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~~Not for publication~~

Passages from

RONALD F.G. SWEET:

ON PRICES, MONEYS, AND MONEY USES

IN THE OLD BABYLONIAN PERIOD

(Chicago, Illinois, Dec. 1958)

A Dissertation submitted to the Faculty
of the Division of the Humanities in
condidacy for the degree of Doctor of
Philosophy

THE UNIVERSITY OF CHICAGO: DEPARTMENT OF ORIENTAL LANGUAGES
AND CIVILIZATIONS

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Difference of the Present Study from Earlier Studies of Old Babylonian Price Data

In view of the criticism that we have made of earlier treatments of Babylonian price data, our own study has followed somewhat different lines. Being pessimistic of the amount of meaningful information that can be derived from a mere cataloging of the equivalencies of various objects, we have paid greater attention to the related institutions of money and money uses than has been done before. What was used as money in Babylonia during the Old Babylonian period and how was it used? The question of money is closely connected with that of price data because the price data involved a money use, namely, the use of silver as a standard of value. But was silver the only standard? And does this use of silver as a standard imply that silver was also the regular means of payment? If silver was a means of payment, was it also the preferred means of exchange, if indeed there was one? By this we mean, did a man who owned some barley and who wished to acquire some sesame in place of the barley normally do so by first exchanging the barley for silver and then by exchanging the silver for the sesame which he wanted? Or was there another preferred means of exchange, or was there none at all? If silver was considered the regular standard of value, was the hoarding of silver the accepted means of storing wealth, which is another function of modern money? These are questions which a study of Babylonian money must answer. (p. 78-9)

Definition of Terms

In a study of moneys and money uses it is necessary to define what is understood by the term money. We are well aware that economists themselves can differ on the definition of money and we shall not embroil ourselves in the niceties of their discussions or reveal our naiveté in economic affairs yet more by inventing our own definition. Instead we shall accept the definition given by Professor Karl Polanyi, the stimulus of whose ideas originally suggested this dissertation.[69] Professor Polanyi brushes aside the modern catallactic definition of money as anything that is widely used and accepted within a community as a means of exchange. This definition is true of modern money which, because it is a means of exchange, is also used for payment and as a standard. But even modern money still serves entirely distinct purposes which cannot be comprised under a common denominator. We must not assume that there was in archaic societies one "all-purpose" money such as we have to-day, which could be employed for all the various uses that money serves. Instead there may have been a separate money for each money use. We should therefore distinguish each function of money and treat it as a separate phenomenon. This is what Professor Polanyi has done. He has distinguished the use of money as a means of payment, as a standard of value, as a means of storing wealth.[70]

By payment is meant the discharge of ~~bli~~ obligations by handing over quantifiable objects which can be such things as shells, coins, pieces of cloth, or measures of barley. It must be possible to discharge at least two different obligations by handing over objects of the same kind for these objects to qualify as money. Otherwise one may only say that an obligation in kind has been discharged. Thus, if barley was acceptable for the payment of taxes, for the purchase of slaves, and for the purchase of sesame oil, we could say that barley was an accepted means of payment and could rightly be called a money. But if barley was acceptable only for the payment of taxes, we could not call it money; we would only be justified in saying that taxes were paid in barley.

By the use of money as a standard is meant "the equating of amounts of different kinds of goods for definite purposes." The "operation", as Professor Polanyi calls it, "consists in the attaching of numerical tags to the various objects to facilitate the manipulation of those objects."[71] Thus a pound of butter, two pounds of cheese, and three pounds of sugar might each be equated with one pound of rice, so that two pounds of butter, four pounds of cheese, and six pounds of sugar could each be termed "two" (i.e., equivalent to two pounds of rice) and the whold group could be added up as "six". If ~~th~~ rice were regularly used in this way as a standard of value it could rightly be called money. The purpose of this standard, or accounting, use of money is to make possible the barter of different kinds of goods and the drawing up of accounts and budgets.

By the exchange use of money is meant the preferred use of a definite kind of quantifiable object for the acquiring of anything by means of indirect exchange, as already illustrated on page 79. Thus, if the possessor of goods A wished to acquire goods B, he might prefer to do so by first acquiring goods C for A and then by exchanging goods C for B. To the extent to which such a preference for the use of goods C in indirect exchange is common, goods C are employed as money.

The use of money as a means of storing wealth is self-explanatory. It refers to the objects which are customarily employed by a society for the storage of value, which can be put away until they are wanted without losing any of their value in the meantime. The objects used for this purpose with which we are most familiar are the precious metals, in particular gold.

In this section on the terminology which we use, mention should also be made of the term "equivalency" which has already been used frequently. This is a term of Professor Polanyi who had defined it as "that amount of A which, if it is (a) exchanged, (b) substituted, or (c) reciprocated for B, would be regarded as 'right'". Professor Polanyi uses the term to describe a "price" which is arrived at by means of other than the higgling and haggling of a competitive market system, where the driving motive is the desire to make a profit and to gain an advantage at the expense of one's partner in exchange. An equivalency is arrived at by custom and a sense of what is "right" and "just". It was recognized by all members of the community who would consider it improper to alter it, in the same way that some Hebrew and Greek thinkers considered the taking of interest to be improper, even though the idea that the use of capital should command a price seems proper and just to our own way of thinking. The equivalencies did change, of course. But any change which was made imperative by changed economic conditions would come into force only when confirmed by the civic or commercial leaders of the community, whose decision would probably be made known by proclamation or by being posted in writing. This meaning which is attributed to the term "equivalency" involves a far-reaching novel interpretation of some basic institutions of economic life. Our own use of the term, however, should not be taken to imply complete assent to Professor Polany's interpretations. We have not studied the question of how prices were determined and whether there was a market system in the Old Babylonian period, and we are undecided as to whether Professor Polany's hypothesis fits the facts of Mesopotamia. We do not know of any indication from this period that profits were made on price differentials, which is a characteristic of a market economy. But if there were publicly recognized equivalencies, they were certainly never in force long and they were subject to big changes, as shown by the fluctuations in the values of the staple commodities which we have illustrated for the case of barley. We therefore use the term "equivalency" in a non-commital way with respect to Professor Polanyi's central thesis. The positive reason for preferring this term to "price" is that "price" has overtones of purchase; it implies that the object of which the "price" is given has either been bought or is up for sale. But it often happens that we require a term which simply expresses the idea "that which is equal to", and "equivalency" does this excellently.[72] (p.79-83)

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69. See K. Polanyi, C.M. Arensberg, and H.W. Pearson, Trade and Market in the Early Empires (Glencoe, Illinois: Free Press and Falcon's Wing Press, 1957), especially Chapter 13 by Professor Polanyi, "The Economy as Instituted Process."

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accepted British-American tradition defines money functionally, assigning to it two primary and two subsidiary functions: to act as a medium of exchange and common denominator of value and to perform the functions of a store of value and standard of deferred payments," ("Money," Encyclopaedia of the Social Sciences, Vol. X (1935),p.601). It will be seen that Gregory does not single out money as a means of payment but he does treat the use of money as a standard of deferred payments separately (this we would subsume under money as "a common denominator of value" -- but we do not wish to enter this arena of possible controversy). Reference might here be made to two comparatively recent studies of money in primitive societies; A. Quiggin, A Survey of Primitive Money (London: Methuen, 1949) and P. Einzig, Primitive Money (London: Eyre and Spottiswoode, 1948).

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72. We have often preferred the term "equivalent" to "equivalency" in our translations. "Equivalency" normally means in English "the state of being equivalent" or "the state of there being equivalents," and the terms of such an equivalency are better called "equivalents." But we have often retained "equivalency" to express the relationship of the equivalents one to the other and to designate the rate at which one thing was equivalent to another.

To summarize this section on moneys of payment, we may say that silver appears to have changed hands as a means of payment only in small amounts and usually in minor transactions. For large payments, such as for the rent of lands or houses, payments were made principally in kind, such as barley or sesame oil, and these two particular commodities were used so extensively for making payments that they can themselves justly be called moneys of payment. Particular obligations could be settled with any commodity or combination of commodities, subject, we must assume, to the agreement of the payers. When payments were made with several different kinds of moneys, their total value was reckoned up by conversion to their silver equivalents. Wages were paid mainly in kind, as would be expected in a predominantly agricultural community, but there is clear evidence that silver could be demanded and that it was sometimes paid.

Money as a Means of Exchange

There is one other money use that was mentioned on page 81, namely, money as a means of exchange. "Money of exchange" consists of units of quantifiable objects which are acquired by direct exchange for one's goods (or services) and which are then bartered in a further act of exchange to acquire the objects ultimately desired. If there is a distinct preference to acquire goods (or services) via such an intermediate means of exchange, this means of exchange is a money.

There is no evidence that there was such a preferred means of exchange in Mesopotamia during the Old Babylonian period. The texts already quoted have shown that barter of any commodity for any other was the regular practice. Objects were frequently acquired by being exchanged for barley, but it was not necessary that the object given in the act of exchange should be barley. It was commonly used only because it was such a common commodity, being the staple food, but a desired object could be acquired equally well by giving a garment or an animal in exchange, provided that it met with the approval of the other party to the deal.

Nor was silver the preferred means of exchange. Like anything else, silver could be offered in exchange for a desired object, but is was not an obligatory, or even the most common, practice to offer silver. Silver, usually in small amounts, seems to have been common as a means of exchange when a person required means with which to make payments or acquire goods and when the means had to be sent a considerable distance to him. In these circumstances it would be slow and incommodious to transport bulky ~~obj~~ goods which would probably have been used had they been immediately available. But a quantity of silver sufficient for the man's needs could be sent to him speedily by a messenger. This situation is suggested by the frequent requests for the dispatch of silver (usually in small quantities) found in letters. But even here silver was not the necessary menas of exchange in these circumstances, due to the fact that a means of payment was required quickly and that silver could be sent far quicker than ~~anyting e~~ anything else.

Undoubtedly silver could also be used to acquire a desired object even when other objects that could be exchanged were available, although such cases were in all likelihood uncommon, because silver appears to have been an uncommon object. Here again, however, the silver was not a necessary or preferred means of exchange. It was just another object, on a par with barley or oxen, which might be offered in an act of direct exchange and which the other party to the deal might agree to accept.

There is therefore no reason to think that there existed any money or moneys of exchange in Mesopotamia during the Old Babylonian period.

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