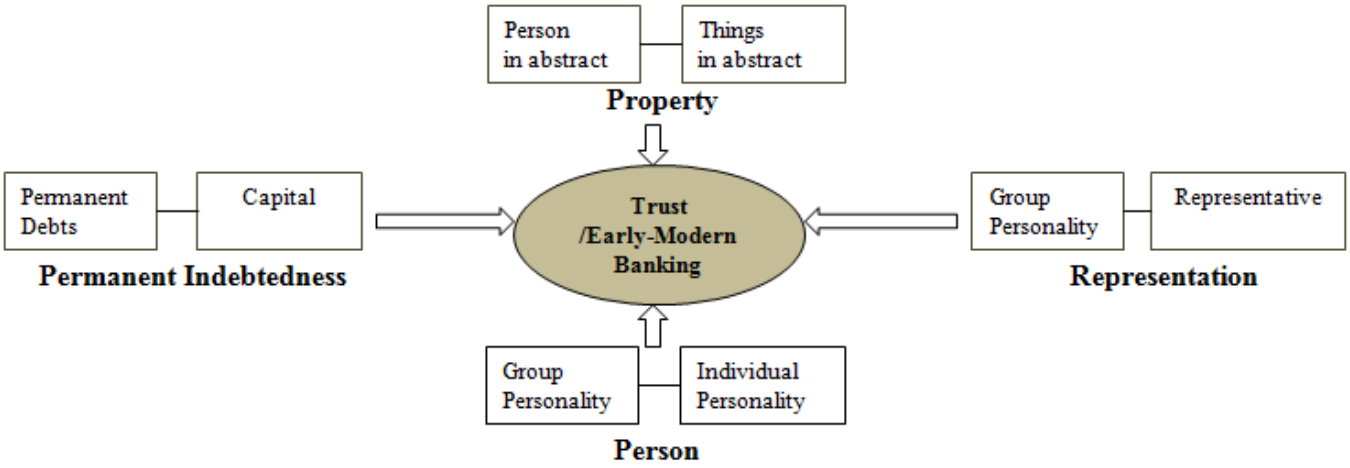
Ontology of Early-Modern Banking

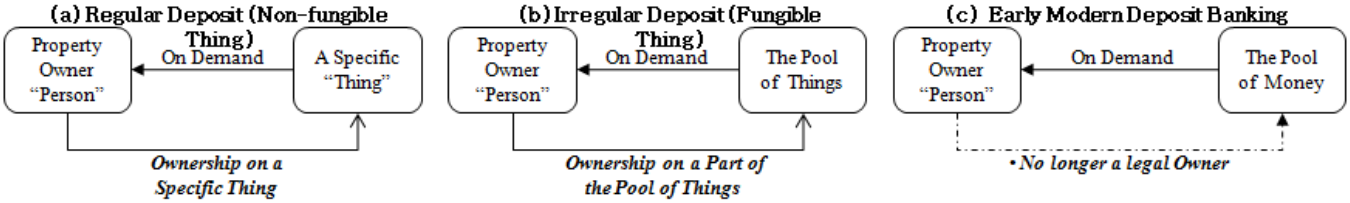
Jongchul Kim, June 3rd 2011

- Current Situation & Research Question
  - ✧ The literature on the ontology of money focuses largely on the nature and origin of "money in general" and tends to ignore the historical specificity of modern credit-money.
  - ✧ An Example: G. Ingham's credit theory of money; money is social relations, especially, creditor-debtor relations; But he neglects the distinctive nature of capitalist creditor-debtor relations
- Elsewhere I identify the specificity: London goldsmith-bankers' development of paper credit-money in the seventeenth century, which ushered in the era of modern banking, was the institutionalization of the double-ownership scheme known as trust. (Kim, Jongchul. (Forthcoming). The London Goldsmith-Bankers' Institutionalization of Trust. *Business History*.)
  - ✧ Modern money is social relations, but more than creditor-debtor relations. It is a trust, the combination of creditor-debtor relations and identity.
  - ✧ Trust = a specific form of organized power: individual identity + group identity + group's indebtedness to its constituents; = double ownership; = hybrid between property and debt
  - ✧ The idea of identity (person): a premise of modern Western philosophy; this premise has been criticised by many 21st century philosophers
- Thesis: Historically, the two double ownership schemes, Trust and modern banking in early-modern England, presupposed and helped develop the two specific concepts of property and person and the specific relationship between the two concepts.
- The Simultaneity of Separation and Connection between Person and Things (see Figure 2)
  - ✧ In the traditional regular and irregular deposit transactions (panel a) and (panel b), a specific depositor maintained ownership of a specific property or of a part of the pool of property whereby there is no separation between a property owner "person" and deposited "property." In modern banking in early-modern England (panel c) however, there is a separation between a property owner / "person" and deposited "property." But the connection between them is nonetheless maintained. This simultaneous separation and connection is possible, because modern deposit banking in early-modern England was hybrid of deposit and loan.
- Abstraction of Person and Property (see Figure 3 & 4)
  - ✧ By using a bearer clause in their notes, goldsmith-bankers and the Bank of England practically declared all holders equal, that is, effectively contracted with "an anonymous person in the community" who held the bankers' notes.
  - ✧ The borrowers of deposits invested the funds in various forms of property. The investment was concerned with a specific form of property only instrumentally; ultimately, it was concerned only with the increase of the abstract value of property. ((b) in Figure 4)
  - ✧ In contrast, the bearer clause of deposit-certificates was not suited to the regular and irregular deposits transactions. The depositary would not know who the current holders of the certificates were, and, as a result, the depositary hardly collected storage fees that were a main source of profit for the depositary. And the private investment of deposit funds in the name and discretion of depositaries was morally and legally forbidden. ((a) in Figure 4)
- Peculiarity of the idea of property
  - ✧ The "property-ization" of the attributes of human beings & the "property-ization" of things.
  - ✧ Property → Person → human equality → human rights
  - ✧ In seventeenth century England the term "property" underwent a metamorphosis and had a revolutionary implication
- A. N. Whitehead & F. W. Nietzsche criticise the idea of person
- The Ethical Implications of the Idea of Personal Identity
  - ✧ The idea of personal identity vs. Circular self; the denial of the forgiveness and redemption of debts and the past vs. a cyclic abolition of the past, sin and guilt, and debts
  - ✧ When modern capitalist society no longer gives periodic forgiveness to such debts by peaceful communal events, the result often is *forceful clearing through periodic economic crises*.
  - ✧ But the periodic forgiveness in modern times is unethical as well, because most big debtors are the ruling class who are privately benefited at the cost of the destiny of a community.

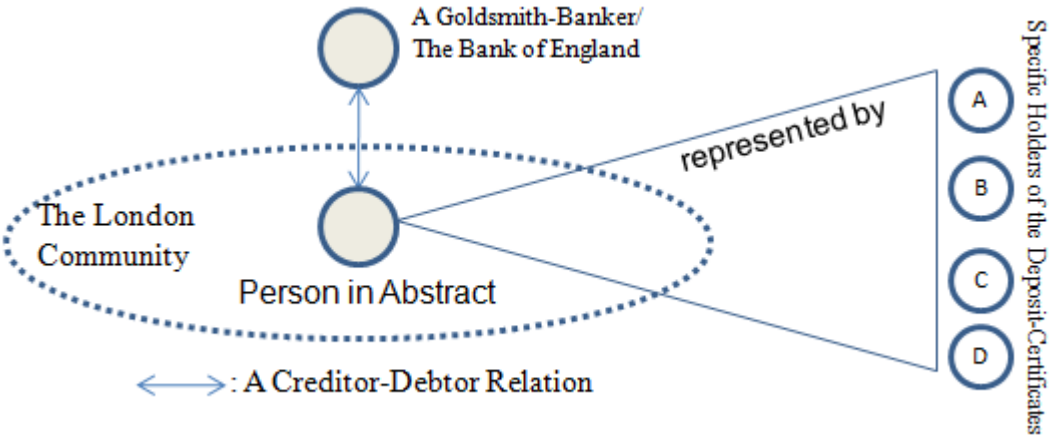
[Figure 1] The Convergence of the Concepts of Property, Person, Representation, and Permanent indebtedness on Trust and early-modern Banking



[Figure 2] The distance between Person and Property



[Figure 3] The Transferability of Deposit-Certificates and Property Owner "Person in Abstract"



[Figure 4] Two Distinctive Forms of Property Rights

