Money and Morality

A Matter of Misinterpretation

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This essay advances an analogy in defense of a social account of the nature of morality. Competing metaethical accounts importantly direct our explanatory focus in different directions. Some look toward Plato's heaven; some toward homeostatic clusters controlling moral talk; some toward mental plans expressed in language. The account I defend directs the focus toward social systems of normative governance and regulation (Gibbard 1990, 100). It maintains that morality is a social practice,[1] a complex system of interlocking norms and attitudes in the form of implicit or explicit agreements and reciprocal concessions, expectations we are holding each other to (Wallace 1994), sustained by social pressure, various economies of reactive attitudes, interpersonal sentiments, and esteem (Brennan and Pettit 2004), a system, moreover, with a history, subject to continual evolution and adjustment, being the way it is because it

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1. The notion of social practice employed here goes beyond denoting mere social regularities, differing sharply with Geoffrey Brennan and his colleagues, who write: "a social practice is a regularity in behavior among the members of a group that is explained, in part, by the presence within the group of pro-attitudes . . . towards the relevant behavior that are a matter of common knowledge among the members of the group" (2013, 16). Rather, I understand social practices as importantly constituted, in part, by norms and normative attitudes. In fact, the account of social norms offered by Brennan and his colleagues shares much with my understanding of social practices. I concur with Kate Manne's characterization: "Social practices . . . involve multiple agents, who coordinate their actions with respect to one another . . . [and] the participants' interactions are structured and governed by social norms which purport to have normative force for the participating agents. Moreover, practices . . . will be at least partly, and sometimes largely, constituted by said norms" (2013, 53).

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got that way.[2] Call this account "the social thesis." The social thesis enters the contest for explanatory illumination with its competitors, especially various forms of moral realism, aspiring to answer the traditional set of distinctively metaethical questions, not just the questions of traditional sociology, which often have a different explanatory focus. In this contest, the thesis enjoys a key advantage. There are lots of social practices. If morality is a social practice like others in some respects, there should be some other practices morality is like in some respects. And should we already understand those other practices comparatively well, we might be able to carry over some of this understanding to a social practice account of morality.

The reason why it is profitable to compare money and morality in particular is naturally the subject of the entire essay, to fully emerge only at its conclusion. Yet just glancing at the common use of language, there's already much to invite the comparison. Herbert Hart was not alone in finding "the similar notion of a debt latent in the word 'duty'" (1994, 87). As John Stuart Mill famously remarked, "[D]uty is a thing which may be *exacted* from a person, as one exacts a debt" (2002, 285). In addition to moral debts and financial debts, there are moral obligation and financial obligation; what we owe to each other may be specified in moral terms or financial terms. Kurt Baier speaks of accumulating "a moral debit or credit account" (1958, 204). This is by no means a peculiarity of English. The German term *Schuld* even more immediately denotes both debt and guilt.[3] "In all Indo-European languages," the sociologist Geoffrey Ingham observes, "words for 'debt' are synonymous with those for 'sin' or 'guilt'" (2004, 90). The list could go on. These analogies are not merely linguistic quirks but traces of a common heritage, as documented by a considerable body of historical scholarship (Graeber 2011).

The chief reason for the comparison is strategic, however, and not difficult to state in outline. Money's social ontology is readily acknowledged.[4] Morality's is not. The social thesis encounters grave reservations. Its call for a social research program in metaethics encounters little enthusiasm. Many philosophers remain deeply pessimistic about the program's explanatory potential. To boost confidence in that potential, it helps to demonstrate how many structurally similar reservations fall flat when applied to

2. The biologist D'Arcy Thompson is credited with the aphorism "Everything is the way it is because it got that way" in summarizing development. The social thesis must embrace the historical nature of its subject matter, morality, and must acknowledge an ineliminable historical element in its analysis. As Bernard Williams wrote, "At a certain point philosophy needs to make way for history, or, as I prefer to say, to involve itself in it" (2002, 93).

3. In *On the Genealogy of Morality,* Friedrich Nietzsche raises the question "Have these genealogists of morality up to now ever remotely dreamt that, for example, the main moral concept '*Schuld*' ('guilt') descends from the very material concept of '*Schulden*' ('debts')?" ([1887] 1994, 39).

4. As Paul Boghossian, a staunch critic of social constructivism regarding morality, notes, "There would . . . be precious little point in writing a book revealing that facts about money . . . are social constructs, for that much is obvious. A social construction claim is interesting only insofar as it purports to expose construction where none had been suspected" (2006, 18).

uncontroversially social practices such as money. If so, it cannot be the social element in social accounts of morality that sustains these reservations, or so the argument of this essay goes. The aim of my argument, therefore, is to provide license for optimism about the prospects of a social research program in ethics and metaethics.

The essay addresses one such fundamental reservation. Morality certainly does not appear social in nature. The origin and status of its prescriptions seem to be of an altogether different character, more robust, less contingent, eternal and immutable, part of the fundamental fabric of reality. This reservation proceeds primarily at the level of appearance or conception, not necessarily reality, because it does not involve the claim yet that this conception has a counterpart in the world. In its most pointed form, the reservation holds that the *conception* of morality permits only two possibilities, be they realized or not. Either morality exists as a nonsocial phenomenon, or there merely exists a social phenomenon, but morality does not exist. What the very conception of morality supposedly precludes is that morality exists *as a social phenomenon*. This allegedly third "option" would be as misconceived as the "option" of a scientifically respectable account of miracles. The reservation generalizes to all social accounts of morality, a concern Will Kymlicka pressed against the Hobbesian version in particular as representing "not so much an alternative account of morality as an alternative to morality" (1991, 190). This reservation is most forcefully pressed by those carrying the banner of moral realism, making a big fuss about some stance-independent order of moral truth, charging the social thesis to be entirely off target. Such philosophers will grant that there's morality in the sense of some totality of attitudes, practices, and beliefs, perhaps more aptly called "morals," "positive morality," or "social moral code," but then they claim that this "sociological" phenomenon is surely distinct from the real thing, the true morality. Conceptually, the underlying distinction is duly noted, conjuring up a duality of two distinct phenomena—one supposedly real, another merely social. Such conceptual dualities abound in philosophy. Substantively, the distinction is rejected. The real thing is the social thing.

This essay demonstrates how a similar situation may arise even for a prototypical social practice such as money and thus how systematic misinterpretations that miss the social element in social practices are fully compatible with their social nature. Prior to this argument, I provide a rough outline of the social thesis in the next section and then advance some pertinent observations about money.

The Social Thesis

The social thesis advances a ballpark position with broad ontological, metaethical, methodological, and substantive aspects, having roots in several philosophical traditions. It is foreshadowed by Glaucon in Plato's *Republic* when he describes a compact that people who are unable to escape injustice, find it profitable to set down, neither to do injustice nor suffer it (Plato 1968, 36–37), thus animating the subsequent social contract tradition from Thomas Hobbes ([1651] 1994) to David Gauthier (1986). The thesis is advanced by leaps and bounds through the British sentimentalist tradition, from David Hume's account of justice as an "artifice or contrivance" arising from "the circumstances and necessities of mankind" ([1751] 2000, 307) and Adam Smith's emphasis on the "concord of the affections" mediated through sympathy as critical for the "harmony of society" ([1759] 2002, 27) to Peter Strawson's restoration of attention to how the "general structure or web of human attitudes" forms "an essential part of moral life" (2008, 24–25). The thesis has affinities with relativism,[5] conventionalism, and, most closely, constructivism in contemporary metaethics, though such labels must be handled with great care, as I argue at the conclusion of this section. Outside philosophy, the thesis informs much of the research of the historical and institutional tradition in economics and other social sciences.[6]

The social thesis finds a beautiful expression in a passage from the late Friedrich Hayek:

> While our moral traditions cannot be constructed, justified or demonstrated in the way demanded [by rationalist theories of ethics], their processes of formation can be partially reconstructed, and in doing so we can to some degree understand the needs that they serve. To the extent we succeed in this, we are indeed called upon to improve and revise our moral traditions by remedying recognizable defects by piecemeal improvement based on immanent criticism, that is, by analyzing the compatibility and consistency of their parts, and tinkering with the system accordingly. . . . What is needed as a preliminary for such analyses includes what is sometimes called a "rational reconstruction" . . . of how the system might have come into being. This is in effect an historical, even natural-historical, investigation, not an attempt to construct, justify, or demonstrate the system itself. It would resemble what followers of Hume used to call "conjectural history," which tried to make intelligible why some rules rather than others had prevailed. (1988, 69)

As a matter of ontology, the social thesis combines a positive component and a negative component: morality *is* a social practice, and there are *no* practice-external points of normative orientation.[7] Normative pressure can always build from within, but never

5. Gilbert Harman (Harman 1975; Harman and Thomson 1996) presents morality as emerging from a grand bargain about societal rules continuously being negotiated between people with diverse interests. David Wong further develops *Harman's analysis of morality as social creation,* of morality as comprising "an idealized set of norms in imperatival form . . . abstracted from the practices and institutions of a society that serves to regulate conflicts of interest" (2006, xii; see also Wong 1984).

6. The social thesis also has affinities with communitarian thought, as in the work of Charles Taylor, Alasdair MacIntyre, and others; with legal positivism, especially in its extension to moral rules (cf. Hart 1994, especially chap. 5, 86); with the recently invigorated public-reason tradition, which displays many points of overlap (cf. Gaus 2010); and with David Copp's societal needs theory: "society needs to have a social moral code as part of its culture in order to enable us to get along in our societal life" (1995, 3).

7. There is, however, plenty of nonnormative practice-external orientation. It's called the world.

from without, the social system of norms and attitudes that constitutes morality. To speak with Hayek, the social thesis insists criticism must be immanent, for there is no normative without, and there is no view from nowhere, as in the dichotomy famously pioneered by Thomas Nagel (1986). No standards external to our social practices exist that could render final judgment on them.[8] As Peter Strawson writes, "Inside the general structure or web of human attitudes and feelings of which I have been speaking, there is endless room for modification, redirection, criticism, and justification. But questions of justification are internal to the structure or relate to modifications internal to it. The existence of the general framework of attitudes itself is something we are given with the fact of human society. As a whole, it neither calls for, nor permits, an external 'rational' justification" (2008, 25).

Nagel, who finds the internal point of view wanting, nonetheless acknowledges its critical capabilities: "There is a way of considering human pursuits from within life, which allows justification of some activities in terms of others, but does not permit us to question the significance of the whole thing, unless we are asking, from within life, whether the allocation of energy or attention to different segments of it makes sense in virtue of their relative importance" (1979, 196–97).

Metaethical constructivism provides an account of how moral deliberation and critique can proceed from within. John Rawls's characterization remains unsurpassed in its beauty and succinctness:

> The search for reasonable grounds for reaching agreement rooted in our conception of ourselves and in our relation to society replaces the search for moral truth interpreted as fixed by a prior and independent order of objects and relations, whether natural or divine, an order apart and distinct from how we conceive of ourselves. The task is to articulate a public conception of justice that all can live with who regard their person and their relation to society in a certain way. And though doing this may involve settling theoretical difficulties, the practical social task is primary. What justifies a conception of justice is not its being true to an order antecedent to and given to us, but its congruence with our deeper understanding of ourselves and our aspirations, and our realization that, given our history and the traditions embedded in our public life, it is the most reasonable doctrine for us. We can find no better basic charter for our social world. (1980, 519)

On an engaged, first-order level of moral argument, the methodology dictated by the social thesis is thus constructivist. The style of moral argument the social thesis

8. In her characterization of metaethical constructivism, Sharon Street formulates the same thesis thus: "According to metaethical constructivism, there are no facts about what is valuable apart from facts about a certain point of view on the world and what is entailed from within that point of view. Normative truth, according to the constructivist, does not outrun what follows from within the evaluative standpoint, but rather consists in whatever is entailed from within it" (2010, 371). My discussion is much indebted to Street's work.

would commend is distinctively philosophical. Neither science nor empirical observations alone can determine how to negotiate clashing commitments and how to reach reflective equilibrium.

On a detached, second-order level of metaethical argument, the methodology is broadly empirical, placing greater weight on observation than on intuition.[9] The social thesis is part of a larger naturalistic project. It casts its lot with tried and tested lines of scientific investigation, working toward the phasing out of the predominant reliance on intuition. In fact, the assumption that we're dealing with a complex social system would suggest metaethical intuitions to be rather like gradually consolidated memories distilled from a limited and imperfect experience with that system, usually providing some helpful initial orientation but certainly no subject-defining preconception. Such intuitions are usually onto something, and it would be poor advice to dismiss them outright, but what exactly they are onto is rarely entirely transparent. To give just one example for expository reasons, consider the question of whether sincere moral conviction must carry motivation. Regarding the interplay of conviction and motivation, the social approach would interpret "internalist" intuitions as embodying a realization that morality must have a great deal to do with motivation and "externalist" intuitions as embodying a realization that proper motivation is absent in many cases of apparent moral comprehension. Different thought experiments may then be employed with the effect of bringing to the forefront one or the other realization (Gill 2009). Yet the exact relation of conviction and motivation, the social approach would contend, will emerge only at the end of investigation, not at the beginning, however clever the relevant thought experiments devised.

How does the social thesis construe the interplay between the two methodological levels—one of engaged, philosophical moral argument and another of detached, empirically informed metaethical analysis? The answer is complicated. On one side, metaethical analysis, social or not, must strive to make sense of moral argument lest it lose touch and turn into an exercise of secluded scholasticism. Yet, on the other side, the envisaged undertaking in metaethical social science requires also a considerable degree of first-order moral neutrality lest motivated reasoning entirely replace sound reasoning and thus threaten, as Charles Stevenson warned, to "deprive the analysis of its detachment and [to] distort a relatively neutral study into a plea for some special code of morals" (1944, 1). In short, "the wholly detached role of social ecologist is important and praiseworthy," James Buchanan aptly notes, recommending that "there should be more . . . analysis without commitment, analysis that accepts the morality of the scientist and shuns that of the social reformer" ([1975] 2000, 4).[10] As incorrigible moralizers, we would find this next to impossible to accomplish. Hume's admonition that "the anatomist ought never to

9. The terms *detached* and *engaged* are borrowed from Timmons 1999. Hart's usage of the internal and external viewpoint also embodies a similar distinction (1994, 88–90).

10. This approach differs sharply from construals of social science as social critique, which take as "the goal of social theory . . . to clarify meaning with social justice in mind" (Haslanger 2012, 15).

emulate the painter" ([1738] 2000, 395) is rarely heeded. Many evolutionary treatments of morality, from Herbert Spencer's ([1892] 1978) to Steven Pinker's (2011), invite the comparison to the genre of bildungsroman, with the audience safely presumed to be cheering on the progressive development and ultimate triumph of our nicer moral sentiments.[11] The partiality this reflects to our present stage of moralizing is hard to shake and not objectionable per se; the entire affair wouldn't work otherwise (Prinz 2007). Precaution against our moralizing tendencies is much needed, though, especially in regard to moralizing on the perceived abstention to moralize, which the social approach must to a degree enjoin.[12] To gain an initial measure of analytical distance, it helps to recognize the immensely powerful force of moralizing that not only drove the civil rights movement, for instance, but also drives much contemporary religious fundamentalism, the stoning of adulterers, the prosecution of cartoonists—sustaining practices of exclusion as much as of inclusion (Fiske and Rai 2014).[13]

If we want to understand this moralizing force, even if for the sake of exercising some measure of control over it, we need to take a step back. This methodological imperative again links the study of morality and other social practices such as money. The study of nonmoral social practices is usually less clouded by moralizing sentiments. This comparatively greater distance to nonmoral practices enables a degree of epistemic objectivity that would be utterly naive to expect in the moral case, where motivated reasoning seems rampant.

If we move from methodological to more substantive observations, what we should expect according to the social thesis is confronting in morality a subject matter with near overwhelming complexities. Even much more circumscribed social practices present considerable challenges to the attempt to systematically understand them—the law and etiquette are fitting examples. Thus, when seen as an evolving social system, morality is unlikely to emerge as a tidy and fully coherent system, but rather as a patchwork, a suspicion that if true would limit the success of many moralists in their endeavor to press morality into some altogether sound and logical shape.[14]

11. Political scientists speak of "Whig-history," a term coined by Herbert Butterfield, to deride tales of the inexorable march of progress toward ever greater liberty and prosperity.

12. Robert Boyd and Peter Richerson (1992) have extensively studied what they call "moralistic aggression," a strategy that sustains cooperation by targeting not only norm violators for sanctioning but also individuals who fail to sanction norm violators and even individuals who fail to sanction nonpunishers of nonpunishers. Others have remarked on this perspicuous feature of the moralistic mindset as well. Antti Kauppinen writes: "Moral disapproval . . . is disapproval the absence of which we disapprove in others, and presumably ourselves." Further still, "we may disapprove of those who fail to disapprove of those who lack first-order disapproval" (2010, 227).

13. Tage Rai summarizes his and Alan Fiske's findings in an article in *Aeon* magazine: "We analysed violent practices across cultures and history. . . . There *was* a unifying theme. . . . When people support and engage in violence, their primary motivations are *moral*. . . . People are violent because they feel they must be; because they feel that their violence is obligatory. . . . Violence does not stem from a psychopathic lack of morality. Quite the reverse: it comes from the exercise of perceived moral rights and obligations" (2015).

14. And we should expect knowledge of morality to be distributed, incomplete, and implicit. As Sally Haslanger aptly observes, "Although we have terms to describe the practices in which we engage and the institutions of which we are a part, we usually have only the vaguest idea of what we are actually doing. Most of our knowledge of practice is know-how; it is implicit, embodied" (2012, 15).

What remains entirely possible and sufficient for launching the ensuing comparisons is a rough sketch of the subject matter as construed by the social thesis by way of example, choosing from the most familiar (Pettit 2002, 292). Philosophy departments at many institutions maintain largely unsupervised libraries, with very few books or journals ever going missing. Many institutions also have honor codes. According to empirical studies, they work rather well. People cheat, but not as much as they could, not even close. On the positive side, students and faculty of most departments are expected to attend official talks and events, show appreciation, patiently wait until it is their turn to talk, provide measured feedback, let other people finish, and attend the ensuing social gathering—a familiar sequence of expectations they can usually be relied upon to honor. Of course, things can fall apart quickly, social trust can disintegrate, and when that happens, the moral social scientist must look closely and try to understand why (Putnam 2000).

Such examples are not, of course, unique to academe and can be found in every sphere of life. Though barely scratching the surface, such homely examples nonetheless evoke a rough-and-ready picture of the familiar set of constraints, duties, rights, and privileges that constitutes the explanatory target of the social thesis, sometimes also called "commonsense morality." They also illustrate a rather central feature of morality and its mode of operation, what Talcott Parsons referred to as the "voluntaristic" character of social order (1937, 439–40; see also Heath 2008, 67), a point I revisit shortly in its connection to trust.[15]

It will be helpful to supplement the preceding programmatic outline of the social thesis with a few remarks demarcating that thesis from its chief rivals. Its naturalistic commitment places the social thesis in stark opposition to any theological or supernatural conceptions of morality, such as divine-command theories of morality, natural-law theories, or positions relying on teleological assumptions of human nature in tension with contemporary biology.[16] The social thesis also clashes with certain types of

15. "Unlike legal norms, moral norms are not created and supported by a coercive state" (Brennan et al. 2013, 5–6). Buchanan characterizes the moral order as "an order that exists even in those aspects of behavior when most persons recognize that enforcement of formal rules is nonexistent or woefully inadequate" ([1975] 2000, 151).

16. The social thesis remains neutral on various nature/nurture or biology/culture controversies, leaving it to the best science to identify the complex and interacting contributions of genetic and environmental factors that give rise to the type of human interactions constituting the moral system. The attribute *social* is thus not intended to express opposition to accounts drawing on fairly robust notions of human nature that postulate some species-typical cognitive architecture or to the claim that humanity may be endowed with a distinctive moral sense that partially requires an evolutionary explanation. The social thesis is not wedded to a blank-slate view of human nature. (See Mallon and Stich 2000 for why evolutionary psychology and social constructionism need not be construed as irreconcilable rivals.) The social thesis maintains that morality is a system emerging from complex human interactions; the precise contours of the genetic endowments humans may bring to that interaction must be determined by other methods. "Morality presupposes interaction between people," the social thesis maintains with Kurt Baier, concurring also that "there is no need for and no point in a morality for solitary individuals on desert islands" and that "it would not make sense to say that something was right or wrong where people lived outside society" (1958, 231, 235). At the margin, the social thesis is thus incompatible with accounts of morality that fail to recognize its ineliminably social character—for instance, by holding as a sufficient explanatory basis certain truths about humans and their nature outside of (and perhaps prior to?) their social context.

moral realism, most prominently nonnaturalistic or "robust" moral realism, as defended by philosophers from antiquity to the present. The social thesis recognizes no "irreducibly normative truths" that obtain "over and above natural ones" and that supposedly "are just too different from natural ones to be a subset thereof" (Enoch 2011, 4). It has no business with moral schemes radically transcending the social system of commonsense morality, displaying no relation to the latter in however tenuous a form of derivation or support. At the same time, the social thesis is fully compatible with and possibly even an instance of naturalistic moral realism. It fully endorses a moral order of reality about which many true and false things may be said in the most literal fashion (Sayre-McCord 1988, 5; Copp 1995, 223), about which we may lack and acquire knowledge, which is evidence-transcendent,[17] and which certainly exists independently of our subjective musings. The social thesis aspires to capture and explain morality, the real thing, in a way that does "justice to morality's apparent importance without engaging in outrageous metaphysical flights of fancy" (Sayre-McCord 1988, 2).

Let me conclude this outline of the social thesis with some cautionary notes. Many of the attributes commonly employed to characterize the social thesis tend to be inherently problematic. Two prime examples are the attributes *conventional* and *construction*. Philosophers mostly follow David Lewis (1969) in conceiving of conventions as solutions to coordination problems.[18] As a result, the designation *conventional* tends to stress morality's involvement with coordination problems at the expense of other and more challenging kinds of problems, such as those relating to cooperation, collective action, externalities, public goods, and so on. In a key passage of his treatment of the artificial virtues, Hume provides two powerful examples that can be recruited to illustrate the difference between coordination and cooperation, a difference that, curiously, seemed to have eluded Hume himself. Once his oarsmen settle on a common rhythm for rowing, neither party has any reason to deviate from it. The equilibrium is relatively stable. But once we move from such an instance of a coordination problem to a typical cooperation problem, as is inherent in the example of property rights Hume mentions in the same passage, the situation changes entirely. Even though establishing a scheme of property rights promises to rescue humanity from brutal anarchy, securing gains to everyone from the reduction in the predation-defense effort (Buchanan [1975] 2000, 37) and leading each party separately to "observe that it will be for my interest to leave another in the possession of his goods, provided he will act in the same manner with regard to me" (Hume [1738] 2000, 315), unilateral violations remain profitable for parties who can manage to expropriate others property without risking

17. David Brink regards evidence-transcendence or independence as a chief criterion of moral realism (1989, 14–17). The social thesis seems to satisfy this criterion as well. In fact, as the section on practices and interpretation will document, considerable gulfs can arise between the nature of a practice and prevalent interpretations of it that may very well be supported by the best available evidence at some time.

18. Andrei Marmor (2009) criticizes Lewis for ignoring constitutive conventions, such as those constituting games. The inclusion of constitutive conventions would not change the fact, though, that morality is clearly not restricted to conventions.

expropriation, giving rise to the familiar prisoner's dilemma structure and the attendant instability entirely absent in the mere conventional case (Ullmann-Margalit 1977, 114–21, 129–33; Heath 2011, 57–59). And as the entire social contract tradition puts it front and center, these kinds of problems surely constitute at least a major background factor for the social moral system that the designation *conventional* threatens to conceal.

Another problematic attribute is *construction*, together with its various cognates *creation*, *invention*, and *making it up*, suggesting deliberate design where little to none is to be found. Herbert Frankel remarks on the widespread "propensity to ascribe the origin of all institutions of culture to invention or design," identifying money and morality as prime examples subjected to such an *intentionalist account of history* and its depiction of institutions as "owing whatever perfection they possess to such design" (1977, 33). Yet moral orders largely evolve spontaneously; instead of "constructing" such orders deliberately, societies tend to "stumble upon establishments, which are indeed the result of human action, but not the execution of any human design" (A. Ferguson 1767, 187).[19] The language of construction thus conceals the nondeliberate and nonteleological formation of moral systems, or of what Émile Durkheim (1933) called "organic solidarity," evoking an improperly legalistic portrayal of the process. And although the legalistic model may even be unfaithful to the law itself, as many authors have argued in questioning whether the law requires a lawmaker to be thoroughly social,[20] it surely misconstrues morality.[21] I revisit this point at the end of the outline of money, to which I now turn.

Money, the Business with Trust, and an Affinity with Morality

> The eye has never seen, nor the hand touched a dollar.
>
> All that we can touch or see is a promise to pay or satisfy a debt.
>
> —Alfred Mitchell-Innes, "The Credit Theory of Money" (1914)

19. Manne writes: "Practices . . . will generally be the historical products of a process of collective negotiation and collaboration that is entirely man-made, but not by any one man or woman" (2013, 52).

20. As Hayek wrote, "That all law is, can be, and ought to be, the product of the free invention of a legislator . . . is factually false, an erroneous product of . . . constructivist rationalism . . . a product of the intentionalist fallacy characteristic of constructivism, a relapse into those design theories of human institutions which stand in irreconcilable conflict with all we know about the evolution of law and most other human institutions" ([1973] 1998, 70).

21. The problems arising with the attributes *construction* and *convention* mirror each other to some extent. Hume deliberately adopted the language of convention to distance himself from the fiction of a contract, a device for instituting a scheme of justice through the exchange of promises: "the observance of promises is itself one of the most considerable parts of justice; and we are not surely bound to keep our word, because we have given our word" ([1751] 1998, 172). Hume stressed the evolutionary character of morality as a counterpoint to contractarian fantasies. Eugenio Lecaldano writes: "The explanation Hume offers of the genesis of justice is not only generically evolutionary, but also, in a stricter sense, historical. . . . Hume insists on reconstructing the genesis of justice in such a way as to explain that the principal rules that characterize justice were discovered by human beings in an entirely casual manner. These rules were consolidated over the course of a process that was not governed in any way by a sort of intentional end, or by an explicit effort to imagine the results to be reached" (2011, 261).

I would like now to present the other companion to my comparison, money, asking first what it is and what it is not, then following with a number of observations regarding its affinity to morality. Raising the question about the nature of money in the opening section of *The Ascent of Money* (2008), the economic historian Niall Ferguson asks, "Is it a mountain of silver, as the Spanish conquistadors thought? Or will mere clay tablets and printed-paper suffice? How did we come to live in a world where most money is invisible, little more than numbers on a computer screen?" (1). This is a trick question, really. The answer it implicitly suggests—namely, silver, a bunch of tangible coins and bills, and perhaps even virtual bits and bytes—is entirely on the wrong track. As Ferguson convincingly goes on to show, money is not really silver or clay or paper or bits and bytes. This definition would amount to an equation of currency with money, of money tokens or representations with the real thing, similar to the equation of verbal content with letters. The equation would be excusable, given our tendency to attend to the tangible, the coins and bills passing our hands daily, items that can be dug up and displayed in museums long after the underlying social network has passed away.[22] Still, the equation would forever pin us to the surface, entirely missing money's deeper social structure. The key to money is not numismatic. Unfortunately, accounts of money often concentrate entirely on the conventional systems distinguishing one kind of material but not another as currency. As the anthropologist David Graeber complains in *Debt: The First 5,000 Years*, "[I]f one consults books on the history of money . . . what one generally gets is a history of coinage, with barely any discussion of credit arrangements at all" and making the basic mistaken assumption "that money equals coins" (2011, 21, 235).

The conventional account of money, expounded in virtually every economic textbook, is "universal medium of exchange," "store of value" and "unit of account." This definition is progress, beginning to take a view toward what money is doing, the exchange it facilitates, and thus substituting a functional analysis for a physical one. To illustrate this function, writers on the subject, from Adam Smith on,[23] commonly contrast money with barter. Milton Friedman elaborates:

> In a world without money, transactions would have to take the form of barter. You have A to sell and want to acquire B. To do so you must find someone who has B to sell and wants A and must then make a mutually acceptable deal—what the textbooks dub "the double coincidence of barter." In a money economy, you can sell A for money, or generalized purchasing power, to anyone who wants A and has the purchasing power. You can in turn buy B for money from anyone who has B for sale, regardless of what the seller of B in turn wants to buy. This separation of the act of sale

22. Graeber notes: "coins are preserved in the archeological record; credit arrangements usually are not" (2011, 22).

23. See chapter 4 in *The Wealth of Nations*, "Of the Origin and Use of Money" (Smith [1776] 1994).

> from the act of purchase is the fundamental productive function of money. (1994, 22)[24]

As an actual etiology of money, which supposedly entered the scene as a progressive substitution for barter, the story has conclusively been exposed as a complete myth (Graeber 2011, chap. 2).[25] Nonetheless, the story may still remain serviceable as an expository device, a form of rational reconstruction, highlighting what the institution of money does for us. The story can then be combined with another one explaining how certain objects in the world can come to serve this function. John Searle's influential theory of social reality and its application to money aspires to do precisely that. The theory is quite intuitive, starting with the observation that physical objects, especially human artifacts, can perform all sorts of useful functions, as walls or screwdrivers or paperweights. The performance of such functions usually remains bound up with the possession of distinctive physical features. Walls must be sufficiently high and sturdy to keep intruders out. Interestingly, though, even after total disintegration, reduction to the bare rubble of stones, walls can still perform their function. How so marks the transition to institutional facts, a step Searle describes as "momentous in its implication." He explains the transition: "The truly radical break with other forms of life comes when humans, through collective intentionality, impose functions on phenomena where the function cannot be achieved solely in virtue of physics and chemistry but requires continued human cooperation in the specific forms of recognition, acceptance, and acknowledgment of a new *status* to which a *function* is assigned. This is the beginning point of all institutional forms of human culture, and it must always have the structure X counts as Y in C" (1995, 40, italics in the original).

The statement "X counts as Y in C" provides Searle's schema of constitutive rules, a critical component of his account of money. The central idea, then, is that through the collective assignment of a new status function to certain bits of paper (*legal tender for all debts public and private*) and the meeting of a number of specifications (having particular material ingredients, matching certain patterns, being issued by certain authorized bureaus [Searle 1995, 46]), the said bits of paper (X) will come to count as money (Y) in a political unit such as the United States (C). Searle's overarching aim is to quiet the kind of puzzlement generated when "in our toughest metaphysical moods we want to ask . . . are these bits of paper *really* money?" (1995, 45). His theory seeks to explain how money and other institutional facts can be an entirely kosher part of reality.

My concern with Searle's account is more circumscribed. His account still remains stuck on the medium, some particular thing, and fails yet to arrive at a comprehensive

24. The phrase "double coincidence" was introduced by the nineteenth-century economist William Jevons in his book *Money and the Mechanism of Exchange* (1875) as part of this explanation: "The first difficulty in barter is to find 2 persons whose disposable possessions mutually suit each other's wants[;] . . . there must be a double coincidence, which will rarely happen" (3).

25. Felix Martin wryly notes: "There is a drawback to the conventional theory of money. It is entirely false" (2014, 11).

view of the entire system of exchange and the social elements sustaining it. I grant something like his account must surely be part of the story of money. But I doubt it is the most important part.[26] The most important part is not some status assignment to paper, an event occurring relatively late in the process, but the larger social system in which the entire assignment takes place. As the anthropologist Jack Weatherford aptly notices in *The History of Money* (1997), "Money never exists in a cultural or social vacuum. It is not a mere lifeless object but a social institution. To function completely as money, a material cannot exist simply as an object; it requires a particular social and cultural system. Once a system is in place, many different objects can serve as money" (24).

Searle would surely have agreed with Weatherford's statement. Yet the statement clearly leads away from his theory as the key to money. The key question concerning the nature of money is not how a particular currency gets to be chosen *once the relevant system is in place,* but rather what kind of system must be in place already to lift a community into the position where it would even face the task of selecting a currency in the first place.

What we need is to get beyond the thing model of money altogether, as Felix Martin admonishes us: "Money is not really a thing at all but a social technology: a set of ideas and practices which organize what we produce and consume, and the way we live together. When it comes to money itself—rather than the tokens that represent it, the account books where people record it, or the buildings such as banks in which people administer it—there is nothing physical to look at" (2014, 33).

Money is a social technology,[27] generating and maintaining a huge network of social relations, the "sum total of specific liabilities," as Niall Ferguson characterizes it (2008, 51)—a network, moreover, crucially underwritten by trust.[28] Frankel identifies *the significance of trust in money* as *one of the neglected issues of our time* (1977, 36; see also Simmel 1907, 160–65). Graeber nicely states the basic point: "The value of a unit of currency is not the measure of the value of an object, but the measure of one's trust in other human beings" (2011, 47). A true story best illustrates the centrality of trust for monetary systems, along with making a number of subsidiary points. The story told by Joan Sweeney and Richard Sweeney (1977) features the Capitol Hill Baby Sitting Co-operative.[29] In the co-op, which lasted for several years during the 1970s, families were

26. Barry Smith advances a similar criticism in Smith and Searle 2003.

27. Geoffrey Ingham opens his study of money with the sentence "Money is one of our essential social technologies" (2004, 3).

28. My analysis thus largely concurs with the credit theory of money, as advocated by Alfred Mitchell-Innes, "a position," Graeber writes, "that over the course of the nineteenth century had its most avid proponents not in Mitchell-Innes's native Britain but in the two up-and-coming rival powers of the day, the United States and Germany. Credit Theorists [*sic*] insisted that money is not a commodity but an accounting tool. In other words, it is not a 'thing' at all. You can no more touch a dollar or a deutschmark than you can touch an hour or a cubic centimeter. Units of currency are merely abstract units of measurement, and as the credit theorists correctly noted, historically, such abstract systems of accounting emerged long before the use of any particular token of exchange" (2011, 46).

29. The original point of Sweeney and Sweeney's essay concerns monetary policy and inflation, but I believe the example also speaks to the subject of trust as well as to other subjects that I visit in later sections.

able to exchange baby-sitting vouchers ("scribs") for mutual baby-sitting services. As a first subsidiary point, notice a central and dynamic element the voucher system displays that is quite distinctive of money. A voucher is not just a one-time IOU, binding together a single transacting partnership, as would, for example, a gift coupon for Dad to mow the lawn or some promissory note claiming a favor for a favor, to expire after redemption. Rather, a voucher earned for a baby-sitting service rendered to the Taylors may be redeemed for a baby-sitting service received from the Millers and so on, potentially in circulation forever. Such a leap from a two-party limited exchange to a multiparty cooperative scheme is propelling the system to become money, signifying also the complex network of trust the system truly represents. To best bring out this significance, suppose a third family, the Robinsons, relative newcomers to the co-op, are contemplating baby-sitting for the Taylors, who are moving away and wish to use up their remaining vouchers beforehand. When accepting these vouchers for overtime diaper and feeding service, the Robinsons effectively place enormous trust in the Millers and other families, whom they might not even have met yet, to redeem to newbie neighbors a service rendered to former neighbors. If, conversely, the Robinsons have any doubts that the Millers will not accept the vouchers acquired from the Taylors, it would be highly imprudent for them to consider sitting for the Taylors. As a consequence, the system would quickly collapse. The vouchers, the "scribs," are intrinsically worthless and thus are really tokens of trust. As Yuval Harari writes, "Why are you willing to . . . babysit three obnoxious brats when all you get for your exertions is a few pieces of colored paper?" He concludes that "money is . . . a system of mutual trust [and that] what created this trust was a very complex and long-term network of political, social and economic relations" (2015, 180). In this regard, the vouchers resemble checks that remain in circulation indefinitely, another token of trust as familiar today as in earlier times, such as during medieval Islam. There, Graeber observes, "checks could be countersigned and transferred, and letters of credit (suftaja) could travel across the Indian Ocean or the Sahara. . . . Their value was based almost entirely on trust and reputation" (2011, 276). None of this is news to monetary theorists.[30] Famously, the viability of a monetary scheme encounters no greater threat than a sudden loss of confidence: "when confidence goes, *it* goes."[31]

Once we truly transcend the thing model of money, an intriguing question arises: Can there be money without money tokens or currency? The answer is yes, as a thought experiment with the baby-sitting co-op illustrates. Suppose all participants were equipped with perfect cognitive powers and total trustworthiness. This would leave little use to vouchers. Families would keep track of their debit and credit relationships purely

30. The baby-sitting co-op is but one of many recorded examples of local monetary systems. Another is the "Wunder von Wörgel." During the Great Depression, the Austrian village of Wörgel started circulating "labor certificates" to boost the local economy, which would be accepted by local businesses, finance public-works projects, and pay civil servants. The experiment was terminated by the Austrian National Bank despite its stunning success (Unterguggenbercer 1934).

31. This quip comes from former Treasury secretary Henry Paulson (Blinder 2013, 103).

mentally. Instead of using vouchers, a family would make a mental addition to their baby-sitting credit score after rendering a service to another family and a mental subtraction after receiving a service from another family, in conjunction with making a corresponding addition to the latter's score. The co-op could proceed without any vouchers or tokens ever passing hands. In the real world, this wouldn't work, of course, but the thought experiment still illustrates how the real driving force behind the co-op is a network of trust, not a bunch of vouchers used for the mere convenience of score keeping, which, without the trust, would be not merely useless but also worthless, fit only for the proverbial oven.[32] In light of this, the voucher system may be seen as a convenient algorithm, a self-organizing system of bookkeeping, something of a sizable multilinear abacus.[33]

Nowadays, money without currency no longer seems such a far-fetched scenario. What we are currently witnessing is the gradual substitution of physical money with virtual money.[34] Interestingly, however, the accompanying suspicion—namely, that physical money is the norm, and virtual money the novelty—is probably historically inaccurate, as Graeber points out, another count against the currency-based approach to money:

> The moment one casts matters on a broad historical scale, though, the first thing one learns is that there's nothing new about virtual money. Actually, this was the original form of money. Credit system, tabs, even expense accounts, all existed long before cash. These things are as old as civilization itself. True, we also find that history tends to move back and forth between periods dominated by bullion—where it's assumed that gold and silver are money—and periods where money is assumed to be an abstraction, a virtual unit of account. But historically, credit money comes first, and what we are witnessing today is a return of assumptions that would have been considered obvious common sense in, say, the Middle Ages—or even ancient Mesopotamia. (2011, 17–18)

The baby-sitting co-op supplies an incredibly fertile intellectual toolbox. It can serve to illustrate the deontological structure of the relevant trust network, for instance,

32. Generalizing to any type of currency, Frankel observes that "without [an] additional . . . ingredient even the most superlative coin—as regards weight and fineness—could not completely fulfill its function. That additional ingredient was nothing other than the faith, belief and trust which the coin symbolizes" (1977, 31).

33. Frankel cites a beautiful passage from Frédéric Bastiat capturing the same thought: "You have a crown piece. What does it mean in your hands? It is . . . the witness and the proof, that you have at some time done some work [that] you have allowed society to enjoy, . . . that you have not received back from society a real equivalent service, as was your right. To put it in your power to exercise this right . . . society . . . has given you an Acknowledgement . . . a Token, a Crown piece" (quoted in Frankel 1977, 35).

34. Of the approximate sum total of $60 trillion in current "circulation" worldwide, only $6 trillion, or 10 percent, is physically embodied in the form of notes or coins (Harari 2015, 178).

as a representation of such a structure standing behind money more generally. The Millers are expected to accept the voucher from the Robinsons and to sit for them at some point rather than always select, guided by some overall utilitarian calculation, the family who would benefit most from their sitting services. Or the co-op can serve to illustrate the largely voluntary element in the system. To my knowledge, the Capitol Hill Baby Sitting Co-operative never instituted a law-enforcing agency to hunt down baby-sitting delinquents but always relied on voluntary compliance. The voluntary element and trust, of course, go hand in hand. If people could simply be compelled like automatons to abide by the co-op rules, little trust would be required. Of course, whether an entirely compulsory baby-sitting co-op might have seemed an attractive venture in the first place is another question entirely.

Trust thus emerges as a central factor underwriting monetary systems.[35] *A* central factor, I hasten to add, not *the,* let alone *the only,* factor.[36] No single-dimensional analysis can capture a system as complex as money. My reason for concentrating on trust is my intent to establish an initial affinity between money and morality, an affinity easily missed when all attention is restricted to matters of currency. Speaking of money, Herbert Frankel stresses how it "contributes to the extension of individual personality and facilitates the development of an ever widening circle of economic interdependence based on the dispersion of trust" (1977, 14). Speaking of morality, Annette Baier identifies "the progressive enlargement of climates of trust" as what her favored account of justice inspired by Hume is all about (1985, 57). The parallel manner in which trust lines up in money and morality is intriguing. To see how, begin with a few observations about trust and morality.

Begin again with the voluntary element in moral systems. Moral constraints, too, are to a crucial extent maintained without a Leviathan watching us, contrary to a certain contractarian tradition spearheaded by Hobbes and his followers. "Moral rules differ from laws and regulations," Kurt Baier observes, "in that they are not administered by special administrative organs such as policemen and magistrates" (1958, 193). Neither my institution's departmental library nor its honor code were effectively amenable to supervision, yet each endured. As Cristina Bicchieri concludes, "Hobbes may thus have been wrong when saying that *covenants without swords are nothing but words.* Covenants are made and kept even in the absence of obvious sanctions" (2006, 175, italics in the original). The emphasis on voluntarism and trust is not inconsistent with the observation that external pressure and coercion tend to make a rather substantial difference, occasionally even providing indispensable scaffolding that holds up the larger moral or monetary systems. Yet without a considerable voluntary element, both systems would be sure to collapse, with or without coercive scaffolding. "No one who was the possessor of money could actually force anyone to give him goods or services for it,"

35. Kenneth Arrow generalizes this observation: "Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time" (1972, 357).

36. Frankel speaks of *trust and confidence* as *the essence of money* (1977, 34).

Frankel observes, and that is precisely "why there was some element of faith and trust—that is credit—in all money" (1977, 32).

If we turn now to trust directly, its significance to moral systems is beautifully brought out by some recent work in the social sciences. In his recent book *The Honest Truth about Dishonesty* (2012), Dan Ariely has isolated several core factors underlying cheating through a very clever experimental setup. The results are both surprising and telling. It is not primarily the knowledge that one may benefit from cheating without detection that is increasing the propensity to cheat or the realization that this knowledge is widely shared, as would be suggested by conventional models of rational choice. Rather, little else appears to have as erosive an effect on our honesty as the observation of rampant cheating by others—an erosion, moreover, not readily explainable in purely self-interested terms because the observation of rampant cheating in the experimental setup leaves the individual cost–benefit situation largely unaffected.[37]

What we find, thus, is a reciprocal and trust-based conditioning of the voluntary basis so essential for the functioning of both moral and monetary practices. These practices carry forward on the basis of a preparedness, without the assistance of undue external pressure or coercion, to accept constraints and play by the rules so long as other parties can be entrusted to accept the same constraints and play by the rules, and so on (Bicchieri 2006, 11). This explanation clarifies why the participation of every party to the scheme must be the business of every other party to the scheme. It renders immediately intelligible why, as Ariely's experiments illustrate, we seem bent on monitoring other parties' willingness to cooperate, even in the absence of immediate consequences to our nonmoral concerns. If this sounds familiar, it should because it has been the chief point of a long agreement-based tradition in moral thought. What is remarkable is that we can identify precisely the same basic structure in some nonmoral social practices such as money. And we can observe similar patterns in their evolution, especially their collapse.[38] When trust evaporates, monetary schemes falter. Not even official institutions can sustain them, as many governments have had to learn.[39]

The affinity of money and morality thus displays a surprising depth. Let me close this section with a final observation to the same effect. As I remarked previously, the social thesis often stumbles on the infelicitous metaphors of construction, creation, and invention, all of which apply to morality with considerable strain at best. Money proves why such metaphors are not dictated by the affirmation of the social ontology of

37. Bicchieri notes: "People are not dupes: Cooperation precipitously decays whenever people realize they have been cheated by others" (2006, 48). See also Putnam 2000, 378.

38. Buchanan observes a common form of moral disintegration: "[W]hen some persons, or a critically large minority of persons, are observed to violate ethical precepts that previously have been accepted by almost everyone . . . those who might continue to adhere to the precepts find themselves subjected to what may seem to be exploitation. Once a critical limit is passed here, the standards may erode rapidly as more and more individuals revert to narrowly defined self-interest" ([1975] 2000, 151).

39. The locution "not worth a continental" is still in use, referring to the currency issued and overissued by the revolutionary American colonies, which, as Milton Friedman writes, "came to be accepted only at the point of a gun" (1994, 11).

a domain. There was historically no event of construction or invention where the institution of money was just mysteriously made up.[40] As Milton Friedman remarks, crediting Walter Bagehot, "[M]onetary systems, like Topsy, just grow. They are not and cannot be constructed *de novo*" (1994, xi). The fantasy of somebody crabbing some seashell and then daring his compatriots to use it henceforth as medium of exchange is entirely incredible. The centrality of trust alone explains why. Money simply appears to be a very, very old institution with a long-stretched and arduous evolution. This is the conclusion the other great monetary theorist of the twentieth century, John Maynard Keynes, reached after extensive study of its history:

> "Money, like other essential elements in civilization, is a far more ancient institution than we were taught to believe. . . . Its origins are lost in the mists when the ice was melting, and may well stretch back into the paradisiac intervals in human history of the inter-glacial periods, when the weather was delightful and the mind free to be fertile of new ideas." (2013, 11–12)[41]

Money is thus rather different from traffic rules or club rules or rules of etiquette—the kind of examples that have dominated the discussion of social accounts of morality. The rule Philippa Foot famously introduced into the philosophical literature—namely, "that an invitation in the third person should be answered in the third person" (1972, 308)—does invite the metaphors of construction and invention, together with the associated element of arbitrary discretion. The scenario in which a particular society at some particular moment settles on that rule, then changes it, then suddenly abandons it, and so on is perfectly conceivable. Likewise for traffic rules and club rules, for which we usually can even identify the time, place, and group of people by whom they were instituted. The same is true of the use of currencies, but we now know this is entirely beside the point. Regarding money itself, no such story could be remotely adequate. The social system of relationships and trust that money represents displays a depth and robustness that sets it quite apart from rules of etiquette and the like but in fact much closer to the social system of morality.

Social Practices and Their Interpretation

Turn, then, to the first point of comparison, concerning a curious misalignment between a functioning social practice and prevalent interpretations of that practice. The

40. Even Hume remarks on *the gradual establishment of money without explicit promises* ([1738] 2000, 325). And in the *Enquiry,* he uses money, along with language, as an example of an agreement without promise or contract (Hume [1751] 1998, 172).

41. In the *Genealogy*, Nietzsche makes a very similar observation about the relationship between buyer and seller, creditor and debtor: "No form of civilization has been discovered which is so low that it did not display something of this relationship. Fixing prices, setting values, working out equivalents, exchanging—this preoccupied man's first thoughts to such a degree that in a certain sense it constitutes thought" ([1887] 1994, 45).

history of money furnishes an example for how the social nature of a thoroughly social phenomenon can stubbornly resist recognition for considerable time. This conclusion may seem surprising today because money's social nature is now taken for granted. Yet, Felix Martin observes, "as so often in the history of monetary thought, theory lagged behind practice" (2014, 111). And Hayek remarks, "The operation of the money and credit structure has . . . with language and morals been one of the spontaneous orders most resistant to efforts at adequate theoretical explanation" (1988, 102). In the sixteenth century, the prolonged contest between the Low Countries and Spain for independence has a fascinating monetary counterpart that illustrates how far interpretation can stray from practice, a fact that parties enjoying a deeper insight into the nature and workings of monetary institutions can exploit. "The Dutch Republic prevailed over the Habsburg Empire," Niall Ferguson writes, "because having the world's first modern stock market was financially preferable to having the world's biggest silver mine" (2008, 51).[42] Dutch financiers, unlike the mighty Spaniards, took a crucial leap in understanding. Ferguson continues: "No longer was money to be understood, as the Spaniards had understood it in the sixteenth century, as precious metal that had to be dug up, melted down and minted into coins. Now money represented the sum total of specific liabilities" (51).

The belief in the intrinsic worth of silver that the sixteenth-century Spaniards clung to helps explain why they struggled to come to terms with the inflation that followed the influx of endless quantities of the metal into the Old World after their incursion into the New World.[43] This belief among the Spaniards helped the much smaller Low Countries with their more advanced monetary understanding win independence and eventually, for a certain period, predominance over world trade. Most crucially, it appears, the Spaniards did not appreciate the status of money as

42. Harari writes: "The secret of Dutch success was credit. . . . The Dutch were able to finance their military expeditions more easily than the mighty Spanish Empire because they secured the trust of the burgeoning European financial system at a time when the Spanish king was carelessly eroding its trust in him. . . . How did the Dutch win the trust of the financial system? Firstly, they were sticklers about repaying loans on time and in full, making the extensions of credit less risky for lenders" (2015, 318).

43. Niall Ferguson observes: "And yet all the silver of the New World could not bring the rebellious Dutch Republic to heel; . . . could not save Spain from an inexorable economic and imperial decline. . . . The Spanish monarchs of the sixteenth century, Charles V and Philip II, found that an abundance of precious metal could be as much a curse as a blessing. The reason? They dug up so much silver to pay for their wars of conquest that the metal itself dramatically declined in value—that is to say, in its purchasing power with respect to other goods. During the so-called 'price revolution,' which affected all of Europe from the 1540s until the 1640s, the cost of food—which had shown no sustained upward trend for three hundred years—rose markedly. . . . What the Spaniards had failed to understand is that the value of precious metal is not absolute. Money is worth only what someone else is willing to give you for it. . . . Other things being equal, monetary expansion will merely make prices higher" (2008, 26). Ferguson's explanation represents a broad application of Friedman's famous dictum that "inflation is always and everywhere a monetary phenomenon, in the sense that it cannot occur without a more rapid increase in the quantity of money than in output." The full explanation of the price revolution from the 1540s to the 1640s remains controversial among economic historians, however, and the monetary expansion Ferguson mentions is likely only one among several causal factors. As reported in Hamilton 1934, most of the precious metals left Spain to pay for war procurement in other places in Europe, ending up in India and China, with whom Europe had a chronic commercial imbalance. Another factor contributing to the inflation in Spain lies in the Habsburg monarchy's forcing their subjects to use increasingly debased silver coins domestically, blatantly disregarding the discipline that commodity money imposes on the monetary prerogatives of the sovereign. (I thank an *Independent Review* referee for this information.)

a social practice involving norms of trust. For them, money was specie with intrinsic worth fixed forever. This belief is what Milton Friedman dubs "the metallist fallacy," crediting Joseph Schumpeter with exposing the fallacy underlying the view that "it is logically essential for money to consist of, or be 'covered' by, some commodity so that the logical source of the exchange value or purchasing power of money is the exchange value or purchasing power of that commodity, considered independently of its monetary role" (1994, 14). This is the thing model on steroids, what Liaquat Ahamed calls "the almost theological belief in gold [or silver] as the foundation for money" (2009, 155), which held sway among the Spaniards and throughout much of history. Influential bankers could even insist as late as 1865 that "gold and silver are the only true measure of value. These metals were prepared by the Almighty for this very purpose" (McPherson 1988, 446).

Philosophers were not immune to this belief. In a hearing on monetary policy, John Locke stated: "Silver is the Instrument and Measure of Commerce in the Civilized and Trading Parts of the World" and "the Measure of Commerce by its quantity, which is the Measure also of its intrinsic value" (quoted in Martin 2014, 125–26). In a debate about monetary policy, Locke vigorously spoke up on behalf of the conservative side against monetary reform, which would have required a reconceptualization of money not as silver but as "the sum total of specific liabilities." Without such a reconceptualization, he could not have appreciated the intriguing possibility developed in the discussion of the babysitting co-op—namely, the possibility of money without any money tokens, which captures the fundamental flaw behind any identification of money with some particular thing, be it gold, silver, coins, or whatever. There we noticed that the participants in the co-op, equipped with perfect cognitive powers and total trustworthiness, might have had little use for money tokens to underwrite money.[44]

Now, what should we conclude regarding the Spaniards and their belief in the intrinsic worth of silver? What should they, the Spaniards, have concluded? Certainly not that there really wasn't money because it turns out there is no medium with intrinsic worth that is fixed forever. Rather, what they should have concluded is that they didn't fully appreciate what money really is. Money's value is not underwritten by items with intrinsic worth but by complex social interactions and trust. The situation the Spaniards found themselves in merely embodied a misalignment between a practice and interpretation.

Interestingly, this misalignment in the sixteenth century represents a regression in conception, a loss of insight upheld during much of the medieval period, when, as Graeber explains, money retreated into virtuality, and "most everyday transactions dispensed with cash entirely, operating through tallies, tokens, ledgers, or transactions in kind" (2011, 282, 283). "As a result," he goes on to explain, "when the Scholastics came to address such matters in the thirteenth century, they quickly adopted Aristotle's

44. Locke was not the only philosopher drawn to the thing model. In the subsection "What Is Money?" in *Metaphysics of Morals,* Immanuel Kant mounts a philosophical argument that bank notes and promissory notes unsecured by hard cash cannot properly be regarded as money ([1798] 1996, 435).

position that money was a mere social convention" (283). The fetish of gold and silver appears to have made the Spaniards forgetful of the Scholastics' insight into the nature of money as a social convention.

We should resist passing too harsh a judgment on the Spaniards. Their misinterpretation was neither altogether insensible nor unintelligible, and it is instructive to see why. Intelligibility is easy, beginning with the eerie spell that gold and silver have always cast on the human mind. This magical hold is observable throughout various ages, places, cultures, and religions, as Weatherford explains in *The History of Money*:

> People around the world have closely associated gold and silver with magic and divinity. . . . In most cultures, the gods valued offerings of precious metals more than flowers, food, animals, or even human beings. . . . Gold was considered a divine substance. People around the world noted the resemblance of its color to the sun, a coincidence to which they ascribed a deeper meaning. The ancient Egyptians believed that gold was sacred to Ra, the sun god. . . . Among the Incas of South America, gold and silver represented the sweat of the sun and the moon. . . . The ancient people of India considered gold the sacred semen of Agni, the fire god. . . . The Chibcha Indians performed an annual ritual in which they covered their chief with gold dust. . . . The chief was known to the Spaniards as El Dorado, the Golden One, and his wealth became the object of the greatest search in world history. (1997, 26–27)[45]

To a population acculturated to an economy revolving around precious metals, where gold and silver are regarded as sacred substances and have underwritten transactions as long as anyone can remember, a readiness to reify monetary value must come rather naturally. Even today, decades after the complete takeover of pure fiat currency and with routine media coverage of social institutions such as the Federal Reserve in charge of monetary policy, one finds tourists asking what some commodity costs in "real" money, as if it were the intrinsic value of this supposedly "real" money that backs up the foreign currency. As Milton Friedman observes, "Our own money, the money we have grown up with, the system under which it is controlled, these appear 'real' and 'rational' to us. Yet the money of other countries often seems to us like paper and worthless metal" (1994, 7). It is once again the thing model Martin mentioned. What is accepted so readily in exchange for the sweetest goods must seem precious. That it is precious precisely because it is accepted, because it is accepted, because it is accepted, and so on and so forth requires a major leap in understanding—a leap, moreover, that would be cognitively costly while rarely giving single individuals an edge in their monetary dealings, even if occasionally it does, as the struggle between Spain and the Low Countries exemplifies. We might dub this general situation "rational

45. The passage quoted has been slightly reorganized in terms of the order of the sentences.

metatheoretical ignorance." Thus, no deep psychological insight is required to expect people to mentally gravitate toward and ultimately fetishize the tangible tokens of exchange and to overlook the intangible and socially complex realities behind them.

The misinterpretation is also sensible, contributing to the maintenance of the practice in virtue of its capacity as a useful fiction. Milton Friedman once remarked on "how important appearance or illusion or 'myth,' given unquestioned belief, becomes in monetary matters" (1994, 7). Faith in the intrinsic worth of specie, for instance, puts some checks on the abuse by the monetary authority, impeding "the guardians" of the currency from tampering with and debasing it for their own profit—an argument employed by defenders of the gold standard up to the present day.[46] However repackaged, so much gold and silver remains only so much gold and silver. Moreover, without an adequate monetary institutional framework in place, some fictional element might have come in handy as compensation for this institutional underdevelopment. Whether there is indeed a reverse correlation between the level of monetary fiction and monetary institutional development is a question economic historical scholarship would have to take up, but it is interesting that some societies with advanced institutional systems, such as the Chinese Empire during certain periods, managed to maintain currencies rather tenuously associated with precious metals. In his reports of the many marvels from China, Marco Polo reserved a special place for paper currency (printed on mulberry bark), a true cultural achievement unthinkable in the Europe of his day.[47]

Moving from money to morality, I claim we find a comparative misalignment between morality as a functioning social practice and philosophically prevalent interpretations of it. The social thesis clashes with widespread convictions about the nature of morality in a particularly profound manner. As many philosophers see it, this clash forces us to make a choice between a practice-based account of a different sort of morality and a different sort of account of morality. In philosophical terminology, either we must become error theorists about morality, presumably having discovered that there is only a social practice instead of the real thing, or we must affirm the real thing, acknowledging that it cannot be a social practice. But it is a mistake to assume we must make such a choice.[48] In particular, I believe that the Spaniards' detrimental misconception of money is analogous to our current misconception of morality. We, like they, more or less successfully participate in a social practice we systematically misinterpret. And when we correct that misinterpretation and come to regard morality as a social practice, what we should conclude is not that we discovered that there really wasn't such a thing as morality but rather that we just didn't fully appreciate what morality really is.

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46. Some Austrian School economists support a return to the gold standard.

47. Graeber writes: "If it was only China that developed paper money in the Middle Ages, this was largely because only in China was there a government large and powerful enough, but also, sufficiently suspicious of its mercantile classes, to feel it had to take charge of such operations" (2011, 270).

48. Stephen Finlay (2008) advances a related diagnosis of *the error in the error theory.*

The conclusion of this section is that the systematic and persistent misinterpretation of morality in nonsocial terms should not at all surprise us because nonsocial misinterpretations are common even for the most prototypical of all social practices, such as money. We need to recognize that social practices do not necessarily wear their social ontology on their sleeves and that effective participation is fully compatible with systematic misinterpretation. The aforementioned clash of the social thesis with common moral conviction is to be expected. Instead of constituting an embarrassment for the social thesis, the thesis predicts and partially explains precisely this predicament.

This essay advanced an indirect argument in defense of the social thesis, mobilizing the prototypically social phenomenon of money to counter some principal objections to a thoroughly social rendition of morality. For this purpose, it documented some of the complexities of money. It was no part of my argument to advance the money/morality analogy as a perfect one. Though surprisingly fertile, it surely is not perfect. Every affinity has its limits. But this essay's argument does not require a perfect analogy. The imperfection of the money/morality analogy does not diminish the service the analogy can render where it can be of service.

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