

‘Natural Law’ column number seven, by Michael Price (uncorrected proof)

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Money and the evolved mind

This column takes an evolutionary psychological perspective on issues that are relevant to business and banking. But while evolutionary science deals with the currency of biological fitness (survival and reproduction), business and banking deal with the currency of money. Do these two currencies have anything interesting to do with one another? Yes, but to understand their relationship, you have to understand humans as competition-obsessed primates endowed with sophisticated mental adaptations for reciprocal exchange and symbolic thought.

A resource can be considered ‘money’ if its value is not intrinsic, but rather based on the fact that many people accept it as a general-purpose currency that can be exchanged for a wide range of resources. Because money was less important in human ancestral environments than it is in modern ones, evolutionary psychologists have devoted scant attention to the issue of why our modern minds are so money-focused. Our ancestors depended on many kinds of material, social and reproductive resources—such as food, allies, friends, and mates—which were necessary for their survival and reproduction but which could usually be acquired without money. Thus evolutionary psychologists have tended to focus on how minds are adapted for acquiring these kinds of specific resources, as opposed to general-purpose exchange currencies.

However, even if money was less universally important in ancestral times than it is today, the use of money (or ‘proto-money’) has been observed in many societies which closely resemble those of ancestral humans. For example in many environments, certain kinds of sea shells are scarce and durable enough to function as money, and have been used as such in societies all over the world, including hunter-gatherer groups in Australia and North America. And even in hunter-gatherer societies that lack money, reciprocal exchange (using commodities such as meat and tools) is a fundamental dynamic of social life. The main difference in exchange between monetary and non-monetary societies is simply that in the latter, units of exchange are intrinsically rather than merely symbolically valuable.

From this perspective, money exists because it’s both possible and useful. It’s possible because humans are exquisitely well-adapted for both mutually beneficial exchange (which biologists refer to as “reciprocal altruism”) and symbolic thought (whereby group members can agree to assign exchange value to intrinsically useless objects). It’s useful because in many environments, symbolic currency functions as a more versatile, storable and efficient medium of exchange than most other kinds of commodities. The emergence of money in human societies can therefore be seen as an inevitable cultural innovation that has been wholly enabled by our biological nature.

So money's emergence makes evolutionary sense. But why do people in modern societies seem so insatiably driven to compete for money? In ancestral environments, after all, wouldn't there have been some upper limit to the resources that one person needed in order to survive and reproduce? This is the conclusion you might reach if you observed a typical hunter gatherer society. Most hunter gatherers are nomadic foragers who can own only as much as they can carry and who can't store wealth. Because individuals own very little, these societies are famously egalitarian. Some researchers have suggested that these egalitarian conditions would have selected for egalitarian psychologies: because wealth was so difficult to achieve, evolution would not have favored individuals who were relatively motivated to compete for it.

However, it's wrong to assume that evolution favors reduced striving for resources that are more difficult to acquire. Consider human taste preferences for fatty foods. As evolutionary psychologists John Tooby and Leda Cosmides have noted, we're strongly motivated to consume fat because it was so challenging for our ancestors to acquire; had they not been driven to chase down and kill large numbers of the lean, fleet-footed creatures in which their fat came packaged, they would have been deprived of this nutritious resource. We don't have similarly strong cravings for foods that didn't flee from us in the past, such as root vegetables. In other words, the difficulty of acquiring fat made us *more* motivated to acquire it, not less. Similarly, although achieving wealth was often challenging ancestrally, selection favoured those who were psychologically driven to compete for it. These mental adaptations for resource competition become more manifest when the ecological constraints of nomadic foragers are lifted; in sedentary agricultural societies, for instance, wealth accumulation becomes more possible and inequality explodes.

Evolution favoured our ancestors who engaged in resource competition, because resources allowed them to achieve adaptive goals like attracting mates, supporting offspring, and obtaining allies. And evolution imposed no upper limit on their motivation to acquire wealth, because as long as they *could* acquire wealth given ecological constraints, there was no upper limit on the extent to which they could use this wealth to subsidize their own evolutionary success.