



The Ontology of Money and Paradigm Shifts in Philosophy and Economics *Part 2*

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1. Introduction: Philosophy & Economics

“Any satisfactory theory of money implies a theory of the economic process in its entirety.”

-Joseph Schumpeter, 1954

Theory of money

- ≠ Theory of supply and demand
- ≠ Theory of interdependency
- ≠ Theory of value
- ≠ Theory of justice

2. Ontology of Money in Brief



Money is epistemologically objective, but ontologically subjective.

It is real, but exists only in our minds.

Like all social objects & institutions (property, corporations, governments, etc.) it is “observer dependent” but not purely subjective (not just an opinion).

It is intersubjective.

Its existence specifies a social relationship (buyer/seller, employer/employee, lender/borrower, giver/receiver)

It is a marker of the credit you have in the community.

It is an informational sign used to coordinate action

2. Ontology of money in Brief

Time makes money useful

Money allows *use today* for *payment tomorrow*.

Increasing the money supply allows us to consume energy and resources faster as if moving future consumption to the present.

This is the interface between money and the real economy.

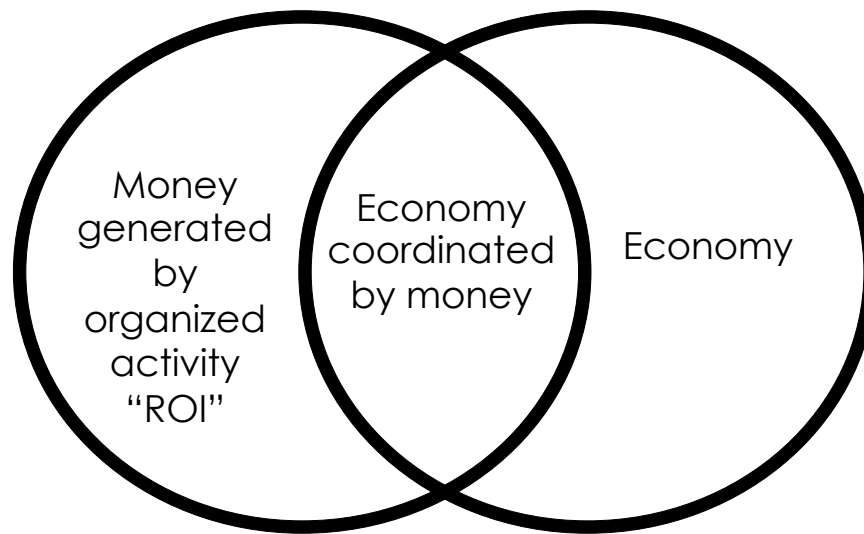
3. Money Problems in Economics

“Productivity” in a money economy is measured by the dollar value of sold product divided by the dollar value of paid labor.

Therefore, productivity is not just physical work. It is return on invested money (“ROI”).

ROI is not merely a question of physical processes. It also involves the ontology of money.

3. Money Problems in Economics



The Role of Philosophy

We discussed all these issues last time.

To make sense of them, we need to re-think the metaphysics of the social system, such as the ontology of money.

Classical and contemporary economics have had no resources to do this, but developments in philosophy itself may provide a clue.

4. Cartesian Metaphysics & the Enlightenment

- Classic Cartesian duality cannot “see” money or other social relations due to the peculiar metaphysical aspects of the social world (part objective, part subjective, dependent on group belief).
- Intersubjective beliefs & objects elude Cartesian analysis.
- To see money, requires some knowledge of how it works.
- No strict separation of observer and observed in formulating a theory of money.
- Time flow in human life is not reversible, as mechanical unities are presumed to be.

➡ *Classic science based on Cartesian dualism has no traction for a theory of money*

4. Cartesian Metaphysics and the Enlightenment

But the **paradigm shifts in philosophy** since the time of Descartes & the "Moderns" (i.e. 17th & 18th centuries) may help.

For example, the rise in **semiotics**, a.k.a. the "interpretive turn", the "linguistic turn"

Philosophical shifts may allow economics to find a more realistic approach to theory, practice and science. In fact, **economics is** (or should be) a kind of **semiotics**.

To study it, one must study the nature of a socially imposed order.

4. Cartesian Metaphysics and the Enlightenment

To study social order involves self interpretation a.k.a. **hermeneutics** ... self witness, impartial observer

Hermeneutics = Hermes, god of communication;

- interpreting the part from the whole, and
- the whole from the part



4. Cartesian Metaphysics and the Enlightenment

This rise in **semiotics** arose from two philosophical sub-disciplines

- **Philosophy of language**, including philology, rhetoric, hermeneutics, linguistics, history.
- **Philosophy of mind** aka the sciences of the human including psychology, sociology, anthropology, economics, politics.

Plus two other disciplines

- **Math**
- **Logic**

Seme = sign = semantics = meaning (different from *truth*)

4.1 Philosophy of Language

Knowledge comes out of cooperative processes of group life mediated by language



4.1 Philosophy of Language

Agency (action), not representation, is primary

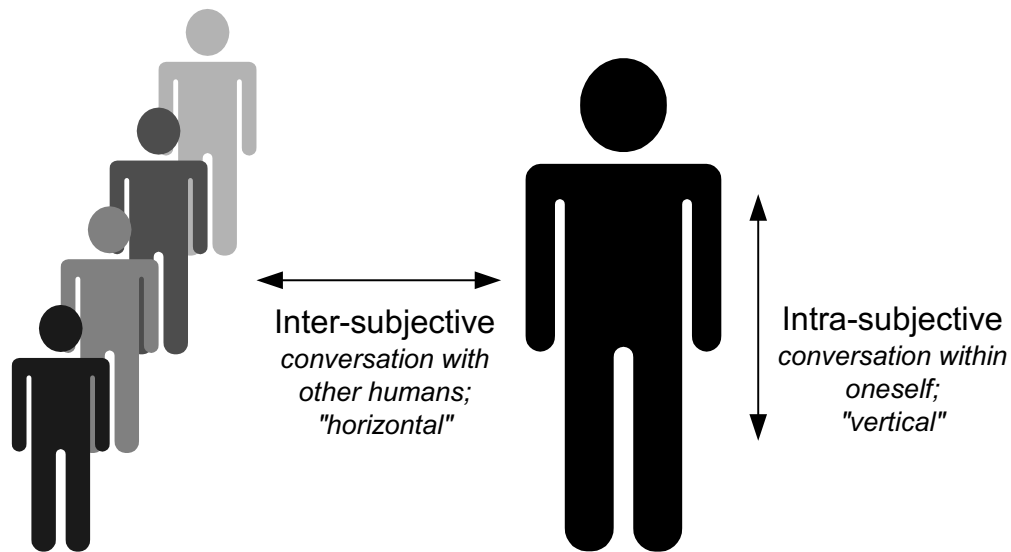
Intelligence is anticipatory and based on the current situation

Speech action in interactive orders of communication discloses new realities and/or alters existing reality.

4.2 Philosophy of Mind

The individual human mind, including a psychology of self-identity and emotions, comes out of the body's existence in a network of relations mediated and constituted in language.

Two Classes of Dialogue



5. Economy as Conversation & Semiosis

How can this perspective help in thinking more clearly about economics?

For example, money can be thought of as an invented sign to use in conversations to coordinate action in public spaces (markets).

Capitalism – monetary production economics – is a kind of human self-organization through communication (semiosis) where money is used to organize commitments to action and interaction.

But recognizing money as just a sign, it might be that money-using market activities could be focused not on greater and greater accumulations in a framework of scarcity, but simply, reproducibility of lifestyle. Not efficiency and growth, but economical-ness and sufficiency.

The division of labor (and the differentiation and expansion of sciences and occupational skills and specialties) each deal with a basic and universal set of human domains of concern (food, health, security, recreation, education,). This expansion of knowledge and intelligence, could, for example, lead to a *lower cost of living* (less work time required). But this doesn't always happen because of the “wrong” signals that may interfere with the smooth operation of the monetary production process.

Implications for a communitarian-based economy

This has been my interest and focus of my work for the past 20 years!

A big problem is that money seems to be inevitably national or international.

Could this be fixed by reconceptualizing the notion of money?

All economy is local.



Commute + local patronage + media mkt (BEA)



Commute only (Nat'l Geographic)



Arts spending (Markusen et al)

Defining “local” by Social Ecology



- Regional stories, narratives, beliefs, practices
- Best for grass roots mobilization & consensus
E.g. “climate change” vs. “factory farms”
“hybrid” vs “super-duty”
- BLM in conjunction with Kent & Priester

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