



## Storing Value: The Eternal Coin

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### Storing Value: The Eternal Coin

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#### **The Medium Is The Message**

Money is a medium of exchange across space and time. The economist Harold Innis suggested that the shape and durability of a society is affected by the media that people choose. He divided media into two types, “space-binding” and “time-binding”, for example space-binding papyrus of the Greek literature and time-binding stone of the Egyptians monuments.

Money as media was further developed by Innis’ student Marshall McLuhan, “money ... gives great spatial extension and control to political organization, just as writing does or the calendar. It is action at a distance, both in space and in time.”

Today, as we look around the ravaged landscape of our financial systems, some of us seek to rethink the essence of money before we start rebuilding. The Long Finance initiative has been asking “When would we know our financial system is working?” Possible answers might be, “When a 20-year-old can responsibly enter into a financial structure for his or her retirement”, or “When investors can safely fund a 75 to 100 year forestry project.” On this basis, arguably, the financial system has never really been working.

The Eternal Coin is a Long Finance thought experiment that speculates on whether a coin that never loses value could exist. An Eternal Coin would be a call on future wealth. We have to surmise what our great grandchildren will value. As the journalist Simon Carr remarked, “Money turns out to be whatever we agree it to be. It is a collective work of the imagination.”

As part of Long Finance, Dr Malcolm Cooper has written a fascinating booklet, *In Search Of The Eternal Coin: A Long Finance View Of History*, exploring different views of eternal value over the ages. Few of those worrying today about how they will provide for themselves in retirement, or what they will be able to leave their children or grandchildren are likely to realize that they are confronting a problem which has been present throughout the long sweep of human civilization.

People have always had to provide for themselves when they were no longer able to work, and similarly have always sought to hand down a legacy to sustain their offspring after they themselves were gone. There are two important nuances to this generalization. The first is that measures of wealth have been in a process of ongoing change ever since the Bronze Age. The second is that family structures have also changed, and have never followed the same path around the globe. This said, there has always been a common view of enduring value – a value which can be exchanged over space and over time. The components of this value have changed as political, economic and social structures have changed, and for most



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of the last four millennia the value itself has not been easily quantified in terms of any constant measure of currency. Nonetheless, the 'eternal coin' has always been there, and each society has operated with a shared view of its component parts.

### Fearing Inflation – As Old As Antiquity

*In Search of the Eternal Coin* looks at a series of time frames, beginning with the great Bronze Age and ending with a view into the future from the slightly unsteady platform of our globalized digitized world. Money has been through a series of mutations, becoming generally more complex as human institutions develop. There are however, some important common themes. The first, and most important, is that most, if not all civilizations have operated around a series of structures – not just economic, but also political and social – which determine what is deemed of lasting worth, and of exchangeable value. The second related phenomenon is that, beyond meeting the needs for present satisfaction or survival, the prime driver for the accumulation of wealth and possessions is the desire to pass them on into the future. Finally, there has always been an emphasis on collecting, trading and passing assets that were expected to hold their value. There is, in short, nothing new about the fear of inflation.

A few brief summaries should illustrate the above points clearly. If we start with the ancient civilizations of Egypt and China – parallel in time but completely isolated from each other – we find a very similar picture of wealth creation and transmission. Wealth itself was based on central control of the land by the Pharaoh or Emperor, who used armed might not just to bring areas thousands of square miles under his control, but also to oversee the use of mass labour and the creation of elaborate irrigation systems to produce a large surplus of food. This surplus maintained the power of the state, and allowed its ruler to convert revenues from food sales into hordes of precious materials. The most basic of these was bronze, an amalgam of copper and tin, which rulers used in huge quantities to create massive ornaments – in China, huge udder-like vessels on tripod bases, covered with intricate ornamentation. These vessels were hoarded on a grand scale – the total bronze contained in one tomb in Sizhou totalled 10 tonnes. The ancient Chinese shared a belief in the life thereafter with their Egyptian counterparts. Like the Pharaohs, the Chinese Emperors took their wealth with them when they died.

The Pharaohs and Emperors believed in eternity, and their 'coin' was, in both a material and an immaterial sense, eternal. Except, of course, they had no coinage. It was the Romans who introduced coinage on a mass scale. The reason they did so, was that theirs was the first civilization that paid for both a large standing army and a widespread government bureaucracy. The Romans are also significant for solidifying another key feature of our 'coin'. Wealth was not buried in the Roman Empire – it was handed down, often accompanied by the positions of influence it had helped acquire, through family networks. The basis of this wealth was always essentially the same – land. Roman wealth was derived either directly from the fruits of landownership or indirectly from the collection of taxes over wider areas on behalf of the state.

### Grow Your Own

If we now look back over time from the modern age, an age in which an increasing number of experts are suggesting that currency, either as specie or in fiat form will soon be replaced by a virtual equivalent, it is land that stands out as the common factor in wealth preservation



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and transmission over time. It is important here to distinguish land from property – buildings have been ever-present, but their purpose has varied, and their value and ease of transmission have been subject to a number of stresses. Land has generally been a more durable asset for the very simple reason that almost everything else of value is grown on, extracted from or in some way depends upon it. The most important, and most vulnerable, product is of course food, and it must be remembered that it was not really until the Industrial Revolution of the 18th century that the world economy began to diversify away from agriculture. Through the millennium from the end of the Dark Ages to the gradual disintegration of feudalism, political and social structures in Europe revolved entirely around a system of land rights and obligations. While the global economy is now extremely diverse, it is still based on land rights. Beyond that which can be captured from air or water, all our raw materials come from the land, and the ability to profit from their extraction is completely dependent on the ownership of the land itself.

We live in rapidly changing times, and second-guessing what particular companies, nations, minerals or buildings will be worth fifty to a hundred years hence is probably more difficult now than it has ever been in the past. Investing in a basket of equities, bonds, precious metals and properties does not seem to answer questions such as “what should people invest in if they wish to ensure that their grandchildren will enjoy secure and comfortable livelihoods?” A simpler and more appropriate answer might be “land and food”, by which we mean that the most reliable instruments for safeguarding wealth long-term might still be those upon which most wealth had been passed down for most of human history.

The specific argument for exposure to food is based simply on demographic and environmental forecasts – the world’s population is likely to approach the limits of the earth’s ability to support it at just about the time that environmental concerns will force restrictions on how food is produced. The argument for land is equally simple. The most valuable asset in most family portfolios is the family home. A significant part of that value is actually contributed by the land the house is built on. This answer happens to be based on the same formula which has been employed to produce, sustain and hand down value for at least 75% of recorded history. Whether it was a Chinese noble, saving for immortality, a Roman provincial administrator building a family patrimony, a medieval knight climbing the stairs of power or a 19th century industrialist consolidating the family business, the basic equation was based on land rights and human sustenance. It is no accident that the longest living commercial entities in Britain – the City of London, Oxford & Cambridge Colleges and the Church of England have held most of their wealth in land.

### Storing Aspirations

Eternal Coins have always been driven by aspirations, and for much of the last couple of centuries these have been underpinned by a general belief in human progress towards a wealthier, more comfortable, more secure future. That progress has also led to an increasing proportion of the world’s population participating in the Eternal Coin – until recently only a few percent of the world’s population were wealthy enough to participate in the long-term storage of value. That percentage has increased significantly in recent decades and should continue to increase in the coming decades, which is surely, on balance, a good thing. Without aspirations, our communities have no future, and our coins no value.

The two big themes of our times are globalisation and sustainability. An Eternal Coin makes you think differently about both. Globalisation makes you think about equitable



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dealings across the world. Is this a fair trade with a developing country? Globalisation makes you think about externalities such as pollution. Are you paying the right price? Sustainability makes you think about resources. Is this purchase of fish, timber or metal fair for future generations? Sustainability may also help you think about fairness to you and your great grand-children. Is your pension a fair inter-generational arrangement?

The Eternal Coin approach has produced proposals for coins based on traded currencies, commodities, time to depletion of major resources, genetic materials and stories, the argument being that people will always buy stories and perhaps we could build a coin centred around shares in books, films plots or songs. So as “money makes the world go round”, let’s return to the origin of money as media. Money is both space-binding and time-binding for most societies. The information age has certainly changed the space-binding media aspects of our world, probably for ever. Perhaps information (or knowledge) with long-term or permanent value will also thus change the time-binding media; specifically forming part of our Eternal Coin for future generations.

**Established in 02007 by Z/Yen Group in conjunction with Gresham College, the Long Finance initiative began with the conundrum “when would we know our financial system is working?” Long Finance aims to “improve society’s understanding and use of finance over the long term”, in contrast to the short-termism that defines today’s financial and economic views. Long Finance is a community which can be explored and joined at [www.longfinance.net](http://www.longfinance.net) – there you can also find *In Search of the Eternal Coin* - [http://www.zyen.info/joomla/zyen/LongFinance/MALCOLM\\_COOPER.pdf](http://www.zyen.info/joomla/zyen/LongFinance/MALCOLM_COOPER.pdf)**