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"A historical sociology  
of the institution of money:  
Money as coin  
in traditional society."

Preliminary Version.

Un document produit en version numérique par Jean-Marie Tremblay, bénévole,  
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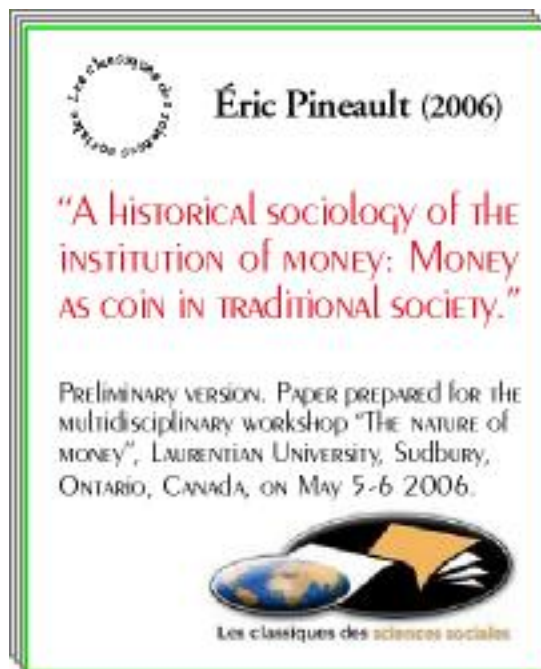
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### **"A historical sociology of the institution of money: Money as coin in traditional society".<sup>1</sup>**

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## Abstract

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A phenomenological definition of money as a coin grounds a sociohistorical analysis of the institutionalisation process of money as a social form in traditional societies. The approach developed here draws on heterodox monetary economics, institutional economics and dialectical/realist sociology's theory of social structure as mediation. Our argument is epistemological and theoretical, delineates among an ensemble of social forms and relations those that belong and participate in the institution of money in traditional society, and sociohistorical, understands the interaction between the development of money and the structural transformations of traditional societies of Antiquity as a sociological type.

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<sup>1</sup> This is a first part of what should be a larger paper, but for lack of time has been divided in two. A second part entitled « Money as credit in modern societies » should follow. Parts of the following paper are based on a previously published paper in 1999 in French on the sociopolitical nature of money and a reworking of the argument in our PhD dissertation, part of which has been published in French in 2003.

## Résumé

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À partir d'une définition phénoménologique de la monnaie comme médiation sociale nous nous pencherons sur son procès d'institutionnalisation historique dans le cadre du développement des sociétés traditionnelles. Ce travail s'inspire et synthétise trois approches, l'économie monétaire hétérodoxe (Keynes et Wray), l'institutionnalisme économique de Polanyi et la sociologie générale de Michel Freitag. L'objectif est à la fois épistémologique et théorique : délimiter parmi de multiples formes sociales celles qui appartiennent à l'institution monétaire et sociohistorique ; comprendre à l'instar de Simmel comment l'institutionnalisation de la monnaie participe à l'historicité des sociétés.

## Introduction

Our contribution will explore the nature of money by focusing on the historical process of institutionalization of money as a social mediation in Ancient society. Though our argument runs in parallel with those developed by Ingham (2005) and Aglietta and Orléan (2002) its specific contribution to the comprehension of money is fourfold, first it does not separate the analysis of the properties and nature of money from the analysis of its historical development as does Ingham (all the while drawing on similar elements and historical facts), second it defines money as a social institution which is more than a nexus of social relations, third like Aglietta and Orléan it understands money as an institution that mediates an individual's relation to society as a concrete and real (not nominal as in Weber) totality but it doesn't consider money as *the* essential mediation by which society totalizes itself, to the contrary, money's effectivity as an institutional mediation depends on society totalizing itself apriori politically and symbolically, just as the genesis of the modern individual is conceptualized as a non-market process anchored in cultural, political as well as economic spheres (Bourque, Duchastel and Pineault, 1999). Neither money,

nor markets, nor commodities are self-totalizing social forms, they depend on a wider set of institutions and part of our argument will to identify the historical complementarities that accompanied the development of money and of monetized social practices. Finally, the process by which money institutionalizes itself will, in this paper, resemble certain structural and logical elements identified by Aglietta and Orléan, among them the notion that institutions emerge in a social field delimited by a structuring contradiction (in this case a debtor/creditor relation, the centrality of which has been recognized by Ingham), but our explanation does not mobilize Girard's mimetic model, nor does it rely on Weber's notion of an "economic battle (Kampf) of man with man" mobilized by Ingham.

The interpretation of money's institutional nature presented here draws heavily on the general sociology of Michel Freitag<sup>2</sup>. Relatively unknown among Anglophone social scientists Freitag's work resembles in intention and depth Bahskar's contribution to the development of a critical realist epistemology for the social sciences, it adds to this an attempt to work out a general theory of social forms and societal types based on a critical realist ontology (something akin to what Habermas developed in the first chapters of *Legitimation crisis*). Freitag's starting point is not the structuralism of Althusser but the dialectics of Hegel and Marx, the concept of mediation as the modality of existence of objective social forms is thus at the heart of his theoretical system, money in this perspective is first and foremost understood as a social mediation. The concept of mediation as an objective form that effectively orients and regulates subjective action/practice, and that effectively exists and is reproduced only by its mediation of subjective social practice will help us understand the specific materiality of money as a social form. Our analysis will more precisely define money as an institutional mediation, a generic form that Freitag distinguishes from social meditations uniquely cultural and symbolic, such as linguistic forms. Institutional mediations distinguish themselves by their abstract and formal nature, though its important to note that this abstractness and formalism is not simply posited theoretically, given the realist epistemology, abstractness is un-

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<sup>2</sup> The Freitagian conceptual apparatus and theoretical position will not be directly presented here in itself, it will underline and structure the whole argument. For a formal presentation in English of Freitag's sociological works and theories see the following: Côté, Jean-François and D. Dagenais, « Dialectical sociology in Québec: About and around Michel Freitag's dialectique et société » *The American sociologist*. [ *Am. sociol.* ], 2002 , vol. 33 , no 2 , pp. 40 - 56 [ 17 pages.]



derstood as the (violent) means and result of a process by which a relationship of socio-political domination explicitly and legitimately overcomes a social contradiction by internalizing it as a moment of the politico-institutional regulation of social practice. These different aspects of the institution as a mediation are actually all dialectical moments of the institutional mediation of social reality. Taking into account these various dialectally interdependent moments in the analysis of the nature of money avoids a certain amount of standard problems encountered in the analysis of this institution, such as the interrelation between money as unit of account and money as a materialized means of payment.

It is our belief that the institutional nature of money is best understood through a phenomenology of its genesis as a social form. A phenomenology which seriously considers the original symbolic determinations and institutional properties in which it presented itself and maintained itself in existence up until today. The crux of our argument will be an examination of the process by which money differentiated itself from other similar objects as coin and incorporated an ensemble of social relationships typical of traditional political authority. Ideally the institutional phenomenology should follow the development of money into its modern credit based forms. The analysis presented here is much more limited in scope, it remains focused on the differentiation of money from tribute based accounting systems in Ancient society.

## An institutional phenomenology of Money

### A preliminary epistemological argument concerning institutions

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From the standpoint of a general sociology, economic activity is not a natural or given dimension of social practice, it is a historically and culturally grounded and limited sphere of human activity existing only in specific societies. We refuse, on epistemological grounds, a conceptualisation of economics as an anthropological universal existing either explicitly as a functional necessity, society's necessary metabolism (Polanyi) or implicitly as the objective behavioural structure of individual action. Economic practices, as social practices, are necessarily reproduced, like any other social form, by normative mediations that participate in the reproduction not only of an economy (be it mercantile, capitalist, socialist or mixed) but of society as a whole.

An institution is, again from the standpoint of a general - dialectical sociology, neither a convention agreed upon by a group of actors as a means to rationally structure their interactions, neither as a manifestation of an underlying and determining infrastructure, be it a mode of production or a linguistic system. More than a condensation of habits, recognizable among social forms by its universality, permanence or conventional character (as in the Durkheimian/Maussian tradition), an institution is a type of mediation particular to a historically specific form of society and its nature and properties are those that characterize that society's mode of reproduction. Economic institutions do not emerge, they are produced by socio-political acts and reproduced as formal norms by the very practices they mediate.

The concept of institution thus refers to the necessary *form* of mediations of social activity rather than their specific content. In a general sense institutions refer to practices that aren't "regulated by interiorized norms by actors, but that are rather oriented by norms that are themselves reflexively produced by a second

order social practice which establishes and/or defines rules that will impose themselves exogenously and in an anticipatory fashion on social actors during the accomplishment of their first order practices, rules which imply the capacity to sanction these first order practices either a priori by assigning them social value, or ex post by intervening so as to modify their results or consequences." (Freitag, 1995: 55) <sup>3</sup> Institutions in this sense don't "concern a specific concrete or particular action, but general and abstract categories of actions" (Freitag, 1986: 217). The institution as an objective social mediation (and not in the weberian tradition as the subjective rules enforced by a group on its members) can be analytically decomposed into three moments which together comprise the "institutionalisation process", which in the Freitagian approach is understood as a second order practice arising out of the political subsumption of social contradictions inherent to first order (basic) activity:

Moment 1 "production"	the production of a definition which objectifies a given particular practice into a general category, usually in reaction to social innovation or contradiction;
Moment 2 "regulation"	the capacity of conditional sanction which actualises this definition as a significant and efficient exogenous mediation of social practice in the sphere of first order activity;

<sup>3</sup> « (...) régies ou orientées par des normes intériorisées par les acteurs, [sont le produit] d'une activité sociale de second degré qui établit ou définit les règles qui vont s'imposer de l'extérieur et par anticipation aux acteurs sociaux dans l'accomplissement de leurs pratiques de premier degré, et qui dispose également de la capacité de les sanctionner soit, apriori, en déterminant la valeur sociale qui leur est attachée, soit après coup, en intervenant pour en modifier les résultats ou les conséquences » M. Freitag, "La métamorphose", *Société*, no12/13, Montréal, 1995, p.55.

<p>Moment 3 "reproduction"</p>	<p>the ideological legitimation of this normative production and regulation (by third order discursive activity) thereby inscribing this institutional mediation in the hierarchy of societal regulations which at the same time legitimates this institution or institutional field as a moment in the reproduction of society as an reflexive totality and thus justifies the suprastructural activity of normative production and sanction of first order activity.</p>
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This process thus implies the materialisation inside society of a vertical axis of power in a position of exteriority vis-à-vis basic mundane activity as an institutional superstructure whose typical forms are political. To conclude the presentation of this model we must note the Freitag (1986) distinguishes two successive historical forms of politico-institutional modes of reproduction which roughly correspond to the classical division between traditional and modern societies. The first type (or cycle) "tradition", is characterised by the institutionalisation of a political superstructure based on the relation of royal authority, in this form political domination has the capacity to recognize, arbitrate and manipulate status and empowered social actors to maintain the unity of society and a defined form of social order in the name of an extra-social transcendent divine will. It is in the name of this divine will that traditional political authority can sanction particular practices through the act of judgement, which has the effect ex post of producing a legitimate institutional definition. The second "modern" type endogenises this capacity in differentiated institutional fields (as in civil society) as the institutionalisation of institutional capacity, this gives rise to third order politico-constitutional practice that reflexively orients this capacity.

The above is a pure model, concrete historical societies are constantly torn by contradictions, interpretive contestations of fixed ideologized meanings and the production of counter or contradictory institutions, it thus important for the ana-

lyst to constantly take into account this real historicity when observing an empirical case <sup>4</sup>.

Considering the above an economic institution such as money does not emerge spontaneously by a social selection of the most efficient forms of regulation of a logic that it itself is supposed to institute, money as a social form is the contingent and fragile result of a process of political institutionalisation that precedes, dominates and transcends such a logic, a domination that unfolds itself according to the three moments outlined above. This is the model which will help us examine sociologically the institutionalisation of money as coin in the traditional societies of antiquity.

## Genesis of a social form: Lydia and coining, an interpretation

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Though precious metals, in the form of bars or miniature tools, and wheat or barley grain (counted and then weighed) had been in use as instruments of account for nearly 2 millenniums in Mesopotamia and Egypt, the first moneyed social object, coins, appeared quasi-simultaneously in Asia Minor and Greece, at the end of the 6<sup>th</sup> century BC, then spread to India and China. The first act of coining has been attributed to the Lydian kings during the late 7<sup>th</sup> century- early 6<sup>th</sup> century BC (Le Rider, 2001: 66-67). Lydia during this period was a Kingdom in Asia minor that dominated most of Ionia at its apogee, it was both commercially and culturally an intermediary between Mesopotamian and Greek civilisations, that was eventually conquered by the Persian Empire.

What can we learn on the institutional nature of money from the social creation of this new form ? Historians and commentators (see Thiveaud and Piron, 1995, Servet, 1984, Le Rider, 2001) suppose that originally Lydian coins and even early Greek

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<sup>4</sup> The author is thus very wary of the idealtypical methodology favoured by many general sociologists, though useful such an approach can easily become reductionist. We have tried to blend such an approach with a more empirically grounded phenomenological method.

coins were religious talismans produced and distributed by royal authorities, and that these talismans had the capacity to intermediate between a divine holy world and a terrestrial world through a form of sacrificial circulation. These proto coins thus existed in a space constructed by a debtor - creditor religious relation, and one can speculate that a relative secularisation of royal authority in Asia Minor and Greece (through the institution of Tyranny and Democracy) accompanied/permitted the transformation of these talismans into monetized coin. This sketchy explanation based on the conversion of a religious debt instrument into a secular social form can be complimented by a political phenomenology of money as coin based on their differentiation from tokens either as religious artifacts or administrative tools.

### **Heads and tails: the birth of money as coin**

The coins produced and distributed by the Lydian kings (who inaugurated a form that imposed itself on Ancient society) distinguished themselves from Mesopotamian shekels by their smaller size, metallic composition and most importantly form: the coins were two sided, one side engraved with a symbol of royal sovereignty (heads) and the other bearing marks that identify the position of each coin in an abstract system of weights of Babylonian origin (tails) (Thiveaud and Piron, 1995: 288). This basic duality or rather polarity of the coin form is phenomenologically a defining characteristic that demands interpretation, our argument (methodologically inspired by Simmel) is twofold, first the socio-economic significance of the metallic substance as precious metal, by being imprinted with powerful symbolic forms, is overdetermined by a new system of significance based on a abstractness, second these symbolic forms embody defined and reified social relations of political rather than commercial origin.

*Heads:* this side bears a symbol of royal authority, a form of social power that transcends and dominates the primary cultural normativity of basic communities. More than just a manifestation of this power, of political authority's prestige, as argued by Le Rider and others, it actively embodies a social relation that political power as traditional authority has acquired over societies in Antiquity. Sociologically, the idealtypical forms of this power are (Pollock, 2005) the tributary relation, the monopolization of religious discourses and rituals, the monopoly of legitimate

violence and most importantly the production of institutional norms in the form of a recognition of legitimate rights through particular acts of judgement (Freitag, 1986). These instituted norms not only transcend and subsume culturally defined social norms embedded in kinship systems, language and represented in myth or other symbolic forms, they often violently contradict them <sup>5</sup>. Money, bearing the symbol of political authority constitutes one of these institutional norms imposed in traditional society whose specific power is revealed in its function of means of payment: the transfer of a given sum of money cancels a debtor - creditor relation, it thus formally liberates the payer from debt and the multiple social dependencies that incur from indebtedness. The act of payment is similar (homologous) in structure and function to the act of royal/sovereign judgement in its capacity to cancel analogous obligations and norms through the application of an abstract rule (Freitag, 1991: 47) <sup>6</sup> and this explains in part the co-emergence of means of payment and a centralized judiciary function as in *Wergeld* (Ingham 2005).

This is a profoundly powerful social function since traditional and communal social fabric is saturated with the relations of interdependence constructed either as reciprocal obligation (such as the gift system) or generalized obligation to the community as a whole mediated by a sacrifice/gift to a central symbolic figure such as a deity, hero or totem. These two forms of obligation exist actually in a dialectical relationship where concrete acts of social obligation to others (in the form of submission or exchange) manifest the more primordial obligation that anthropologists have termed the life and symbolic debt <sup>7</sup> (*dette de sens*), obligation is thus a "total

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<sup>5</sup> « La royauté s'est progressivement dégagée de la chefferie et des rapports privés de clientèle en consolidant à son profit une structure de hiérarchisation pyramidale des multiples puissances sociales particulières et en s'arrogeant le monopole de leur « reconnaissance » et de leur sanction légitime.

<sup>6</sup> « Elle [la monnaie] est comme un tribunal invisible, un véritable acte du pouvoir dont elle porte la marque, et cette marque seule en elle est vraiment efficace, qu'elle soit frappée sur l'or et l'argent ou imprimée sur du papier. C'est la commune dépendance de tous vis-à-vis du pouvoir qui affranchit chaque personne de sa dépendance vis-à-vis d'une autre dans l'échange proprement économique parvenu à maturité dans une économie monétarisée. »

<sup>7</sup> It is important to note that the notion of debt is a generalisation and abstraction of social relations and meanings typical of politico-institutional societies that the social scientist can not take for granted as a real universal, these notions themselves have their own specific genealogy which as an abstract signifier

social fact". Finally, one must note that the concrete acts that recognize and "pay" both forms of obligations are structured in such a way that they actually reproduce and expand them, this was an important observation made by Mauss when studying different gift-exchange systems, their functioning principle, reciprocity, is generalized and expansive, the cellular exchange relation cannot be isolated as a bilateral structure, it rather must be understood as embedded in an expanding and complex web of circuits. As a sovereign means of payment, money has the capacity to destroy such obligations as it circulates from hand to hand, like the sovereign judgement it can dissolve the web of primordial obligations by subsuming them under an abstract rule of monetary equivalent just as a tribunal subsumes social acts and relations under an abstract normative code.

To summarize, we have interpreted "heads", the imprinting of a representation of royal/political authority, as a "strong" symbolic manifestation of traditional sovereignty. Weak interpretations such as those in the tradition of Adam Smith understand the form uniquely as a conventional sign that guarantees the nature and quality of a given coin, its social effectivity is believed to lie in the underlying natural substance (understood as a quantity), more recently LeRider ( 2001: 240) also presents an interpretation where the symbolic form is seen as a weak manifestation limited to the expressive function of representing and diffusing sovereign prestige. By strong symbolic manifestation we mean an embodiment of traditional sovereign authority in the coin that effectively mediates social practice and thus "institutes" a normative space inside the cultural fabric of primary social ties, imposes a new normative code inside this space contra other norms and finally legitimates this normative closure. The manifestation of this social power (in the sense of puissance) is thus not merely reflective or representational it is material because it acts on and constrains legitimately other relations of power, by actively dissolving obligations it interposes itself inside social relations, redefines social positions of autonomy and/or dependency. In a sense the imprint of heads on coins is a diffusion inside society of the arbitrariness of sovereign authority that can thus be manipulated, imposed and accumulated by individual subjects in their mundane interactions with others or in the more solemn politico-religious connections with society as a whole through ritual and ceremony. This act of payment, its liberatory power vis-à-vis debt

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of obligation is intimately tied to the religious codification of sacrifice and tribute.



and social obligation is the social relation that the symbolic act of coining has reified.

At the beginning of this section we also mentioned that the imprint of a symbolic form overdetermined the substantial nature of the object by absorbing it into a new plane of significance, we will, in the next section examine the content of this new significance, for the moment it is important to note its form. Ingham, in his *Nature of Money* mentions that one can interpret credit based bank money as a "signifier" in the Saussurian tradition of linguistic analysis. This proposal should actually be widened and deepened to include all monied forms since the social power of money is first and foremost that of a signifier <sup>8</sup>, it is precisely this determination that coin acquires when inscribed in a wider system of symbolic mediations of institutional nature, a system that one can define as a "politico-religious superstructure" dominating and transcending a cultural-communal infrastructure (Freitag, 1986).

*Tails*: most series of coins found in what was ancient Lydia, Ionia and Greece have a "tails" side characterized by marks (one, two or three slots) that signify a particular coins place in a abstract weight system; Lydian coins, the first known coins, are marked with signs of a weight system of Babylonian origin. Its important to note that this sign does not identify the actual or presumed weight of a given coin (the coins are physically very heterogenous and this fact seems unattributable to use and wear, but rather reflects initial conditions of production), rather it marks each coins place as a fraction in an abstract and hierarchical system of units. Again one must underscore the importance of the symbolic overdetermination of the material, each coin in terms of weight and form, considering the existing mint technology, was radically and "significantly" different, "tails" institutionalises each coin as a symbolic equivalent part of a greater mass, an equivalent that exists exclusively in a quantitative relation to others, an equivalent that is exchangeable, fractionnable and accumulable as a quantity. What social relation does this mark, this quantitative determination of each coin, embody ? It would seem that one cannot attribute to these first coins a commercial role of intermediary of market exchange as money functions in modern societies (Servet, 1984). First and foremost because market and commodity exchange seem to be quite marginal if not inexistent social struc-

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<sup>8</sup> Though I would be tempted to interpret this notion in a Lacanian fashion rather than in its more retractive Saussurian form.

tures in these traditional societies. Hypothetically one could suppose that the first monetary systems existed uniquely as a mediation of interpersonal relations of social obligation and of relations between subjects and sovereign. Looking at the historical context one finds coins appearing in Greek cities torn by mounting social inequality, where social conflict often lead to the establishment of "reformist" tyrannies, as argued by Servet and later Thiveaud and Piron, coins in this context appear as essential politico-institutional mediations capable of regulating these new and destabilising social relationships. The circulation of a mass of coins could thus be seen as social device whereby hierarchies, statuses and interpersonal dependencies could be manipulated as abstract scales all the while ensuring a common dependency of money holders on the sovereign issuer of coins (be this a single individual, a status group of aristocratic families, or the collective of citizens), and thus reproducing his power through the emancipatory potential of money as a system of units of account. This model could totally exclude any commercial transactions, any exchange of commodities for coin. Which doesn't mean that the relationship between money and "things" as material wealth was inexistent, the theoretical task is to explain this relationship without presupposing the commodity form (as unfortunately does Ingham in his discussion of Greek coinage) as a non problematic mode of existence of objects. To do this we must interrogate a specific aspect of money, often contrasted with its existence as a means of payment, money as a unit of account.

### **Tributary systems and "money" of account in ancient societies.**

Among modern theorists of money, Keynes most forcefully argues that money exists first and foremost as a formal and institutionalized unit of account (Keynes, 1930: 3). Though the Keynesian perspective informs much of our research on money and finance, on this specific point we strongly disagree, money as an institution exists when an instrument of account and a means of payment are structurally coupled with one another, as in the coins of traditional societies, or as in the bank money of modern capitalist society. The institutionalisation of an effective unit of account is a premonetary fact that must be analysed in its own terms, though it also is a protomonetary fact that prepared a normative space for the diffusion of monetary practices in ancient society. Karl Polanyi in his studies of ancient economies consid-

ered the instrument of account as an institution typical of ancient kingdoms and empires whose economies were based on the centralisation and redistribution of the social product by political authority. The institutionalized standards of value were essential tools developed by the state bureaucracies in the management of a vast and complex system of tributary relations (Pollock, 1998). It was the often violent imposition of this relation that initiated a transformation in the social relation of communities and individuals to material wealth which from then on had to be produced in a given quantity on a yearly, monthly, daily basis, leading to a form of arbitrary circulation of objects, not yet as commodities, but as anonymous indetermined "things", pure "use-values", dis-embedded from kinship ties or status relations but re-embedded in a bureaucratic system of storage and circulation.

Sociologically the tributary relation implies the emancipation of part of the material wealth and social produce of a community from the web of kinship and cultural obligations that commands its circulation, storage and consumption by the violent yet legitimate imposition of an extra-communal norm, the royal or sovereign right to the objects as tribute. This norm is not only qualitative it also has a quantitative dimension, a given and stated amount of tribute must regularly be produced, quantity is thus institutionalized as a socio-political constraint in the form of a recurring debt, ancestor of the fiscal obligation of ruled to ruler. Alongside concrete and naturalized (as fate) want and distress appears abstract scarcity as an objective sociopolitical fact.

Once extracted from the community, the tributary objects circulate according to a new normativity based on bureaucratic principles. The instrument of account appears first and foremost as a tool capable of rationalising and representing this extraction as a quantitative constraint along side other institutions such as weights, measures, writing and storage spaces and devices. The specificity of the instrument of account is its capacity to express abstractly a multiplicity of tributary relations implying radically different objects, culturally incommensurable forms of material wealth and necessities in a unified standard of "value". This standard, as value, not only symbolically determines the status of social objects it also determines forms of activity and more importantly modes of life by forcing subjected communities to adopt certain productive practices; in the case of the Mesopotamian kingdoms this principle meant forcing communities to adopt a certain form of agricultural practice by the imposition of a grain based standard of value, which implied settlement of

nomadic tribal communities (and thus emancipation of subjected peoples was often associated with a return to nomadism). In ancient Egypt, in Mesopotamia, in China and India vast tributary systems were constructed by kingdoms and empires through the institutionalisation of grain-staple based standards of value. These instruments of account did not mediate commercial activity, and yet the social produce of communities acquired a new mode of existence that violently negated primeval standards of cultural-symbolic value, incommensurable substances through the power of abstraction became equivalents and circulated according to principles that escaped established norms and statuses, obeying the arbitrary norms of rule and sovereign authority.

Such a rupture in cultural and communal normativity could not maintain itself by violence alone, and this explains the centrality of temples and religious ritual and belief in the reproduction of the tributary systems. The temples and the divine character of the sovereign authority participated in producing the legitimacy of this domination, tribute appeared as debt, an expected quantity of produce (the ancestor of fiscal obligation) and the tributary relation as a debtor-creditor relation where the dominating sovereign and his priestly and military bureaucracy acted as mere intermediaries between subjected communities and deities. In this ideological structure there developed an important institution that was to be decisive for the emergence of money as coin. Gradually precious metal forms, gold and silver, accumulated into a core structure of the tributary system, the royal treasure. This royal treasure was attributed vast magical and religious powers, the power to heal, to seal alliances with divinities and other rulers, and the power to attract wealth and necessities. As the ancient kingdoms developed into empires the treasure subsumed the staple as the organizing force of the tributary system, it was gold and/or silver that became the bureaucratic standard of value, the abstract and homogenising force that compelled communities to turn over their social produce into a new sphere of circulating use-values. Gold and silver, as a recognizable substance, not only "represented" material wealth, it incorporated and expressed both the social power of extraction of social produce from communal normativity and the social power of coercion over the productive activity of *oïkos* and communities. Much more so than grain or even iron which, as Marx remarks being a "consumptive" use-value can't entirely be transfigured as a purely magical substance, the soft and malleable precious metals can. Value was a reification of the very concrete tributary relation once im-

posed on dominated communities by dominating groups, and since reproduced and legitimated by a vast politico-religious bureaucracy as sacred debt. Being a reification of an earlier form of value, gold and silver maintained a strong link with the grain standard, its quantitative determination was (and still is in a way) expressed in a given quantity (number and then weight) of staple grain. Again this is not because grain was an efficient or handy unit of measurement, this equivalency expresses yet, in another way, the tributary relation of power: how much grain can a given amount of metal move/attract/extract through its magical power. And then how much social wealth does  $x$  quantity of precious metal represent inside the bureaucratic system of circulation. This Polanyian interpretation implies, but this is beyond the scope of this paper, the development of a distinct vocabulary to understand the system of production, circulation, extraction, consumption and management of the tribute, the often used modern terms "transaction", "payment", sale, loan, etc. are profoundly misleading, belonging to a developed market society. One can suppose that the counting, weighing, transfer, fractioning and unifying of lumps and bars of silver and gold was a highly ritualised and religiously codified socio-political practice that doesn't have much in common with today's mundane acts of payment. The manipulation of the "value substance" was understood in this framework as a quasi-magical, because symbolically effective, manipulation of social wealth.

What does this brief and superficial analysis of the tributary relation tell us about the nature of money and, as stated earlier, the mode of existence of objects that money will relate to as value ? The tributary relation, during its 3 to 4 millenniums of existence institutionalized on the one hand an abstract system expressing social wealth as quantity in the form of a unit of account, it imposed on society this quantitative determination as a performative constraint in the form of debt, on the other hand it opened a normative sphere where a pre-given quantity of social produce and social activity was emancipated from immediate determination by kinship rules and cultural-symbolic norms and existed as anonymous use-values exempt from a priori communal claims. Etymologically "things" had appeared (Noyes, 1936) but the commodity was not yet an instituted mode of the social existence of objects since these existed uniquely in the politico-bureaucratic system of circulation and tributary administration.

How does money, as the institutionalisation of coined forms relate to the tributary relation described above ? If coined money were just heads, the form would

have been undistinguishable from royal/religious tokens, talismans or medals used to symbolically bond the ruled to the ruler, if money were just tails then the form would have been undistinguishable from shekels and other instruments of account used by the state bureaucracies. Why did the Lydian and then Greek coins distinguish themselves from these other objects typical of ancient society ? The Lydian kings, first rulers to coin money, were intimately familiar with the Mesopotamian tributary system based on precious metal standards. When they established their own regional "dominion", essentially resting on a loose domination of Ionia, they did institute a tributary system but also instituted a radical social innovation. A Lydian king thought to be an ancestor of Croesus (*Gyges* ?) melted his royal treasure, a stock of precious metal blending gold and silver known as *electrum*, fractioned it into a mass, struck his seal on each and every part and then engraved on the underside of every piece marks that explicitly expressed the abstract system of standard of value used in neighbouring Mesopotamia for millenniums as a system of distinct and singularized units, qualitatively indifferent. This act, probably a ritual, condensed the rituals associated with the manipulation of precious metal quantities inside the Mesopotamian bureaucracy, into a one time founding performance. The Lydian King when having distributed the coins to his Sardian retainers, loyal dignitaries of conquered Ionian cities and Greek mercenaries had effectively diffused his sovereign capacity to legitimately exact tribute and at the same time bonded his subjects to his kingship. Money as coin is an inversion of the tributary relation, it generalizes and distributes the capacity to extract produce and social activity from immediate cultural-symbolic norms, a capacity to manipulate and subordinate status relations embedded in kinship and communal rules by the sovereign creation of new quantitative obligations, it carries with it the capacity to authoritatively extinguish obligation by the act of payment. This power is not the fruit of an intersubjective convention, it depends on a transcendental foundation, political authority.

### Commodity form and chrematistics

To conclude this discussion of money as an institutional mediation in ancient society, how did money come to interact with "things" as "commodities" ? As remarked by many historians coin in ancient society was primarily a mediation of status and fiscal relations, its capacity to dissolve normative obligations and social links was essentially political. In ancient Greek society where money developed, the highest form of wealth was land, and the primary standard of value was grain which, with olive oil, was considered the noblest produce of land. Debts, interdependencies, gifts and the value of an "oikos", all were measured with this grain standard. The power of coin as "tails" was its capacity to impose itself as a new standard of value above and beyond this grain standard and as « heads » it could effectively rework the network of obligations through its liberatory capacity. The success of coin versus the grain standards was essentially due to the imposition of monetised tributary relation in the form of tax.

On this basis coins could effectively act as a mediation of exchange of goods and services between quasi-autonomous oikos (household) outside of tributary systems and the reciprocal system known as "metadosis" (Polanyi, 1965). But the development of commodity circulation and of commercial trade was associated in Greek culture not with this "oikonomia" but with "chrematistics". This form of social relation instituted a sphere of circulation where, at least for Aristotle, things acquired a new "form of value", value in exchange that was culturally opposed to the "value in use" of things in the oikos and in tributary circulation. This form of value sociologically is understood as new mode of objectality of material produce and social practice, one that can be seen as the idealtypical form of a nascent commodification . Two short notes on this development drawing on Polanyi, Castoriadis (2000) and Freitag (1991). First the ethical standard of ancient greek society considered chrematistics and commercial activity in general as an activity reserved to non-citizens, the "meta-oikos" (metoikos) which became "metic", those who were outside the normative cultural structure of metadosis and the political structure of tribute could engage in what seemed an a-normative activity. Second the term chrematistics itself has a highly significant etymology conveying the meaning of

"signs of wealth in action"<sup>9</sup>, mundanely as efficient transactions but more profoundly as a magical and often uncontrollable form of power different and even opposed to political authority and its instituted sphere of ethical normativity. In French power can be translated either as *pouvoir* or as *puissance* (might) sociologically the first term refers to the weberian notion of legitimate domination and/ or force whereas the second term refers to force that is more primitive but also more effective, *pouvoir* is reflexive, *puissance* is immediate and imposes itself outside of any field of legitimacy (Coutu, 2005). In both cases we see, what is now considered as the essential form of value - economic value in exchange- arising in a social space exempt of thick normative limits be they cultural or politico-institutional. Interestingly early modern law will found the autonomous economic subject of civil society on the Roman law category of "person", itself a categorisation of the legal norms appropriate to intersubjective relations between strangers (*metoikoi*) outside of the "hostes/hospes" ambivalence typical of more primitive communal societies (Benvéniste, 1969). Property as "ab-usus", subtraction from normed use, will similarly be drawn from a Roman law category used to codify an exclusive relation to things based on the subtraction of the object from all substantial kinship and communal claims, in a sense the thing by becoming mine is estranged or alienated, which is the actual juristic formulae of market exchange as a contract of sale. All three categories, contract, property and personality are the juristic institutional foundations of the growing market space of late medieval and early modern society. Markets and market activity can claim a form of legitimate autonomy on the basis of these juristic institutions.

The *puissance* (might) of money then is its capacity to mold and shape, mediate, social relations outside of the normative space instituted by political authority. Yet the paradox of monetary power as might is that its immediate and violent effectiveness depends on political power. The development of credit based forms of money in modernity will incorporate in this new institutional form what Aglietta and Orléan have termed the violent ambivalence of modern money. But this leads us to another

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<sup>9</sup> For Aristotle *chrematistics* was unproblematic only if subsumed under the activity of the *oikos* either as the single household or as the city state. It was problematic when not embedded in the ethical management of the household or the state (*oikonomia*) but pursued for its own sake, or more precisely was self-mediating instead mediate by other norms.



phenomenologically distinct domain of the money form, that needs to be addressed in its own terms. This new form, conceptualized by Keynes as a Representative/Current Money combines in a dialectical tension Bank Money and State Money and implies an analysis of new social relations of production of the money form, of the reification of new social relations in this form and of the imposition of a new standard of value (respectively commercial capital, industrial/organizational capital and today tendentially financial capital). It would be inappropriate at this stage to initiate such an analysis <sup>10</sup> but one comment can be made. As Keynes, and before him Commons (1924) remarked, this new money form rests on a radicalization of the property of money as a signifier and on the transformation of the relationship of money as mediation to the political structure's capacity to accumulate social produce, the basis of which switches from tribute to indebtedness <sup>11</sup>. In this new context, chrematistics defines the formal space of monetized social relations while oikonomia recedes into the non-monetized domestic sphere or is transfigured as the general management the state must use to regulate the nation as a civil society (a collectivity of persons interacting as contracting proprietors) when the tributary system is replaced by a fiscal relation.

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<sup>10</sup> For a preliminary exercise using Cartelier's notion of moneying regimes and Keynes genealogy of money forms see Pineault, 2003, see also Ingham, 2004: 78.

<sup>11</sup> A lot has been written and needs to be said on this change, among the many one should note that the new basis for the production of money, credit, is linguistically constructed from the same term as credere « believe », this has been seen as evidence of the construction of modern economic activity on cultural systems of trust. The historical experience of English bank money should caution against such a unilateral interpretation, the first forms of debt that could legally circulate where titles of the national debt, itself a violent and highly political construct implying two revolutions.

## Conclusion

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To summarize our findings, how does our sociological perspective define money and how does this contribute to the wider debates on the nature of money ?

As Geoffrey Ingham has shown standard economic theory and standard sociology converge in a functionalist definition of money, "money is what money does"; scientific inquiry then proceeds to list and classify universal monetary "functions" inherent to market exchange: exchange medium, store of value, unit of account, so it can thereafter select the social objects that seem most able to perform these various functions. The phenomenological approach developed here, like many other heterodox accounts, proceeds differently, it traces the process by which money was institutionalised as a social mediation. Its specificity, methodologically inspired by Simmel, is to analytically construct this process by examining the historical form taken by money as it emerged and singularized itself as a powerful social mediation. The forms are not understood as natural or technical materialities they are interpreted as symbolic forms conveying meaning and effective because meaningful. Though it is important to note that this meaningfulness must not be understood in a cognitivist sense, money's symbolic effectivity is tied as much to its force as a signifier than as the signified. Moreover the symbolic forms which constitute money where analyzed as reified social relations in the context of a specific form of society: politico-institutional traditional social formations such as the ancient kingdoms of the Near East. Money's fundamental institutional properties where thus recognized as the duality or polarity between an instrument of account and a means of payment, a definition of money similar to the one presented by Keynes in his "Treatise on Money" (Pineault, 2003) but rooted in a specific sociological context. The institutionalisation of the money form as sovereign coin outlined above insists on the political character of this process and on the sociological impacts of the generalization of such a mediation.

Objects other than coins have been termed *quasi* or *pseudo* monies and primitive monies because they perform functions similar to those of instrument of account

and means of payment, but either the scope of their sphere of mediation is limited to certain classes of objects, or their capacity to circulate is severely hampered. Analytically it might seem useful to use terms such as these to name and understand the function of certain material objects, but as was shown in the case of shekels, such assimilations might limit more than anything else our understanding of other economies or non-economic systems of production/distribution of material culture. This is the path that leads to the unfortunate discovery of capitalists and bankers in Mesopotamia and to the translation of "metadosis" as barter in Aristotles Politics. A phenomenological institutionalism requires an epistemological posture that does its best to respect the historicity of concepts, not only in the name of historical/cultural relativity but first and foremost because such an approach is more productive and fecund.

The analysis presented above is but the first part of what should be a more complete phenomenology of the institution of money. The analysis ends at the doorstep of modernity and doesn't at all examine in the same perspective the institution of modern credit money and the social relations of production of such an institution in the context of the changing forms of capitalism. An esquisse, inspired by the Treatise on Money and drawing on the works of Aglietta and Orléan, Wray and Ingham, has been published (Pineault, 2003) but the analysis remains locked in a dialogue with Keynes. Ingham has also presented in his *Nature of Money* a similar analysis but in the end his perspective remains more relational than institutional. It is our view that this is still a task that confronts a historical sociology of money.

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