
H. Schurtz, *An Outline of the Origins of Money*, Edited by Enrique Martino and Mario Schmidt, With a Foreword by Michael Hudson, The University of Chicago Press, 2024.

When he died in 1903 at the age of only 39, Heinrich Schurtz was already a prominent social scientist. The author of important monographs, Schurtz was considered as one of the most authoritative German ethnologists and the founder of economic anthropology in Germany. Having earned his doctorate at Leipzig University in 1893, he became an ethnographic research assistant at the Bremen Museum of Natural History, Anthropology, and Commerce, a position he alternated with teaching at his university.

Among Schurtz's extensive works, *An Outline of the Origins of Money*, published in Germany in 1898, stands out as one of his most significant volumes. Chicago University Press recently reprinted the book with a preface by Prof. Michael Hudson and an extensive, brilliant introduction by Enrique Martino and Mario Schmidt, the driving forces behind the commendable editorial project.

Although important and inspiring to some of the leading social scientists of the early twentieth century – such as Marcel Mauss, Max Weber, George Simmel, and Karl Polanyi – the volume had fallen into obscurity, to the point that, as one of the editors notes, it had been virtually ignored in the last fifty years. Yet, Schurtz's unorthodox approach should have continued to attract the attention of scholars who have approached the origins of money from an opposite perspective to the late nineteenth-century neoclassical narrative.

One such narrative, Carl Menger's 1892 paper *Geld (Money)*, and the subsequent book of the same name in 1909, laid the foundations for a mythical interpretation of the origins of money. Menger, the progenitor of the Austrian School of Economics, proposed an evolutionary recon-

struction that, starting from barter, outlined the role of various objects as means of exchange, eventually leading to metal coins and fiduciary money. According to Menger, money emerged spontaneously through the cooperation of free individuals to facilitate trade, asserting that "money is a commodity produced by the market." In Menger, the so-called metallist current was found to have the highest theoretical expression.

It is well-known that this interpretation was contested at the time by the German economist Georg Friedrich Knapp, considered as one of the founders of cartalism, a heterodox school of thought that identified money as a unit of account rather than a means of exchange. According to Knapp, "money is a creature of law. A theory of money must, therefore, deal with legal history." However, the statist theory of money had relatively weak documentary foundations and assumed the existence of perfectly formed state organisms.

Schurtz's research shared a similar challenge to the Mengerian neoclassical narrative, but unlike Knapp's approach, it provided substantial documentary evidence to support an alternative view of the origins of money. Schurtz observed that mainstream economists' approach was flawed because it was based "on the records of ancient and modern civilized people, which are considered as unequivocally typical for humanity. On this alarmingly narrow basis, the most reckless theories then shoot up into the heavens, and men of gold and silver preach their wisdom from dizzying heights to an astonished people." In reality, Schurtz believed that his work was "one of the most instructive examples of the relationship between anthropology and a closely related science." Anthropology, he argued, could offer "a broader and more solid foundation" even for those who resided in the upper floors of the social sciences building – the economists. However, "this task is not always easy. Whoever resides on the top floors of a gleaming building is reluctant to inquire about the integrity of the base and the lower walls, and the anthropologist tapping at the foundations with a hammer is seen as a bothersome nuisance" (p. 31).

In the eighteen chapters of his fascinating reconstruction, Schurtz endeavoured to contextualize the origin of money within the political institutions and moral values of the ancient civilizations he studied. A researcher who separated "sociological and economic problems from the environment in which they emerged," Schurtz argued, "only carries away a part of the whole organism and fails to understand the vital forces that have created and sustained it" (p. 163).

Throughout ancient history, money assumed various contradictory aspects and functions, from the sacred and symbolic to its representation of status and power. Far from being a mere support for exchanges, re-

placing inconvenient barter, money was, first and foremost, a social institution capable of regulating the relationships among individuals in a community. However, Schurtz did not merely clarify how money was the product of a specific institutional context. Still, he also emphasized how the progressive monetization of social relations, driven by foreign trade ("trade with outsiders"), undermined individuals' economic and social security. This view stemmed from the dual nature of money: "inside money" and "outside money." The former, which aligned with a range of primitive coins used by various African or Asian populations described in Chapter 3, was created for social purposes and characterized internal community relations. In contrast, "outside money" is derived from transactions with outsiders.

This observation seemed to echo Aristotle's *Politics*, where the Stagirite distinguished *oikonomia* and *chrematistics*, indicating the latter's dependency on *catallactics* – i.e., the exchange of goods and services with external communities, which was responsible for introducing metallic money and complicating the organization of the Greek polis. Besides drawing on the history of classical Greece, Schurtz's observation was also supported by examples from ancient Rome.

The mechanism through which the mentioned internal community fracture occurred, as described by Schurtz, was represented by the long-term prevalence of "outside money" over "inside money." While transactions with "inside money" were subject to controls by the authorities to prevent the emergence of economic inequalities, transactions with "outside money," conducted "on islands, quay areas, or other venues socially outside the community's boundaries," were governed by "impersonal standardized rules" (p. XVII). Schurtz concluded that "the emergence of specific internal monetary systems is always supported by the inclination to transform outside money into inside money, and to employ money not to facilitate external trade, as one might assume according to common theories, but rather to obstruct it." According to Schurtz, evidence of this was found in selecting certain decorations and ornaments traditionally used for ornamental purposes (which he calls ornament money) made from noble metals. These evolved from "pure sign-money" into "a valuable commodity, the value of which depends on supply and demand. In its mature form, it embodies the fusion of inside money with outside money, of the sign of value and valuable property with the means of exchange" (pp. 124-125).

"The fusion of inside money with outside money" – the subject of Chapter 8 – was documented as early as the third millennium BC in the Near East, where the use of silver coinage for long-distance trade was also adopted "for domestic enterprise," supplanting grain, the

primary internal monetary instrument (inside-money) in agrarian societies. Communities attempted to resist this fusion by implementing countermeasures, ranging from destroying wealth to its periodic dissolution, aware that it would destabilize social relations. Indeed, it was accompanied by the rise of debt relationships that implied payment in money, the dominance of creditors' perspectives, and the accumulation of wealth in the hands of financial oligarchies.

Money became a tool of power when it was concentrated in few hands. Schurtz brilliantly captured the link between money and power, anticipating the better-known reflection by Max Weber, who argued that "money is not a harmless designation of undefined utility performances, which can be arbitrarily altered without fundamentally affecting the character of prices established through the struggle among men; it is first and foremost a means of struggle and a price of struggle." In this way, Schurtz also demonstrated the unfounded nature of the idea of the neutrality of the monetary instrument, a notion cherished by neoclassical economists.

As Prof. Hudson notes in the preface after Schurtz, anthropological, archaeological, and historical research has made significant strides that have emphasized aspects the German ethnographer underappreciated. Among these, one of the most important appears to be the close relationship between the origin of money and writing: "Subsequent archaeological research has revealed that money's emergence as part of an overall institutional framework cannot be understood without reference to written account-keeping, denominating debt accruals and fiscal relations. Money, credit/debt, and fiscal obligations have all gone together since the origins of written records in the ancient Near East" (p. XXII). Despite these understandable limitations, Schurtz's book remains a valuable testimony to how economic anthropology can challenge the intellectual arrogance of certain types of economic theory. Hudson is right to emphasize that the oblivion into which *An Outline* has fallen over the past century is partly due to "his institutional anthropological perspective ... too broad for an economics discipline that has been narrowed by pro-creditor ideologues who have applauded the 'free market' destruction of social regulation aimed at protecting the interests of debtors" (p. XVII).

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