

Temporal Money

Money is an abstract concept, just as is energy. Energy is the common denominator between electricity, chemistry, gravity, and mechanical work. Likewise, money is the common denominator between labor, material, services, and property. Energy is the currency of the physical world. Money is the currency of the social world.

No other animal, insect, fish, or bird uses money. Money is a human invention, and a recent one. Money is unnecessary for human existence. So temporal money refers to the fact that money was not always in the hands of humans. It is now, in some places but not all places. Money has this relationship to humans and time that suggests a transient coexistence. It's permanence is not guaranteed. This article will peer into the phenomena of money from the outside as the past, the present, and the future.

The Way it Was

With or without money, the Earth turns, the sun shines, rain falls, and flowers bloom in the spring. Violent struggles among humans happened, but they were not over money. Wars were fought to gain access to resources of value. There was killing, but it was not for insurance payouts. Sickness, aging, and death continued as always. Biological evolution was the progress of the times. The primary human struggles were what to eat, how to shield from the weather and enemies, and some considerations of unseen deities. The human activities that produced wealth were agriculture, construction, resource extraction, and making goods (manufacturing). There was no serious desire to accumulate that wealth long term, albeit there was a territorial struggle for power. If there was greed, then it was not obvious. These are speculations because I was not there to witness, nor was it historically recorded. Only things of value were sought after. How would a society function?

I suppose there would be some form of organized human hierarchy with a leader and followers. This would be the beginnings of what we would call a government. There would be an elder or wise

chief, workers, hunters or food gathers, protectors from external threats (soldiers), and mothers nurturing the young. The focus would be first on needs, then wants. Trade for those commodities would be in the form of barter. The mindset would be on long range needs. This would all happen without money as a factor in the exchange. The exchange currency of value would be food, skins, weapons, perhaps trinkets, or other goods that were extracted from the environment. I suppose these items could be accumulated as a store of wealth. This would be the beginnings of money. But these would be mostly perishable and not hold their value indefinitely. The value would corrode, decompose, or evaporate. There was no need to accumulate goods beyond death.

There exist human societies today on the planet that function without a currency of exchange. They exist in native cultures in remote areas. Other mammalian species function without money. They have alternatives for satisfying their basic needs, which are sharing and bartering. It is a mutual caring relationship. The aspirations and life goals of pre-money, and absent money, societies are fundamentally different from money based societies today.

The Way it Is

Children arrive today on a planet dominated by money. It was not always this way. As they mature, they learn to acquire the desire for money. It is associated with parental approval. It seems to produce some kind of pleasure to have possession of some of it, and it is a status symbol among siblings. It is a learned characteristic. It is not natural. The desire for money is a “want”, not a need. It is an expected behavior to function in a society, but not a necessary activity for survival. What really is money?

Money can take many forms. It could be precious metals. It could also be skins, beads, gems, coinage, salt, paper notes, and almost anything else. It may have little or no intrinsic value all by itself. Metals do have value in the manufacture of stuff, and skins and salt also have some usefulness outside

of a symbol for money. The value in money is its “perceived” value, not necessarily its ability to have any useful ability to enhance human existence. Money has five characteristics:

1. As a store of value, it can be saved and used later.
2. As a common unit to form a basis for prices.
3. As a medium of exchange.
4. Being non-perishable, it holds its value over time.
5. Portability.

How is money created and controlled?

The king defines monetary value and controls it. The king can be any form of government i.e. a dictator, a democracy, a republic, a military tribunal, etc. Governments survive on managing the money. They print it, they collect it, and they distribute it. Governments and money go together like bees and honey. They almost never exist independently in a modern world order. No money – no government. Governments also regulate the supply of money. The supply is tightly regulated to be finite. If there was an unlimited supply, then its perceived value declines. This brings up an interesting recent development in the past 80 years (after WWII) of the International Monetary Fund, or IMF. Philosophically, this points to a new world order in the making. The invention of money has had effects on human relations, both positive and negative. The positive effects first.

Money promoted trade, innovation, and population expansion. There was global exploration and trading before money as we know it today, but a common currency made the international exchange easier to consummate. Money expanded markets where people could trade more efficiently.

The lending of money allowed the entrepreneur to move his/her creation from an idea to a commercial product that satisfied real human needs. This also created a whole new financial services industry. Good or bad, it expanded human innovation. It also expanded the individual psychological sense of worth. Humans like mathematics and money. They seem to go hand in hand. Money is handled arithmetically with numbers. Counting numbers and counting money are both desirable human

activities. It's not just arithmetic with money that we have fun with, but also trending (the stock market), statistics, probability, value judgments, and control.

Finally, money gets people motivated and keeps them motivated. Now for the bad side.

With money present, there is more opportunity for people to abuse one another. The abuse can be in the form theft, usury, and insurance. When money was solely in the form of coinage, the thief more than likely had to personally confront the owner. There had to be a face to face contact. Now with more digital money in the form of a coded card or numbers stored somewhere in magnetic memory, the personal contact is no longer required to move the value.

Usury is the lending of money with an interest charge for its use. This is different than returning a favor. The lender is preying on the emotions of the borrower who wants something "right now", but does not have the means to purchase it. The lender will extract a heavy fee or take some property as collateral. The lender takes a calculated risk that you may not be able to repay the fee and then takes possession of your property, all legal, to your detriment. This is similar to a parasite that you may allow into your presence with no good outcome for you. Carrying debt is forbidden in some religions, specifically Islam. When money is discussed, God leaves the room. Money is related to business. It has nothing to do with religion. God is divine, eternal, and immortal. God has nothing to do with business.

Insurance is selling hope for a fee. This sounds similar to some religions. The value is questionable as to being tangible or a false hope. The other issue is that it removes some accountability for commercial insurance policies. If I can be re-reimbursed for unknown losses, then I may be tempted to take more risk and not be concerned about taking proper precautions. It encourages dangerous business behavior, and even criminal behavior to collect payouts. The existence of money creates the insurance industry.

As mentioned earlier, the only human activities that create wealth are agriculture, construction, and manufacturing. Everything else is government or services. The existence of money created the financial services industry. These are people who are now removed from the wealth activities, but are

engaged in moving money around and collecting a fee for profit. This is a livelihood of some value to society, but it does not create wealth directly.

Then there is capitalism. That is not a form of government, but a form of economics that exploits labor and material to produce cheap products in quantity, whether we need them or not. That system produces a moderate benefit for many in the form of jobs, and obscene wealth for a few. It could not exist without money. It is a system driven to extremes by greed. Philosophers will continue to debate whether capitalism is the end system for human benefit.

We cannot finish this discussion without talking about the mentality of the miser. Two of the benefits of money were the ability to store it, and it holds its value. That makes a lot of sense to prepare for a rainy day. It brings a sense of happiness. So there is a correlation between money and happiness. The illusion is that more money brings more happiness. Not so. The analogy would be chocolate. A little bit of chocolate would bring pleasure, but a huge amount of chocolate will bring on something else. So the miser has this illusion. Unfortunately with more money comes the burden to manage it with storage, protection, and the personal relations with those nearby who would like to separate you from it.

There are some idiomatic expressions relating to money that are myths. One is that money assigns value and more money attaches more personal worth. This is an illusion, mostly among men. Women value relationships more than money. Men value power, which comes in many other forms besides money. No need to elaborate.

Another myth is that “time is money”. There is no direct correlation except when people sell their labor time for an hourly rate. I suppose this myth comes from the financial industry where the time value of money is calculated as interest payments. Time is measured in seconds and money is measured in dollars. It is comparing apples to oranges. There is no equal sign between them. But we will let the myth stand in the way our modern world operates.

Another myth is that “money talks”. Not really, but it does influence decisions when placed as a temptation in the form of bribery. There is no effective way to control this behavior, so we may as well accept it as the way the world of politics and crime works.

“Money makes the world go round”. Another falsehood. It encourages and smooths international trade, good or bad. I could also say that money slows the world of human progress in weapons trading and drug transactions.

How is money perceived when approaching the end of life? The answer is of lessening value. Our elder wealthy citizens are more concerned about health than money. The money that they have accumulated is being considered for legacy value. Their decisions are being directed to taxation, inheritance, philanthropy, family continuity, and sometimes vanity (statues, portraits, monuments). No longer is accumulation on their minds, but the opposite in terms of flowing it outward.

Money is in a transition stage where it is becoming less physical and more digital. We can see this in the form of more credit card transactions and a cashless society. It is moving further toward the abstract, like cryptocurrency (Bitcoin). Let’s see how we got to this point and where we may go from here.

Up until 1971, the United States was on the gold standard, on and off. Until then, every US dollar could be exchanged for gold that was held in reserve in the US treasury. Gold has some commercial value as a good conductor of electricity and a plating to prevent corrosion from oxygen and water. It also had some artificially desired value as jewelry. Gold had some real value. The paper dollar had a value that was convertible to this metal. Other countries were on the silver or gold standard also. In 1971, the Nixon administration ended the gold standard for various reasons and allowed the dollar value to float. The value of the paper dollar then became only a number because the paper itself was of little value. If currency is no longer backed by something of real value, then it is an abstraction, or “funny” money. “Fiat money” is the term it adopted. It was born when precious metals were de-linked

from the paper notes that represented their exchange value at the bank. Fiat money is materially worthless. It is based on trust, or faith, that others will accept it.

With Fiat money as an abstraction, then it becomes just a number recorded on a piece of paper. It can then transition to just a number recorded in digital memory somewhere. We can then save the paper and have transactions by just exchanging numbers. The big question is who generates the numbers. The governments risk losing control of their source of power. Without the ability to print money, governments could collapse.

The Way it Could Be

Imagine, if at some time in the future, that there was no more money. How will humanity cope? Well first, if humans went extinct, then money will instantaneously disappear also. But let's assume that humans remain and only the idea of money was no longer needed. There is no guarantee that money has any long term sustainability because there was time when it did not exist. It came and it can go away. If humans existed in groups before money, then they can continue to exist in groups post money. Humans and their society can and will survive without money. It could look like a pre-money world, or it could be something different, and better.

First, there will no longer be any super wealthy. Second, there will be no need for any money changers. Banks will go "bankrupt". There will be no need for any "middle man" currency movers. Exchange of value will be between individuals as an exchange of numbers. Bits will move between people. Third, crime will go down. The stealing of numbers will be under control by the individuals and not "laundered" through banker institutions. The future exchange in trade will be by the people who control the flow. Fourth, human relations will not be filtered by superficial wealth. I will not look at you and see dollar signs. Life decisions will be based on long term goals to produce long term benefit. The short term "return on investment" concept will be relegated to history. A business plan will look very different without money as the common denominator. People will not accumulate the coins,

the gold, the paper, and the beads. The miser will have nothing to do. I can imagine people being engaged more in the activities that produce real wealth, like agriculture, construction, and manufacturing, with almost no one employed in moving money around.