A CHARTALIST CRITIQUE OF JOHN LOCKE'S THEORY OF PROPERTY, ACCUMULATION, AND MONEY: OR, IS IT MORAL TO TRADE YOUR NUTS FOR GOLD?*

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The focus of this paper is John Locke's theoretical defense of economic inequality. It is well known that Locke identified labor as the original and just foundation of property. Succinctly, Locke's was a labor theory of property. Now, while Locke saw private property as legitimate, he proposed that the state of nature within which people interact is part of a social system that is regulated by distinct rules that limit accumulation. There is nothing in Locke's initial argument that allows for unbounded accumulation and consequent inequality. The justification for unbridled accumulation comes later, and rests squarely on Locke's treatment of money as a non-exploitive institution. For Locke, money allows unlimited accumulation while still adhering to the rules he established to govern morally correct behavior. In this paper, we challenge Locke's position by contrasting his exchange-based view of money with the debt-based or Chartalist theory of money. We demonstrate that when money is properly conceived, Locke's own moral strictures regarding property are violated, and his theoretical defense of the accumulation process is undermined.

Locke on Property and the Benefits of Money

All readers are probably familiar with Locke's "workmanship" justification for the existence of private property. By applying one's labor to the commons, one obtains a right to property: While God "*has given us all things richly,*" "it cannot be supposed he meant it should always remain common;" rather, he intended that each man take as "much as he may by his labour fix a property in" (Locke 1967: 307-8; emphasis in original).

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But Locke's defense of private property was predicated on two conditions. Initially, no individual can claim an amount of property that would allow the production of output above that which the property holder could use. This is the spoilage constraint:

> The same Law of Nature, that does by this means give us Property, does also *bound* that *Property* too. *God has given us all things richly* . . . But how far has he given it us? To *enjoy*. As much as any one can make use of to any advantage of life before it spoils; so much he may by his labour fix a property in" (Ibid: 308; emphasis in original).

Second, the appropriation of property could not "prejudice" any other member of society as Locke assumed that ". . . there was still enough (land), and as good left, and more than the yet unprovided could use" (Ibid: 309). This moral constraint is predicated on the right to subsistence: the privatization of land could not disadvantage non-property holders, violating their right to subsistence goods. In fact, non-property holders had a right to seize the output of proprietors should they be disadvantaged through the creation of private property (Ibid:188).

If one controlled an amount of property that allowed output beyond one's consumption requirements, thus causing some output to spoil, that owner ". . . took more than his share, and robb'd others" (Ibid: 318). That is, others were denied the use of the spoiled output resulting from privatization and were thus "prejudiced." Spoilage offends ". . . the common Law of nature," and the property owner "was liable to be punished" for "he had *no Right*, farther *than his Use* called for . . ." (Ibid: 313; emphasis in original).

Why does Locke impose these constraints? During the English Civil War (1640-88), the property rights of both large landowners of a semi-feudal character as well as those of the proto-capitalists of England had been under attack by organizations such as the Diggers (on which, see Petegorsky 1940). In light of the claims that property disadvantaged the larger, non-propertied portion of the population, Locke established a workmanship standard as the foundation for legitimate property rights, where "honest" labor working on its own land would promote the interests of society as a whole. However, the rights of property holders were constrained by the rights of the community, in particular the right to subsistence. Essentially, Locke's argument supporting attenuated property rights is situated ". . . in a complex moral scheme that left room for other demands of social justice" (Shapiro, 1995: 22), a fairly clear nod to the more radical elements of the period in attempting to develop a politically acceptable rationalization for property. (On all this, see Henry 1999.)

For what follows, it is important to reiterate the Lockean condition that lies at the foundation of his defense of private property: the appropriation of property by some must not disadvantage others. Private property is socially (and morally) acceptable only if it advances the social welfare of the whole community without harming or prejudicing any particular member.

With the above as a foundation to his argument, we now turn to an examination of Locke's defense of the accumulation process that is integral to a capitalist economy. Clearly, to be consistent, Locke must demonstrate that accumulation by capitalists cannot be undertaken on the backs of others (as in the works by Marx, Veblen, and other critics of capitalism). Accordingly, he must show that any resulting inequality cannot be the result of injustice in the production-distribution process. In other words, wealth of some cannot be the cause of poverty for others.

The Exchange-Based View of Money

Locke finds the solution to this problem in the invention of money. As his proposed solution lies at the bottom of a long-standing debate on the nature, origins, and social function of money, an extended quote from *The Second Treatise of Government* is in order.

> And indeed it was a foolish thing, as well as dishonest, to hoard up more than he could make use of. If he gave away a part to any body else, so that it perished not uselesly in his Possession, these he also made use of. And if he bartered away Plumbs that would have rotted in a Week, for Nuts that would last good for his eating a whole Year, he did no injury; he wasted not the common Stock; destroyed no part of the portion of Goods that belonged to others . . . Again, if would give his Nuts for a piece of Metal, pleased with its colour; or exchanged his Sheep for Shells, or Wool for a sparkling Pebble or a Diamond, and keep those by him all his Life, he invaded not the Right of others, he might heap up as much of these durable things as he pleased; the *exceeding the bounds of his* just *Property* not lying in the largeness of his Possession, but the perishing of any thing uselessly in it.
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> And thus *came in the use of Money*, some lasting thing that Men might keep without spoiling, and that by mutual consent Men would take in exchange for the truly useful, but perishable Supports of Life.
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> This is certain, That in the beginning, before the desire of having more than Men needed, had altered the intrinsick value of things, which depends only on their usefulness to the Life of Man; or [Men] had *agreed, that a little piece of yellow Metal*, which would keep without wasting or decay, should be worth a great piece of Flesh, or a whole heap of Corn . . .
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> And as different degrees of Industry were apt to give Men Possessions in different Proportions, so this *Invention of Money* gave them the opportunity to continue and enlarge them (Locke 1967: 318-19, 312, 319; emphasis in original).

Now, Locke makes a number of important points in the above passages. First, he argues that it would be both “foolish” and immoral to take more (plums) from the earth than one could make use of before the spoilage constraint begins to bind. Second, he maintains that should one happen to be so industrious as to accumulate more plums than could be promptly used, one could avoid prejudicing others by bartering the plums for the more durable excesses of another. Third, accumulation is limited only by the extent to which surplus perishables can be converted into durables. Fourth, the durable asset, which would serve as both a medium of exchange and a store of value, was settled upon by common consent. And, finally, this asset—termed money—enabled the industrious to accumulate property beyond that which would otherwise have been considered appropriate (or moral).

For Locke, the ownership of land (property in general) is initially justified only to the extent that one can actually apply one's labor to that land (ignoring here the theoretical problem associated with the introduction of the "horse" and "servant"), and one is entitled to produce only what one can consume. But, once money is discovered, Locke argues that it is perfectly acceptable to lay claim to more land than one's own labor could service, provided the proceeds of the land can be converted into the durable (money) asset before the spoilage constraint becomes operable. This leads Locke to conclude that:

> [I]t is plain, that Men have agreed to disproportionate and unequal Possession of the Earth, they having by a tacit and *voluntary consent* found out a way, how a man may *fairly* possess more land than he himself can use the product of, by receiving in exchange for the overplus, Gold and Silver, which may be hoarded up *without injury to any one*, these metalls not spoileing or decaying in the hands of the possessor. This partage of things, in an inequality of private possessions, men have made practicable out of the bounds of Societie, and without compact, only by putting a value on gold and silver and tacitly agreeing in the use of Money (Ibid: 319-20; our emphasis).

Thus, by *collectively* agreeing to the use of money, society has tacitly sanctioned inequality. Moreover, this inequality is "fair" and just because it was said to arise from men's "differ(ing) degrees of industry." Since some work harder, they have a legitimate right to lay claim to a quantity of property in excess of that which they, with their own labor, could use. Although these hard-working peasant proprietors still had to adhere to the spoilage constraint, Locke argues that the (collective) decision to use gold and silver enables the industrious to escape this constraint by selling the excess for money. Essentially, producers are merely satisfying the use requirements of others.

Return to Locke's problem. Locke initially provided a defense of property based on a workmanship standard: the product of one's own labor justified appropriation. This would be seen as (generally) consistent with the arguments of the radical groups so prominent during the English Civil War who were protesting the property rights of *large*, mainly semi-feudal, property holders. According to Locke, the development of money permits accumulation, but accumulation, if unbounded, seems inconsistent with the workmanship, or petty-production, standard. Thus, to defend the accumulation process consistent with a capitalist economy, Locke had to show that accumulation itself did not violate the moral strictures he had previously established. As argued by Diggens:

> With the invention of money labor is no longer a sufficient entitlement to property. The way is now open for everyone to acquire and dispose as he sees fit. Currency prevents the spoilage of value and stimulates 'larger possessions and the right to them'; man

> may now 'rightfully and without injury, possess more than he himself can make use of' (Diggins 1999: 94).

Locke's theory of money thus serves as a major ideological construct in justifying the accumulation process integral to the success of a capitalist economy.

This justification hinges on the existence of money as a non-prejudicial means of accumulation. For Locke, it is acceptable to accumulate more land than one can make use of as long as the produce can be converted into the durable (money) asset before it spoils. Locke's unique claim is that the accumulation of money by some will not "prejudice" other members of society. As Locke treats it, money is simply the durable commodity produced by labor that society collectively elevates to the status of "most acceptable." When exchange takes place, individuals are essentially trading assets (bananas for commodity money—gold or silver). No one can be said to be "prejudiced" in the process, for exchange is voluntary and, presumably, would not occur unless all parties expected to gain from the transaction.

Problems with the Lockean Analysis

We hold that Locke's treatment is not a legitimate basis for understanding the origin or nature of money. Indeed, his exchange-based story is subject to many weaknesses. For example, Locke invokes money as a means of avoiding the spoilage constraint, but he never explains why anyone should ever find himself with more of a good than he could use; there is no rationale for such accumulation. Indeed, he suggests that it would be "foolish . . . to hoard up more than one could make use of" (1967: 319). Moreover, since Locke did not argue that production was undertaken for the purpose of exchange – rather, exchange emerges as a consequence of surplus production – it is unclear why anyone would labor to acquire more of a thing than he could use before it would spoil. In the absence of established markets, specialization would be extremely risky if not downright stupid—everyone would have to believe that others would specialize in the various necessities of life before committing to specialization themselves. And, even if one can imagine a rationale for specialization, it is unclear why anyone would choose to specialize in the production of perishables. Why not specialize in the production of nuts, which are surely longer-lasting than plums? Or, better yet, why not specialize in the production of "little pieces of metal," which, like all assets, could be produced simply by applying one's labor to the appropriate ore-rich land? After all, if gold and silver are the objects of industrious men's desires, why not bypass the arduous, costly exchange transactions and "go for the gold" directly?

The above is a criticism of Locke's speculative history. But this criticism does not undermine the Lockean justification for unbounded accumulation. It is our contention that Locke's justification for the unbridled accumulation of property (and its ensuing inequality) rests on his treatment of money, which, if ill-grounded, makes the whole of his argument indefensible.

Thus, the remainder of this paper is given over to the development of an alternative view of the nature and origins of money. This debt-based or Chartalist view does not ignore history or the role of social institutions and, consequently, leads to a quite different position on the relations among property, money, and equality. This view has been traced back to Plato (Goodhart, 1998) and can be found in the work of Adam Smith, GF Knapp, John Maynard Keynes, Abba Lerner, Karl Polanyi and Hyman Minsky, among others.

The Debt-Based or Chartalist View of Money

In their examination of the cuneiform records, historians have concluded that in Mesopotamia and elsewhere "the monetary role of providing a general unit of account and store of value appears to have been introduced in the large public institutions" (Hudson 2000: 3). According to these scholars, the power of the rulers to demand certain payments (taxes, fines, feudal dues, fees, interest—we will use the term "taxes" in a very general sense to include obligatory payments imposed by authority*)* as well as the power to determine both the unit in which these liabilities were denominated (grains, initially) and the means by which they could be discharged gave rise to early monetary relations.

The main point in what follows is not the specific process through which money evolved. Rather, in contradistinction to Locke's (and the neoclassical) story, the creation of money was not – and could not be – merely the creation of an asset. Money cannot be created without simultaneously creating a liability, a debt; it is debt-creation that drives the "money-making" process.

Exactly how debts became denominated in a generalized money of account may never be known with certainty. As Grierson argues, "(u)nits of value, like units of area, volume, and weight, could only be arrived at with great difficulty, in part because natural units are absent, in part because of the much greater diversity of commodities that had to be measured and the consequent difficulty of finding common standards in terms of which they could reasonably be compared…" (Grierson 1977, p. 18). However, he insists that "monetary evaluations were already in existence in what Sir John Hicks has felicitously christened 'customary' and 'command' pre-market societies" (Ibid: 19). We do know that many of the early monetary units were based on weight units, specifically, on the weight of a specific number of grains of wheat, barley, or rice. It is possible that the practice of valuation came out of the elaborate compensation schedules established in tribal society—the Wergeld, Cumhal, and Brehon codes. "The general object of these laws was simple, that of the provision of a tariff of compensations which in any circumstances their compilers liked to envisage would prevent resort to the bloodfeud" (Ibid: 19). (And note that the verb "to pay" derives from the verb "to pacify"—indicating the original purpose of the payment of Wergeld fines or bridewealth.) These "tariffs" were "established in public assemblies, and the common standards were based on objects of some value which a householder might be expected to possess or which he could obtain from his kinsfolk" (Ibid.). Note, however that these schedules did not use, nor did they require, a unit of account since specific payments were required for each type of inflicted injury—and as they were established in public assembly, the required payment would have been widely known.

It is probable that with the development of class society, an upper class or authority attempted to impose (or at least, to share in) fines, fees, tithes, and tribute—essentially "socializing" the Wergeld compensation. That is, a portion of the population, united in its common interest in extracting economic surplus from the producing majority, collectively agreed to establish the universal unit of account in which all debts would be recorded. In this way, they also regularized the mechanism through which the surplus would flow from the producing class(es) to the non-producing minority, privileging the latter at the expense of the former.

It also seems likely that the authority played a role in development of "private" debts denominated in the unit of account. It appears that temples and palaces acted as neutral witnesses, recorders, and enforcers of debts and transactions between third parties. Indeed, it is often surmised that writing and accounting were invented in the temples to keep accounting records of debts and credits, inscribed on clay tablets held in the temples for safe-keeping. Note also that it is likely that the first "private" debts were created by "tax farmers" who would pay a village's taxes to the authority, putting the entire village into what was hoped to be a permanent position of indebtedness at high (33% per year) interest rates. (For more elaborate, developed accounts of the above, see Schmandt-Bessarat 1992, Wray 1998.)

Taxes gradually became standardized through the use of a grain unit of account--the mina, shekel, or pound. At this stage, taxes were still imposed on the village rather than on individuals, and the value of the items delivered in payment to the temple or palace was set in terms of a price measured in the unit of account. We thus have obligations or debts (taxes) and price lists specified in the unit of account. Eventually, the palace authorities realized that they could provide evidence of the palace's own debt in order to "buy" things from the village at the palace-established price. Essentially, the ruling class, centered in the palace, imposed its power to obtain goods and services through issuing money-denominated "liabilities" accepted in payment of taxes and other obligations. With this realization came the ability to obtain a surplus *before* taxes were paid; the village would accept the temple or palace or crown liability as it could be used to pay the taxes imposed by the priests.

Only *after* money and price lists come into existence does it make sense to speak of markets. Indeed, rather than springing from the maximization behavior of individuals, "the palaces and temples also helped to bring market exchange into being" (Hudson 2000: 3). And, only after the development of markets do specialization, production for market, and the development of a merchant class become possible. Exchange follows from the creation of money rather than serving as a pre-condition for its emergence. (See, Bell and Henry 2001).

Moreover, the use of silver *outside* the Sumerian temples was "*derivative*, starting naturally enough with the officials in the royal bureaucracies" (Hudson 2000: 3; our emphasis). In fact, coins were a late invention, created to provide a convenient means of paying soldiers and sailors, and at the same time providing them with a convenient means of paying taxes (Kraay 1964). Thus, while coins *appear* to have been a major, substantial innovation (with economists paying coinage a great deal of attention), in reality they were a technical innovation only.

Why is this important? Recall that the orthodox story begins with barter, which is replaced by market exchanges using some valuable commodity. The Chartalist story begins with debts denominated in a unit of account. The physical representation of this unit (encased tablets, wooden sticks, paper notes) can circulate among third parties for the purposes of retiring debt. Indeed, the great medieval fairs appear to have begun as a convenient way to bring creditors and debtors together to match tally stock and stub (and to clear bills of exchange—the principle "private" debt instruments used in "international" trade within Europe at the time).

Money, in this view, derives from obligations (fines, fees, tribute, taxes) imposed by authority; this authority then "spends" by issuing physical representations of its own debts (tallies, notes), demanded by those who are obligated to pay "taxes" to the authority. Once one is indebted to the crown, one must obtain the means of payment accepted by the crown. One can go directly to the crown, offering goods or services to obtain the crown's tallies—or one can turn to others who have obtained the crown's tallies, by engaging in "market activity" or by becoming indebted to them. Indeed, "market activity" follows (and follows from) imposition of obligations to pay fees, fines, and taxes in money form.

Quoting Polanyi:

> (T)he state, whose Mint seemed merely to certify the weight of coins, was in fact the guarantor of the value of token money, which it accepted in payment for taxes and otherwise. This money was *not* a means of exchange, it was a means of payment; it was not a commodity, it was purchasing power; far from having utility itself, it was merely a counter embodying a quantified claim to things that might be purchased. Clearly, a society in which distribution depended upon the possession of such tokens of purchasing power was a construction entirely different from a market economy (Polanyi 1957: 196; emphasis in original).

In this view, banks developed not as "intermediaries" between depositors of gold and borrowers of gold, but rather as intermediaries between the crown and his indebted subjects. As Innes argued, in a monetary economy:

> Debts and credits are perpetually trying to get into touch with one another, so that they may be written off against each other, and it is the business of the banker to bring them together…There is thus a constant circulation of debts and credits through the medium of the banker who brings them together and clears them as the debts fall due. This is the whole business of banking as it was three thousand years before Christ, and as it is today (Innes 1913: 402-403).

Hence, the "market" is not a place for obtaining desired commodities, but rather the place one earns the means of settling debts. For this reason, money can never be a neutral "veil" obscuring the real exchanges that are of primary importance, for what is truly important is the money-denominated obligations one must retire. Furthermore, as Ingham (2000) suggests, this leads to the conclusion that a medium of exchange is not even necessary for operation of a monetary economy. What is needed is a unit of account in which debts are denominated, some means of recording debts (including an oral history, a system of notching sticks, or, after writing was developed, a written record), and an agreed upon means of payment for final settlement. While evidences of debt might be used as media of exchange, they certainly are not necessary to enable an elaborate market system to develop, and it is clear that such evidences of debt can become media of exchange only *after* a money of account is adopted.

How, then, do we explain the apparent use of gold and silver "commodity money". First, it must be recognized that development of precious metal coins comes several thousand years after the development of a money of account, clay tablets and other debt instruments, and, indeed, after the development of quite complex domestic and international trade. Even after their invention, coins played a rather minor role—both in terms of the finance of "government" spending (which, as discussed above took place mainly on the basis of tallies and, later, exchequer notes) and in terms of "private" spending. We have already mentioned bills of exchange, which sufficed for most long distance wholesale trade. However, even the smallest retail transactions took place on the basis of credits and debits with, for example, the merchant keeping a running "tally" of his customers' purchases, with clearing occurring only after years. Further, the earliest known coins (thought to have been first issued by Pheidon of Argos about 630 BC) were too valuable to have been used in retail trade. For example, the earliest electrum (an alloy of silver and gold) coin had a value of about ten sheep. Nor is it likely that precious metal coins would have reduced transactions costs in trade—the typical case until recently was a wide variety of coins issued by kings, feudal lords, barons, ecclesiastics, and others. Until recently, these never had a nominal value stamped on them, but, rather, nominal value was announced by proclamation. Given that trade had occurred for many thousands of years on the basis of highly efficient, cheap, and abundant hazelwood, clay tablets, papyrus and other papers, it seems implausible that coins would have represented any transactions-cost-minimizing advance for retail or wholesale trade.

Indeed, in a recent study of the development of the earliest coinage in the Greek city-states of the 7^{th} and 6^{th} centuries B.C., Leslie Kurke (1999) demonstrates that coins did not naturally evolve as a transactions costs-minimizing invention. Rather, they were purposefully created as a mechanism to assert the political authority of the democratic *polis* against the growing strength of the aristocracy. Coins were created against a backdrop of economic and political crisis precipitated by growing inequality in the distribution of property, and affected nearly all social arrangements of these states, including that of prostitution. Coinage was instituted by city officials to assert the state's "ultimate authority to constitute and regulate value in all the spheres in which general-purpose money operated simultaneously–eonomic, social, political, and religious. Thus, state-issued coinage as a universal equivalent . . . symbolized the merger in a single token or site of many different domains of value, all under the final authority of the state" (Kurke 1999, 12-13).

Coins were issued by the state and represented the unit of account in which taxes would be denominated: taxes were to be paid in coin. Coinage represented, then, the political independence of the (democratic) state authority against the elite aristocrats who were dependent for the revenues on coerced "favors" in the form of "gifts."

And the use of precious metals in coins had nothing to do with supposed intrinsic value of these metals. Rather, such ores were used only because of the special political weight assigned to gold and silver in the hierarchical structure of Athens, et al. at that time. In other words, gold and silver came to be the metals of choice because of special temporal and spatial circumstances rather than due to any specific advantages accorded by the metals themselves.

Kurke's arguments are largely consistent with the chartalist or state money approach outlined above. Money is, and always has been, a "creature of the state" (in Lerner's felicitous phrase of 1947), and currency has always been a state token. Precious metal coins merely represent one kind of state token, and their origins can be traced to the specific social upheaval that took place at the end of the 7^{th} century B.C. Except in rare circumstances, the value of a coin was never determined by, or governed by, the quantity of embodied precious metal. Moreover, the use of such coins could not have originated "spontaneously" in market exchange.

In those rare historical occurrences when we do see unworked metals such as gold and silver being taken in exchange, the exchange relations cannot be monetary and the metals, which exist as assets only, cannot be money.

> Precious metals in an unworked state have been used as a means of payment in exchanges only under very special circumstances--e.g., in the various gold rushes in California and Klondike--and even then the picture, immortalised, for example, in a film by Charlie Chaplin, of merchants and bar tenders weighing and checking the gold dust before accepting it in payment, suggests that payment in unworked precious metals was more in common with barter than with a monetary economy (Goodhart 1998: 410-11).

In sum, money originated in early class societies (palace or temple societies with institutionalized mechanisms of coercion) with the imposition of various forms of debts on the population. Agricultural villages were indebted to their rulers and later to tax farmers. These monetary relations connoted *both debt and credit,* as must all monetary relations. The vision of Neolithic individuals collectively deciding to use commodity money—an asset only in this rendition—simply does not bear examination. The monetary use of silver and other metals did not originate with Neolithic man but within the Sumerian temples and palaces ". . . as part of their account-keeping and administered prices" (Hudson 2000: 4). The authority (temple, palace, crown) imposes a tax debt on its subjects, and names the terms in which this debt can be removed. This allows the authorities to accumulate perishable consumables. To the extent the authorities issue their own liabilities (regardless of what they are made of; and note that they are "liable" only to accept these liabilities back in payment of taxes), they do so in order to "buy" that which they want to accumulate; they do not want to accumulate the "money stuff", but rather the stuff they purchase. In other words, to the issuing authority, money cannot be wealth. The wealth of the accumulating authority must be accumulated in the form of non-money durables. In contrast, the general public can accumulate wealth in the form of non-money durables but also in the form of money.

Conclusion: So What Does all of this Mean for Locke?

Economics has become synonymous with exchange. Because of this, most economists have sought the origin of money in (supposed) barter exchange relations, leading them to conclude that money emerged as individuals *collectively* decided to use various "things" to facilitate exchange. In our view, the economy must be examined as part of a larger social system. Thus, in order to discover the origin of monetary relations, one must focus on the social, institutional and political attributes of the system under investigation. As Warren Sammuels argues, one must construct:

> (a) theory of the organization and control of the economy, a theory of the economy as a system of power, with attention to power within the legal and economic (i.e., market) spheres, and the impact of social structures on economic organization (Sammuels 1992: 21).

It is our position that *money originates with a form of indebtedness* that is forced on the lower classes during the transition from a classless to a privileged or class society. The dominant theory, which traces the emergence of monetary relations to exchange relations, abstracts from any such *system of power* and, thus, cannot provide a theory of money based on social debt relations. The chartalist theory, in contrast, incorporates a system of political power into a social and historical account of the origin of money.[1]

The individualism that appears in Locke's story is not at all necessary as a precondition for the existence of money, taxes, prices, and markets. Moreover, the efficiency standard that Locke imposes represents a kind of thinking that derives from capitalism and not from the period of the development of money. The upper class took the surplus to wastefully consume it—no efficiency would have been required or desired. But these points are of secondary importance.

The main point is that Locke's rationalization of inequality, rests on his treatment of money as a non-prejudicial institution. According to Locke, the existence of a durable money asset (i.e. "a little piece of yellow Metal") enabled the industrious to accumulate wealth without doing a moral disservice to anyone else. And, as men collectively agreed to the use of money, they tacitly agreed to a disproportionate share of the earth's possessions. In our view, this defense of unbounded accumulation, which forms the basis of the modern neoclassical rationalization of inequality (though in vulgarized form), is found wanting. The invention of money did not and cannot provide a justification for the amassing of property beyond that which one can effectively work with one's own labor. Money exists simultaneously as credit and debt; and credit-debt relations are necessarily prejudicial. Creditors are in a privileged position, and privilege for some must necessarily "prejudice" others.

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[1] We do point out that we are not here attempting to establish *the* origin of money in some monist sense. We acknowledge that there could well be various specific ways in which money originates. All these specific ways, however, would conform to the general nature of money as a social debt relation connoting the emergence of privileged (unequal) society.

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