphabet are eligible for use in all types of words, while archaic money in extreme cases employs one kind of object as means of payment, another as a standard of value, a third for storing wealth, and a fourth for exchange purposes—like a language where verbs consisted of one group of letters, nouns of another, adjectives of a third, and adverbs of yet a fourth.

Moreover, in primitive society [commercial] exchange is not the fundamental money-use. If any one be more “basic” than another it is rather the use for [non-commercial] payment or standard. These are common even where the exchange-use of money is not practiced. Accordingly, while in modern society the unification of the various uses of money happened on the basis of its exchange-use, in early communities we find the different money-uses institutionalized separately from one another. Insofar as there is interdependence between them, we find use for payment or as a standard or for storing of wealth, having precedence over use for exchange. Thus nineteenth-century money, employing exchange symbols for various other uses, appears as an almost complete parallel to language and writing with its all-purpose sounds and signs. But to some extent the analogy holds also for primitive and archaic money, which differs from its modern counterpart only in the lesser degree to which the systems are unified. Since the second quarter of the twentieth century, however, starting with Nazi Germany, “modern” money begins to show a definite tendency toward a reverting to disunification. Half a dozen
“marks” were current under Hitler and each of them restricted to some special purpose or other.\(^2\)

*Exchange-Money*

“Money is a means of exchange.” This presumption belongs among the most powerful in the field of modern thought. Its authority may be gauged by the axiomatic manner in which it was formulated to cover the whole course of human history and even extended by anthropologists to primitive society. It is forcefully expressed in the following quotation: “In any economic system, however primitive, an article can only be regarded as true money,” Professor Raymond Firth declares, “when it acts as a definite and common medium of exchange, as a convenient stepping stone in obtaining one type of goods for another. However, in so doing, it serves as a measure of value, allowing the worth of all other articles to be expressed in terms of itself. Again, it is a standard of value, with reference to past or future payments, while as store of value it allows wealth to be consolidated and held in reserve.” (Art. “Currency, Primitive” in *Encyclopedia Britannica*, 14th ed.)

According to this still current view, the exchange-use to which money can be put is its essential criterion, not only in modern, but also in primitive society. Even under primitive conditions the various money-uses are asserted to be inseparable. Only quantifiable objects serving as means of exchange can, therefore, be regarded as money. Their functioning as means of payment, as standard of value, or as means of hoarding wealth, is not decisive for their character as money, unless it implies their use as media of exchange. For it is this use that logically unifies the system.


*The Semantics of Money-Uses*

Since it allows a consistent linking up of the various functions of money. Without it there cannot be true money. Such a modernizing approach to the problem, we submit, is largely responsible for the obscurity in which the characteristics of primitive money still abide.

*The Payment-Use of Money*

Payment is the discharge of an obligation through the handing-over of quantifiable objects, which then function as money. The connectedness of payment with money and obligations with economic transactions appears to the modern mind self-evident. Yet the quantification, which we associate with payment, operated already at a time when the obligations discharged were quite unconnected with economic transactions. The story starts with the propriety of payment and punishment on the one hand, obligation and guilt on the other. No unilateral development should be inferred, however. Rather, obligations may have origins different from guilt and crime, such as wooing and marriage; punishment may spring from other than sacred sources, such as prestige and precedence; eventual payment, then, with its quantitative connotation, may include operational elements not entailed in punishment as such.

It is only broadly true that civil law followed on penal law, penal law on sacral law. Payment was due alike from the guilty, the defiled, the impure, the weak and the lowly; it was owed to the gods and their priests, the honored, the pure, and the strong. Punishment, accordingly, aimed at diminution in power, sanctity, prestige, status, or wealth of the payer, not stopping at his physical destruction.

Pro-legal obligations mostly spring from custom and give rise to an offense only in case of default. Even so the restoring of the balance need not involve payment. Obligations are, as a rule, specific, and their fulfillment is a qualitative affair, thus lacking an essential of payment—its quantitative character. Infringement of sacred and social ob-
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The specific characteristic in the payment-use of money is quantification. Punishment approximates payment when the process of riddance of guilt is numerable, as when lashes of the whip, turns of the praying mill, or days of fasting dispose of the offense. But though it has now become an "obligation to pay," the offense is abated for not by depriving one's self of quantifiable objects, but primarily by a less of personal qualitative values or sacred and social status.

The payment-use of money links up with the economy when the units discharged by the person under obligation happen to be physical objects such as sacrificial animals, slaves, ornamental shells, or measures of food stuffs. The obligations may still be predominantly non-transactional, such as paying a fine, composition,3 tax, tribute, making gifts and counter-gifts, honoring the gods, ancestors, or the dead. There is now, however, a significant difference. For the payee does gain what the payer loses—the effect of the operation fits the legal concept of payment.

The ultimate intent of the obligation to pay may still be the diminution in power and status of the payer. In archaic society an exorbitant fine did not only bankrupt but politically degrade the victim. For a long time power and status in this way retained their precedence over economic possessions as such. The political and social importance of accumulated wealth under these conditions lay in the rich man's capacity of making a big payment without undermining his status. (This is the condition of affairs in archaic

3 [In this context, composition means payment as part of an "agreement for cessation of hostilities." Oxford Concise Dictionary. Ed.]

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Democracies where political confiscation takes the form of exorbitant fines.) Treasure gains great political importance, as witness Thucydides' memorable passages in the Aeschylo. Wealth is here directly transmuted into power. It is a self-maintaining institution. Because the rich man is powerful and honored he receives payments: gifts and dues are showered upon him without his having to use power to endure and kill. Yet his wealth, used as a fund for gifts, would procure him a sufficiency of power to do so.

Once money as a means of exchange is established in society, the practice of payment spreads far and wide. For with the introduction of markets as the physical locus of exchange a new type of obligation comes into prominence in the legal residue of transactions. Payment appears as the counterpart of some material advantage gained in the transaction. Formerly a man was made to pay taxes, rent, fines, or blood-money. Now he pays for the goods he bought. Money is now means of payment because it is means of exchange. The notion of an independent origin of payment fades, and the millennia in which it sprang not from economic transactions, but directly from religious, social, or political obligations, are forgotten.

Hoardings or Storage-Use of Money

A subordinate money-use—storing of wealth—has its origin largely in the need for payments. Payment is not primarily an economic phenomenon. Neither is wealth. In early society it consisted largely of treasure, which is again rather a social than a subsistence category. The subsistence connotation of wealth (as of payment) derives from the frequency with which wealth is accumulated in the form of cattle, slaves, and non-perishable goods of common consumption. Both that which feeds the store of wealth and that which is disbursed from it gains then a subsistence significance. Only within limits, however, since payments are still made, as a rule, for non-transactional reasons. This
is true both of the rich who own the store of wealth, and the subjects who fill the store by their payments. He who owns wealth is thereby enabled to pay fines, composition, taxes, etc., for sacred, political, and social ends. The payments, which he receives from his subjects, high or low, are paid to him as taxes, rents, gifts, etc., not for transactional but for social and political reasons ranging from pure gratitude for protection or admiration of superior endowment, to stark fear of enslavement and death. This, again, is not to deny that once exchange-money is present, money will readily lend itself as a store of wealth. But, as in the case of payment, the condition is the previous establishment of quantifiable objects as media of exchange.

Use of Money as a Standard

Money as a standard of value seems more closely linked with the exchange use of money than is either payment or hoarding. For barter and storage of staples are the two very different sources from which the need for a standard springs. At first sight the two have little in common. The first is akin to transaction, the other to administration and disposal. Yet neither can be effectively carried out in the absence of some standard. For how otherwise than with the help of computation could, for instance, a piece of land be bartered against an assortment consisting of a chariot, horse-harness, ass, ass-harness, oxen, oil, clothes and other minor items? In the absence of a means of exchange the account in a well-known case of barter in ancient Babylonia shaped up like this. The land was valued at 816 shekels of silver, while the articles given in exchange were valued in shekels of silver as follows: chariot 100, 6 horse-harnesses 300, an ass 130, ass-harness 50, and ox 50; the rest were distributed over the smaller items. The same principle applied, in the absence of exchange to the administration of vast palace and temple stores (staple finance). Their keeper handled subsistence goods under conditions which, from more than one angle, required a gauging of the relative importance of these goods. Hence the famed rule of accountancy of "one unit of silver = one unit of barley" on the stele of Manisutab as well as at the head of the Laws of Hammurabi.

Research data reveal that the exchange-use of money does not have given rise to the other money-uses. On the contrary, the payment, storage, and accountancy uses of money had their separate origins and were institutionalized independently of one another.

Elite Circulation and Staple Finance

It seems almost self-contradictory to expect that one could pay with money with which one cannot buy. Yet that precisely is implied in the assertion that money was not used as a medium of exchange and still was used as a means of payment. Two institutions of early society offer a partial explanation: treasure and staple finance.

Treasure, as we saw, should be distinguished from other forms of stored wealth. The difference lies mainly in its relation to subsistence. In the proper sense of the term, treasure is formed of prestige goods, including "valuables" and ceremonial objects, the mere possession of which endows the holder with social weight, power, and influence. It is, then, a peculiarity of treasure that both the giving and the receiving enhances prestige; it largely circulates for the sake of the turnover, which is its proper use. Even when food is "treasured" it is liable to pass backward and forward between the parties, however absurd this might appear from the subsistence point of view. But food rarely functions as treasure, for interesting food, like slaughtered pigs, does not keep, and that which keeps, such as barley or oil, is not exciting. The precious metals, on the other hand, which are almost universally valued as treasure, cannot readily be exchanged for subsistence, since apart from exceptionally ariferous regions such as the Gold Coast...
or Lydia, display of gold by the common people is approbrious.

Nevertheless, treasure, like other sources of power, may be of great economic importance, since gods, kings, and chiefs can be made to put the services of their dependents at the disposal of the giver, thus indirectly securing for him food, raw materials, and labor services, on a large scale. Ultimately, this power of indirect disposal, which may comprise the important power of taxation, arises, of course, from the enhanced influence exerted by the recipient of treasure over his tribe or people.

All this holds good, whether the treasure consists of quantifiable units or not. If it does, the handling of treasure may give rise to something in the nature of finance. In archaic Greece, for instance, he who owned treasure employed it to gain the favor of gods and chiefs or other politically influential agents, by forming the gold and silver into conventionally acceptable gifts, such as tripods or bowls. But this did not make tripods into money, for only by an artificial construction could such an honorific gift-use be subsumed under either payment or exchange. Transactions of treasure finance were restricted to the narrow circle of the gods and chiefs. While some things could be paid for with treasure, very many more could not be bought with it.

Storage of wealth as an institution of the subsistence economy starts from the collecting and stacking of staples. While treasure and treasure finance does not, as a rule, belong to the subsistence economy, the storing of staples represents an accumulation of subsistence goods involving, as a rule, their use as a means of payment. For once staples are stored on a large scale by temple, palace, or manor, this must be accompanied by such a use. Thus treasure-finance is replaced by staple-finance.

Most archaic societies possess an organization of staple-finance of some kind or other. It was in the framework of the planned transfer and investment of staples stored on a

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logo scale that the accounting devices were first developed, which characterized the redistributive economies of the ancient empires over long periods of time. For only well after the introduction of coined money in Greece some six centuries before our era, did money-finance begin to supersede staple-finance in these empires, especially in the Roman Republic. Nevertheless, even later, Ptolemaic Egypt continued in the traditions of staple-finance, which it raised to unparalleled levels of efficiency.

Redistribution as a form of integration often involves under primitive conditions the storage of goods at a center, whence they are distributed and fall out of circulation. Goods passed on as payment to the center are passed out from there and are consumed. They provide subsistence for army, bureaucracy, and labor force, whether paid out in wages, in soldiers' pay or in other forms. The personnel of the temples consumes a large part of the payments made to the temple in kind. The raw materials are required for the equipment of the army, for public works and government exports; wool and cloth are exported too; barley, oil, wine, dates, garlic, and so on, are distributed and consumed. Thus the means of payment are destroyed. Maybe some of them are eventually bartered privately by their recipients. To that extent a "secondary circulation" is started, which might even become the mainspring of local markets, without disrupting the redistributive economy. Actually, no evidence of the existence of such markets has yet turned up. The relevance of treasure and staple to the question of money-uses is therefore that they explain the functioning of the various money-uses in the absence of the market system.

Treasure goods, which happen to be quantifiable, may be used for payment. Yet such elite goods are not normally exchanged and cannot be used for purchase except in the sacred and foreign policy spheres. The much larger sector of payments concerns, of course, subsistence goods. Such
objects, when used for the discharge of obligations, i.e., for payment, are stored at the center whence they revert through redistributive payment and are consumed.

Treasure and staples, between them, offer therefore broadly the answer to the institutional problem set by the conditions of early society, where means of payment may be independent of the exchange use of money. The absence of money as a means of exchange in the irrigational empires helped to develop a kind of banking enterprise—actually large estate managements practicing staple finance—in order to facilitate transfer and clearing in kind. It might be added that similar methods were employed by the administrations of the larger temples. Thus clearing, book-transfer and non-transferable checks were first developed, not as expedients in a money economy, but on the contrary, as administrative devices designed to make barter more effective and therefore the developing of market methods unnecessary.

Babylonia and Dahomey

In regard to its monetary organization, Hammurabi’s Babylonia, in spite of its complex economic administration and elaborate operational practices, was typically “primitive,” for the principle of differentiation of money-objects was firmly established. With many important reservations as to detail, the following broad generalization can be made: rents, wages, and taxes were paid in barley, while the standard of value was universally silver. The total system was governed by the rule of accountability, unshakably grounded on the equation “1 shekel of silver = 1 gur of barley.” In case of a permanent improvement in the average yield of the land (as would be caused by large-scale irrigational works), the barley content of the gur was raised by solemn proclamation. The general use of silver as money of account facilitated barter enormously; the equally general employment of barley as a means of domestic pay-

ment made the storage system possible on which the redistributive economy of the country rested.

It appears that all the important staples functioned to some extent as means of exchange, none of them being permitted to attain the status of “money” (as opposed to goods). This may also be put in the following terms: an elaborate system of barter was practiced, which was based on the function of silver as money of account; the use of barley as a means of payment; and the simultaneous employment of a number of staples such as oil, wool, dyes, bricks, etc. as means of exchange. Amongst the latter should be counted barley and silver, care being taken to prevent these or any other staple developing into a “preferred means of exchange,” or, as we should say, money. These safeguards included the avoidance of coined money, the hoarding of precious metals in palace and temple treasuries, and, more effective than all, strict legal provisions as to the documentation of transactions. The outstanding provision appears to have been the restriction of formal “sale-purchase” transactions to specific goods such as a plot of land, a house, heads of cattle, individual slaves, a boat—all of them specimens which might be designated by a name. In regard to staples or fungible goods, such as barley, oil, wool, or dates, no documentation of exchange against each other is in evidence during the millennia of cuneiform civilization.

On a very much smaller scale the eighteenth-century Negro kingdom of Dahomey shows monetary conditions not so dissimilar to those of Babylonia. Cowries were used as domestic currency in all four uses, but as a standard of value they were supplemented by slaves, which served as money of account for larger amounts. Accordingly, the wealth of rich persons, the customs payments of foreign ships to the king, tribute to foreign sovereigns, were reckoned (but only in this last instance, paid) in slaves. These did not, however, here serve as a means of exchange, as in some Hausa regions. In this latter use cowrie was supple-
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mented by gold dust, which was especially employed in ports of trade and other foreign contacts. As to storage of wealth, not only cowrie but also slaves were used. It is reminiscent of Babylonia that the rule of accountancy governing the system involved equation between slaves and cowrie, which it seems, was a matter of public proclamation; so was the export price of slaves, which was reckoned in ounces of gold dust.

APPENDIX: NOTES ON PRIMITIVE MONEY

I. GENERAL PROPOSITIONS ON TRADE, MONEY, AND MARKETS

(1) Trade and money originate separately and independently of markets. They do not arise, as has been thought, from individual barter and exchange. Trade and money are much more widely spread institutions than markets. The various forms of trade and the different money-uses should be regarded, therefore, independently of markets and market elements. Much of economic history consists precisely in the linking up of trade and money-uses with market elements, thus leading to market-trade and exchange-money. All this may be subsumed under the thesis of the independent origins of trade and money from markets.

(2) The development of trade, money, and markets follows different lines according to whether these institutions are primarily external or internal to the community. One of the characteristics of the nineteenth-century type of economy [laissé-faire capitalism] was the almost complete

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obiteration of this distinction. We may call this the thesis of the separate origins of external and internal trade, money, and markets.

(3) We are familiar with the manner in which trade, money uses and market elements are integrated under a market system. Their manner of integration, however, in the absence of a dominant market system is obscure. It is submitted that it is explained through the part played in the process by non-economic institutions, more especially by the reciprocating and redistributive elements comprised in (a) basic social organization and (b) political administration. The latter has a predominant role in archaic society. This may be referred to as the thesis of the integrative role of reciprocity and redistribution in non-market societies.

II. PROPOSITIONS IN REGARD TO PRIMITIVE MONEY

Money Uses

(1) In modern society the distinction between the various money uses is of hardly more than a historical or theoretical, but rarely of practical interest. The reason is that modern money, at least up to recently, was all-purpose money—i.e., the medium of exchange was also employed for the other money uses. Primitive money, on the contrary, is special-purpose money—i.e., different objects are, as a rule, employed in different money uses. The various money uses are, therefore, institutionalized separately and, mostly, independently from one another. Consequently, the distinction between the various money uses is here of utmost practical importance for the understanding of the money use of quantifiable objects.

(2) The definition of primitive money is derived from its uses. The money uses are payment, standard, hoarding, and exchange. Money is defined as quantifiable objects employed for any of the above uses.

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4 This appendix is compiled from unpublished memoranda Polanyi wrote between 1947 and 1950 and distributed as mimeographed notes to his students in courses in economic history at Columbia University. The unpublished material is printed by permission of Ilona Polanyi and Kari Polanyi Levitt. Ed.
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(3) Thus the emphasis shifts to the definition of the various money uses. They should be seen as (a) the sociological situation in which the use arises and (b) the operation performed with the objects in that situation.

(a) Payment is the discharging of obligations through the handing over of quantifiable objects or, in the case of "ideal units," some definite manipulation of debt accounts. The "sociological situation" refers here to one single use but to a number of them, for only in regard to different obligations can we speak of "payment" in the distinctive sense of the term, i.e., as involving a money use. If only one type of obligation is involved, its discharge through the handing over of quantifiable objects may well be a non-monetary operation, as when an obligation is discharged "in kind."

(b) Standard, or Accounting, use of money is the equalizing of amounts of different goods either for the purpose of barter or in any other situation involving the need for accountancy. The sociological situation is that of bartering, or of administrative management of quantifiable objects, e.g., staples. The "operation" consists in attaching numerical values to the various objects so that their summations may be eventually equalized.

(c) Hoarding is the accumulation of quantifiable objects for future disposal or simply to hold as treasure. The sociological situation is one of the numerous ones in which persons prefer not to consume or otherwise dispose of quantifiable objects, but to defer their use for the future, unless they altogether prefer the advantages of sheer possession, especially the power, prestige, and influence accruing from it. The operation involved consists in keeping, storing, and conserving the objects so that their possession and, preferably, ostentatious display should redound to the credit of the owner and all those whom he may represent.

(d) Exchange use of money is the use of quantifiable objects for indirect exchange. The sociological situation is that of the possession of some objects together with the desire for other objects. The operation consists of acquiring units of quantifiable objects through direct exchange in order to acquire other objects through another act of exchange. It may be, however, that the money objects are possessed, and the indirect exchange is designed to net an increased amount of such objects.

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The Definitions of Money in Primitive Economics, Cultural Anthropology, and Economic Analysis

(1) This definition of money is most suited to the purpose of primitive economics. It refers to quantifiable (physical) objects used for definite purposes, these latter being, again, defined with the help of sociological situations and operations performed in them. This definition should, however, be supplemented (a) in regard to money objects, by ideal units, and (b) in regard to money uses, by operational devices. Ideal units are non-physical objects employed in money uses, as for payment or standard, in which case the operation does not primarily involve physical objects, but is rather the manipulation of debt accounts. Operational devices, i.e., solutions primarily achieved through manipulation of objects, are not limited to money uses. Objects employed in some money use, however, may be also employed for some device, as for arithmetical, statistical, taxation, administrative, or other purposes connected with economic life. Examples: (i) Double cowrie numeration, employed for automatic regulation of retail span. Cf. Mage, Bullhead, Black, Bovill, etc. (ii) The relating of gold dust, cowrie, and trade-goods prices. Gold dust is measured by weight with the help of seeds of grain; cowrie is counted by tale, the current unit containing a definite round number of cowrie (2000); the trade goods are priced variously: in gold, in European silver currencies, in cowrie, in iron bars, or copper wire. The native may be selling gold dust and may be paid in trade goods. The European trader (i) translates the value of the gold into £ sterling or Spanish silver dollars, and (ii) then the value of the trade goods into
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cowrie. The native simply counts the value of the gold dust by the number of beans to which that weight amounts, and then equates the number of beans with the cowrie units owed to him by the trader. By removing a bean from a sack for each cowrie unit paid to him, he keeps track of how much is still owed to him by the number of beans remaining in the sack.

(2) Cultural anthropology deals with money as a semantic system similar to writing, language, or weights and measures. Money as a semantic system links symbols to quantifiable objects, but the purpose served by the system as a whole must be inferred from the actual uses, and can hardly be said to be as clear as that of writing or language.

(3) The classical and neo-classical economists' definition of money was, up till recently, that of means of indirect exchange. The other money uses are here merely unimportant variants of that use.

Independent Institutional Origins of Money Uses

1. Payment
   (a) In unstratified primitive society, as a rule, payments are made in connection with the institutions of bridewealth, bloodwealth, and fines.
   (b) In stratified, and especially in archaic society, institutions such as customary dues, taxes, rent, and tribute similarly give rise to payments.

2. Standard or Accountancy use of money is found in connection with
   (a) complex barter, i.e., different articles being summed up on both sides;
   (b) the administration of staples (staple-finance).

3. Hoarding of wealth may serve the purpose of
   (a) accumulating treasure,
   (b) providing against future death,
   (c) disposal over military and labor forces by providing subsistence in kind.

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4. Exchange develops as a rule not from random barter acts of individuals, but in connection with organized external trade and internal markets.

III. MONEY: THEORETICAL AND INSTITUTIONAL CONCEPTS

Classical Economics

Money is defined as a commodity primarily used in exchange. Money is therefore a function of barter and exchange. Monetary problems should be resolved by reducing them to commodity problems. Token money (such as paper currency) is not money proper.

The logical derivation of money is identified with its historical evolution. The propensity to barter, track, and exchange leads to individual acts of barter. Such acts are limited by the specific quality of the commodities being offered more often than others. This again leads to the establishment of one of them as preferred to all others for purposes of exchange. This commodity is adopted as "money," on account of its suitability for indirect exchange.

To increase its fungibility the commodity may be quantified, and divided into parts which are stamped by public authority. For the sake of convenience, which governs the whole process, these coins may be replaced by tokens, such as bank notes, which, however, are money only insofar as they insure the possession of the actual commodity, which in modern times consists in coins made from precious metals.

The semblance of a "parallel" between logic and history: The use of coin is thus logically preceded by the use of metal money measured by weight; the monopoly of metal money is logically preceded by competing commodities used in indirect exchange; this again must have derived from the preferred non-monetary use of a number of commodities—all this originating in individual acts of exchange, explained by man's propensity to barter. According to this
type of rationalistic argument, in following back the thread of logical deduction to its sources, we are allegedly also retracing the developmental stages embodied in history.

The various uses of money appear in this system as logically interdependent. The commodity character of money, i.e., its being an object possessing utility in itself, is presupposed. (1) "Means of exchange" is defined as the original use; (2) "Means of payment" follows later, for how could one pay with a thing that cannot be used in exchange? (3) "Standard of value" comes next, comprising (1) and (2); (4) "Means of hoarding wealth or treasure" presupposes the other three. The commodity and exchange concepts are cornerstones of the system.

Neo-classical economics

(1) Pre-Keynesian system. Mostly same kind of "exchange" derivation was a legacy from the classics. Schumpeter, e.g., retained the definition of "indirect exchange" for money. Böhm-Bawerk had previously introduced exchange as a special type of use for commodities, and Wieser proceeded to elaborate the marginal utility of money. In this early phase, neo-classical theory was as yet unconscious of the conceptual difficulty of putting money into the scheme.

(2) Keynesian system. In the Keynesian system the role of money is purely pragmatic. No attempt is made to deduce its presence from the allocation of scarce means. Money itself is here one of the scarce means, but a means, which is contrasted with commodities. The classical system denied this contrast (and, consequently, was unable to explain specifically monetary phenomena). The presence of money is here rightly taken for granted—since it can only be institutionally explained, not conceptually deduced. The phrase about the "veil of money" as used by the classics was a remnant of the sense in regard to the allegedly conventional value of money, and the (opposite)

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Ricardian fallacy of the commodity character of money. Actually, the value of money does not derive from convention and is not therefore illusory, but neither does it derive from "value in use," as the commodity theory would have it. Its utility derives from the fact that one can buy things with it, and its value, from its scarcity. This, however, does not account for its origin, which lies with the institutions of government and banking.

Institutional terms

The various uses of money were originally institutionalized separately. Connections between these four uses were more or less accidental. We will deal with these uses in the following sequence: (1) Means of payment; (2) Means of hoarding wealth or treasure; (3) Means of exchange; (4) Standard of value.

Means of Payment

For money to be in use as a means of payment, it is necessary that there be (a) some kind of debt or obligation to pay for; (b) something to pay with. From the traditional point of view, the need, therefore, is to explain (a) how do debts or obligations arise in primitive society outside of economic transactions? (b) how can there be means of payment where money is not also used as a means of exchange?

Something to pay for (How do debts arise?)

(1) That early society is built on status means that rights and obligations are mostly derived from birth, whether the kinship is real or fictitious. This is largely true of stratified societies. Negative privilege is also acquired through birth. Men are born to debts, and the discharge of obligation.

(2) The dominant institution is kinship and its extensions; this entails obligations of various kinds, the outstanding ones being those of the blood feud group. On the one
hand, obligation to take revenge, on the other, to pay fines or composition.\(^6\)

(3) In many primitive societies (e.g., the Manus) customary obligations are under the severe sanction of magic.

(4) Sacral character of early law (formal and ritualistic). Transactions under the sanction of religion. Obligations incurred in this way are of the utmost stringency.

(5) The great importance of prestige, rank, prerogative attaching to honorific actions, names, titles, counts (coupas), ceremonial transactions, explains that (even intentional) debts are incurred by infringement of recognized prerogatives as among the Tolowa and the Kwakint.

(6) Another rich source lies in the growth of authority, which creates political obligation.

All these factors contribute to the capacity of primitive society to produce indebtedness of a non-economic nature. The obligation is based on status, blood, feud, prestige, kinship, and betrothal or marriage, and involves paying off, making good, or resolving the debt; the whole procedure under the sanction of magic, ritualistic law, sacrificial ceremony. The debt is incurred not as a result of economic transaction, but of events like marriage, killing, coming of age, being challenged to polish, joining a secret society, etc. While in primitive society, economic interests and corresponding obligations lack stringency and tend toward leniency, elasticity, and equity treatment, economic self-interests are usually in the category of non-approved motives. The opposite is the case in regard to debts and obligations having non-economic sources, such as magic, sacral command, strict juris negativus, ritual performances, honorific or prestige matters, formal law, including jus talianis, the nixain, or the formalities connected with the buying and selling of ras manuspi. (Cf. also Roman

\(^6\) In this context composition means payment as part of an "agreement for cessation of hostilities." Oxford Concise Dictionary Ltd.

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"Twelve Tables" codifying "customary law" [about middle fifth century B.C.]. The Hebrew Laws of Deuteronomy credited to late seventh century B.C., but using much earlier material.) On Suque (Bank Islands) entrance fees, grades, "freemasonry," Daryll Forde writes: "This system gives a far more mercenary cast to society in such areas and money acquires a greater importance than in the rest of Melanesia." Payments are made in conventional media of payment, e.g., feathers for dances are paid in dentula, or shell necklaces; songs for suque admission are paid in strings of shell money. Whole strings of shell, etc., are used, not single units. Such payments are restricted to different communities.

**How are debts paid in the absence of exchange?**

Wealth primarily consists of valuables, which are objects capable of arousing emotion and prized for their own sake. The "use" of these valuables may consist merely in possessing them—as in the case of crown jewels.

**Pelew money.** The Pelew Island (North Pacific), also called Palau, belong to the Carolines. Porcelain and glass mixture of relatively prehistoric origin is a fact. Some of the glass beads are found on Yap, but not used there as money (instead huge aragonite stones are used). Yellow and red Pelew money. These are shell-like and glassy, but opaque. Different white sorts of Pelew money exchanged specifically, e.g., sills are bought for high-valued type. The most highly valued are loaned at interest! Bridewealth according to rank; the higher pays more!

The most valuable type of money is secreted by the chieftains. Few people know of even one-sixth of the kinds of money. Rites are paid in Pelew money. Some kinds used in exchange at fixed prices. Glass beads similar to
those of West Africans found in Anglo-Saxon barrows. The Ashanti pay "weight in gold" for such "Agrey pearls." The development of Pelew money is highly specific. Each type of money has its own use, a circle within which it moves. This harmonizes with the idea of wealth and treasure, but not with that of a means of exchange. Although there is also exchange-use, the main uses are in the nature of payment, as in bridewealth—an outstanding instance of money as a means of payment being based on its use as a means of hoarding treasure.

Otherwise, the disposing of the "valuable" is its main "use," as with the Kula, where the relatives and dependents of the proprietor are permitted to wear the objects. Renters, vassals, and allies in war are secured with the help of such valuables. The point is that the recipient values them as valuables, not for their use in [commercial] exchange, the chances of which are usually nil; value is bound intrinsically with rank. Some Kula objects are big, greyish-white arm shells, without any value except for the associations that go with earlier possessors.

Yet money as a means of payment could never have developed to any great extent if its utility had been restricted to being hoarded as treasure. Another use accrued through the development of redistribution as a form of integrating economic activity. The beginnings are, of course, with hunters. In the stratified societies like those of Micronesia and Polynesia, the high chief as representative of the first clan, receives the revenue, redistributing it later in the form of largesse among the population. The principle of redistribution is practiced on a gigantic scale in the despotic governments of shepherds and hoe-cultivators, as in Mexico and Peru. The tax payments of subjects and subject peoples are stored in enormous storehouses and redistributed to the in-groups and in-peoples. The same principles reigned in Sumer, Babylon, Assyria, as well as in ancient China and the New Kingdom of Egypt. All

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this goes to explain the relative independence of "payment" from "exchange."

Money as a means of exchange

External use of money. The origins of money as a means of exchange are linked to external trade. This is in accordance with the equally established fact of trade and markets as "external" institutions.

Some articles are in prominence in foreign trade, as food versus manufactures. Specific products are traded. Geographical factors assert themselves, as in East- and West-Central Africa. With some simpler communities, this tendency toward specialization produces this phenomenon, even in the absence of geographical determination, as in Melanesia. But the broad fact is the tendency of external trade to specialize in a few main articles. Some of these, like salt or iron, are favored for indirect exchange. This is one origin of exchange-money.

Only rarely do we see money emerging primarily out of the need for a means of indirect exchange. This type of external money is deliberate, like the use of cowrie shells. They are little used otherwise, yet extremely popular with all peoples as money in external trade.

Internal use of money. Since money as a means of exchange originated in external trade, when and how, if at all, did it become a means of exchange internally? Though, in general, money as a means of exchange may have originated in external trade, it might be the case that the internal or domestic use of money in exchange may have originated independently. This might have happened as a result of individual acts of barter and exchange, and eventually from local markets. This, however, appears not to have been the case.

In simple, i.e., unstratified, primitive society, money originates as a means of payment, and although used in prestige economy, to a limited extent as a means of ex-
change, it is only exceptionally used in subsistence economy. Food always remains an article of external trade, and is not domestically exchanged for money.

In stratified primitive society, money is, of course, widely used in redistribution, i.e., as a means of payment. This may be in the form of "valuables," such as Pekoe money, or as cattle as in East Africa. Yet we see no money arising as a means of exchange, for acts of exchange on local markets (as in Africa) are limited to the exchange of specific types of goods, and trade is, in principle, exclusively external trade.

Let us mention here Heinrich Schurz's "internal" and "external" money (Grundriss einer Entwicklungs geschichte des Geldes, 1893). Two different types of money originating from different sources. This appeared to suit some important facts stressed by Schurz. But Schurz mistook some uses of money for internal, which by origin are external. (1) Bridewealth payment is originally an exogamy institution and the payment is, in principle, "external"; (2) the composition of the blood feud is "external," since there is no blood feud and originally no composition inside the group.

The internal use of money in exchange in the ancient oriental empires of Egypt, Sumer, Babylonia, and China was, on the whole, very restricted. In Egypt, no coins have been assigned of a date anterior to Alexander the Great. The elaborate Ptolemaic money system is, of course, of late origin. Silver and gold were in the keeping of the temples. The highly developed goldsmith's art did not induce them to coin metal, which was used in rings of silver and gold by weight. On the whole, the economy was one of redistribution on a vast scale. Foreign trade was mostly in the hands of foreigners. Internal business was transacted in kind, sometimes in gold and silver, according to weight. The immensely developed redistributive economy kept the system on the money as a use of payment basis, and dis-
PRIMITIVE, ARCHAIC, AND MODERN ECONOMIES

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