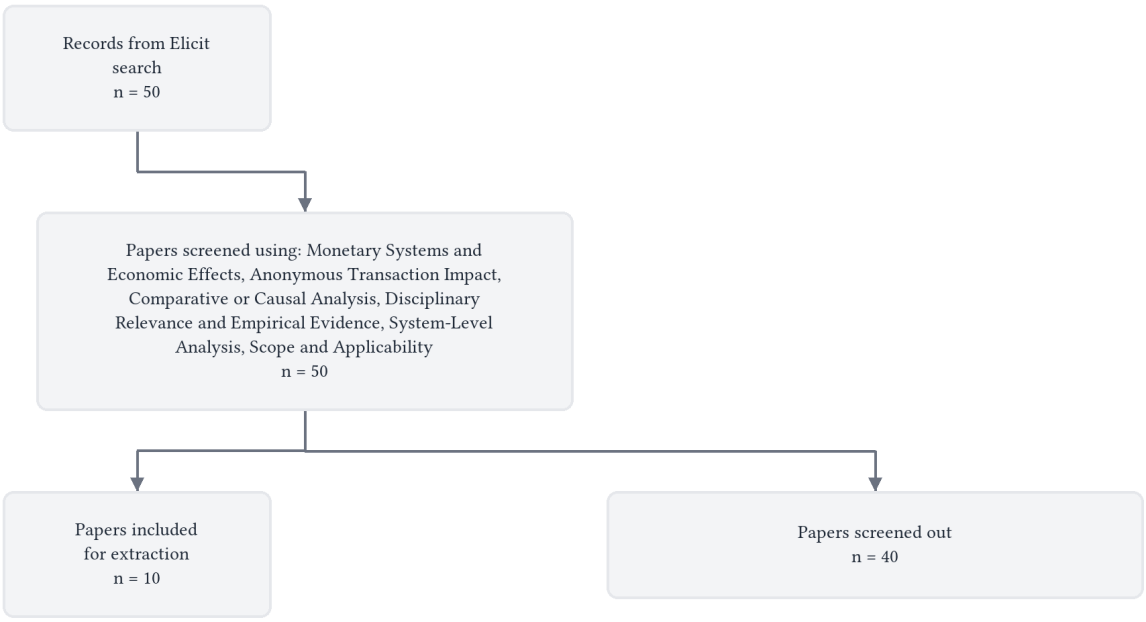
Money is the source of inequality in the world, it is a debt mechanism which forces users into bondage and allows for anonymous transactions which harm communities.

The evidence does not support the claim that money inherently causes inequality, bondage, or community harm through anonymity; rather, outcomes depend critically on who controls money creation and debt specification mechanisms, with identical monetary systems producing opposite effects based on governance structures and power distributions.

Abstract

The evidence does not support universal claims that money inherently creates inequality, forces bondage, or enables harmful anonymous transactions. While traditional fiat money systems contributed to increased global inequality and wealth fluctuation [1], and modern debt-money requires perpetual growth that increases inequality [2], alternative systems showed highly context-dependent outcomes. Cryptocurrencies theoretically reduced inequality in econometric models [1] yet empirically exhibited massive wealth concentration reproducing traditional capital inequality levels [3, 4]. Identical community currency systems in Argentina either exacerbated inequality or promoted collective emancipation depending on political community characteristics [5], while Spanish community currencies inherited conventional economy inequalities through private ownership and specialized skills [6]. Historical evidence demonstrates that debt mechanisms do not inevitably create bondage: Mesopotamian ruling classes used specification means to establish extractive reciprocity transferring value to creditors [7, 7], while Indus civilizations maintained balanced reciprocity through widely accessible specification systems [7, 7]. Transaction anonymity received minimal empirical attention, with community harms primarily stemming from inequality reproduction [6], debt creation [8], and power asymmetries [4] rather than anonymous exchange. The critical determinant of whether monetary systems create inequality and bondage is who controls money creation and debt specification mechanisms, not the monetary system type itself.

Flow Diagram



Paper search

We performed a semantic search across over 138 million academic papers from the Elicit search engine, which includes all of Semantic Scholar and OpenAlex.

We ran this query: "Money is the source of inequality in the world, it is a debt mechanism which forces users into bondage and allows for anonymous transactions which harm communities."

The search returned 50 total results from Elicit.

We retrieved 50 papers most relevant to the query for screening.

Screening

We screened in sources based on their abstracts that met these criteria:

- **Monetary Systems and Economic Effects**: Does the study examine the relationship between monetary systems and economic inequality, debt-based monetary systems and their effects on economic freedom, or related economic impacts of monetary systems?
- **Anonymous Transaction Impact**: Does the study investigate the impact of anonymous or pseudonymous financial transactions on community welfare, social cohesion, or economic outcomes, OR does it focus on other aspects of monetary systems covered in the previous question?

- **Comparative or Causal Analysis**: Does the study provide comparative analysis (monetary vs. non-monetary systems, historical before/after comparisons, or other comparative approaches) that enables evaluation of monetary systems' causal effects?
- **Disciplinary Relevance and Empirical Evidence**: Is the study from economics, sociology, anthropology, or related social sciences AND does it contain empirical data or evidence (rather than being purely theoretical or philosophical)?
- **System-Level Analysis**: Does the study conduct population-level or system-level analysis rather than focusing solely on individual financial behavior or personal debt management?
- **Scope and Applicability**: Does the study have broader applicability beyond single institutions AND does it address social/economic impacts rather than focusing solely on technical payment system aspects or highly specific technical details?

We considered all screening questions together and made a holistic judgement about whether to screen in each paper.

Data extraction

We asked a large language model to extract each data column below from each paper. We gave the model the extraction instructions shown below for each column.

- **Monetary System**:

  Extract the specific type(s) of monetary system(s) analyzed in relation to inequality and social control, including:

- System type (e.g., fiat currency, cryptocurrency, local exchange systems, barter, gift economy, gold standard)
- Geographic/cultural context
- Historical period
- Scale of operation (local, national, global)
- Key characteristics that distinguish it from other monetary systems

- **Inequality Evidence**:

  Extract all empirical evidence regarding the relationship between the monetary system and inequality, including:

- Quantitative measures of inequality (Gini coefficients, income ratios, wealth distribution data)
- Qualitative descriptions of inequality effects
- Direction of causality claimed (does money cause inequality, reduce it, or have no effect?)
- Mechanisms by which the monetary system affects inequality
- Comparisons between different monetary systems' inequality outcomes
- Statistical significance and effect sizes where provided

- **Debt Mechanisms**:

  Extract evidence of how the monetary system functions as a debt mechanism and creates financial obligations, including:

- Description of debt creation processes within the system
- Interest-bearing vs. non-interest-bearing debt characteristics
- Who has power to create/issue money/debt
- How debts are recorded, tracked, or specified

- Relationship between money creation and debt creation
- Evidence of extractive vs. balanced reciprocity in debt relations
- Debt settlement mechanisms and accessibility

- **Social Control Effects**:

  Extract evidence of how the monetary system creates dependency, coercion, or 'bondage' effects on users, including:

- Mechanisms of social control through monetary systems
- Evidence of forced participation or exclusion from economic systems
- Power asymmetries between different actors in the monetary system
- Ways the system compels specific behaviors or compliance
- Effects on individual autonomy and economic freedom
- Evidence of liberation or emancipation through alternative monetary arrangements

- **Community Impacts**:

  Extract evidence of how the monetary system affects community cohesion, social relations, and collective welfare, including:

- Effects on social solidarity and cooperation
- Impact on local vs. distant economic relationships
- Changes in social organization due to monetary practices
- Evidence of community harm or benefit from transaction anonymity
- Effects on collective decision-making and democratic participation
- Impact on traditional reciprocity and gift relationships
- Community resilience or vulnerability created by the monetary system

- **Transaction Characteristics**:

  Extract specific features of transactions within the monetary system that affect social relations, including:

- Level of anonymity in transactions (anonymous, pseudonymous, or fully traceable)
- Accessibility of the monetary system to different social groups
- Geographic and social scope of transactions (local, global, community-bounded)
- Speed and ease of transactions
- Intermediaries required or eliminated
- Social information embedded in or stripped from transactions
- Trust requirements and social coordination needed

- **Alternative Systems**:

  If the study discusses alternatives to dominant monetary systems, extract details about their design and outcomes, including:

- Specific alternative monetary arrangements proposed or implemented
- Empirical outcomes of alternative systems (inequality, community effects, sustainability)
- Barriers to implementation or adoption of alternatives
- Comparative advantages/disadvantages vs. conventional money
- Evidence of whether alternatives reduce inequality, debt bondage, or community harm
- Scalability and practical viability of alternatives

- **Evidence Quality**:

  Extract information about the methodological approach and quality of evidence supporting claims about money's effects, including:

- Research methodology (ethnographic, econometric, historical, theoretical)
- Data sources and sample characteristics
- Time period covered by the analysis
- Statistical methods used and their appropriateness
- Limitations acknowledged by authors
- Strength of causal claims vs. correlational evidence
- Peer review status and publication venue

Results

Characteristics of Included Studies

Study	Full text retrieved?	Methodology	Monetary System(s)	Geographic Scope	Time Period	Key Findings
Anwar Hasan Abdullah Othman et al., 2020 [1]	Yes	Econometric (ARDL) [1]	Cryptocurrencies, gold standard, fiat money [1]	Global [1]	Contemporary [1]	Cryptocurrencies and gold standard reduce inequality; fiat money increases it [1]
E. Barinaga et al., 2019 [6]	No	Ethnographic (6 months fieldwork) [6]	Mutual credit community currency [6]	Malaga Comun, Spain [6]	Contemporary [6]	Community currencies inherit inequality from conventional economy via private ownership and specialized skills [6]
Hadrien Saiag et al., 2011 [9]	No	Ethnographic and historical [9]	Local exchange system (trueque) [9]	Argentina (local and national) [9]	Historical analysis [9]	Money as debt system can create violent or emancipating social relations [9]

Study	Full text retrieved?	Methodology	Monetary System(s)	Geographic Scope	Time Period	Key Findings
Hadrien Saiag et al., 2018 [5]	No	Ethnographic [5]	Local currency (trueque using crédito) [5]	Rosario and Poriajhu, Argentina [5]	Recent/ongoing [5]	Monetary systems can exacerbate inequality or promote collective emancipation depending on political community [5]
C. Hann et al., 2012 [10]	No	Historical and theoretical (book review) [10]	Bullion and credit money systems [10]	Eurasian civilizations [10]	Ancient Mesopotamia to 1971 [10]	Money trans-formation driven by violence, slavery, and repression; shift from measuring human worth to neutral measure [10]
Tim Di Muzio et al., 2017 [2]	No	Theoretical/critical (book) [2]	Debt-money [2]	Global [2]	Contemporary [2]	Modern debt-money requires perpetual growth and increases inequality [2]
Usman W. Chohan et al., 2019 [3]	No	Theoretical (discussion paper) [3]	Cryptocurrency (Bitcoin) [3]	Global [3]	Contemporary [3]	Bitcoin wealth concentration reproduces inequality levels found in traditional capital [3]

Study	Full text retrieved?	Methodology	Monetary System(s)	Geographic Scope	Time Period	Key Findings
N. Dodd et al., 2018 [4]	Yes	Theoretical and critical analysis [4]	Cryptocurrency (Bitcoin) [4]	Global [4]	Contemporary (up to 2015) [4]	Bitcoin replicates wealth asymmetries and exacerbates existing inequities despite ideology [4]
Philip Mader et al., 2014 [8]	No	Not specified in abstract [8]	Debt-based financial expansion (microfinance) [8]	Global South [8]	Not specified [8]	Microfinance financializes poverty by indebting poor people [8]
D. Miller et al., 1985 [7]	No	Historical and comparative [7]	Interest-bearing debt (Mesopotamia), balanced reciprocity (Indus) [7]	Mesopotamia and Indus civilization [7]	Ancient [7]	Means of specification can create permanent inequalities (extractive reciprocity) or sustain balanced reciprocity [7]

The included studies span diverse methodologies, from econometric analysis [1] to ethnographic fieldwork [5, 6, 9] to historical and theoretical approaches [2, 4, 7, 10]. Full text was retrieved for only two studies [1, 4], with the remaining eight available as abstracts only. The monetary systems examined range from contemporary cryptocurrencies [1, 3, 4] and fiat currencies [1, 2] to historical systems [7, 10] and community-based alternatives [5, 6, 9]. Geographic scope varies from local community currencies [5, 6, 9] to global monetary systems [1–4], with temporal coverage spanning from ancient civilizations [7] to contemporary analyses [1–4, 6].

Thematic Analysis

Monetary Systems and Inequality Effects

Evidence on whether monetary systems inherently create or reduce inequality is mixed and context-dependent. The econometric analysis by Anwar Hasan Abdullah Othman et al. found that cryptocurrencies and the gold standard contributed significantly to reducing global income inequality measured by Gini coefficients and income distribution ratios (top 1%, 10%, 40%, and 50%) [1], while traditional fiat money systems contributed positively to inequality and

its fluctuation [1]. The mechanisms identified for fiat money's inequality effects included inflation, lack of financial inclusion, and debt creation [1].

However, empirical studies of actual cryptocurrency implementation contradict these econometric projections. Chohan's discussion paper documented massive concentration of Bitcoin wealth among a handful of owners [3], reproducing inequality levels found in traditional capital [3]. Similarly, Dodd's critical analysis found that Bitcoin exhibits asymmetries of wealth and power not dissimilar from the mainstream financial system [4], explicitly noting that Bitcoin replicates and exacerbates existing inequities [4]. This concentration contradicts the cryptoanarchist narrative that cryptocurrencies democratize wealth through wider autonomous participation [3].

Community-based monetary systems showed similarly mixed results. Barinaga's ethnographic work in the Malaga Comun mutual credit system found that sources of inequality from the conventional economy are brought into community currencies [6], with private ownership and specialized complex skills creating unequal capacities to earn community currency relative to spending needs [6]. The Argentinian trueque systems studied by Saiag demonstrated context-dependent outcomes: the same monetary form exacerbated inequality in one setting while promoting collective emancipation in another [5], with differences attributed to the kinds of political communities the currency forged [5].

Historical analysis provides additional perspective on monetary systems and inequality. Graeber's synthesis (reviewed by Hann) documented how money's transformation from a unit of account in "human economies" to a commercial exchange medium was driven by violence, slavery, and repression of women [10]. The shift from money measuring human worth to serving as a neutral measure fundamentally altered its social role [10]. Comparative archaeological evidence from Miller contrasted Mesopotamian interest-bearing debt systems characterized by "extractive reciprocity" that transferred value to creditors [7] with the Indus civilization's "balanced reciprocity" sustained by widely accessible seals and sealings [7].

Debt Mechanisms and Financial Bondage

Multiple studies documented how monetary systems function as debt mechanisms, though evidence on whether this creates bondage varies by system design and context. Di Muzio's critical analysis argued that modern debt-money inherently requires perpetual growth and increasing inequality [2], with elites imposing and benefiting from a system that compels perpetual consumption [2]. Dodd noted that the current monetary system ties money production to debt creation [4], which Bitcoin ideologically opposes by seeking debt-free money [4].

Mader's analysis of microfinance provided evidence of debt creating bondage in practice, arguing that rather than alleviating poverty, microfinance "financializes poverty" by indebting poor people in the Global South [8, 8]. This transforms poverty into a financial opportunity that drives financial expansion [8] while potentially creating financial dependencies that harm community cohesion [8].

The Argentinian trueque systems studied by Saiag conceptualized money explicitly as "a system of evaluation and settlement of debts" [5, 9], with diverse monetary practices and modalities for issuing settlement means [9]. However, whether these debt systems created bondage or emancipation depended on context: some reproduced violent social relations while others enabled emancipating ones [9, 9].

Historical evidence from Miller demonstrated that debt mechanisms do not inevitably create permanent inequalities. In Mesopotamia, after millennia of control by exclusionary political institutions, the ruling class used means of specification (seals and sealings) to establish interest-bearing debt characterized by "extractive reciprocity" [7, 7]. In contrast, the Indus civilization maintained "balanced reciprocity" where seals remained readily accessible and widely distributed [7, 7], suggesting that who controls debt specification mechanisms determines whether they create

bondage or maintain equity [7].

Transaction Anonymity and Community Effects

Evidence on transaction anonymity's effects on communities is limited and contradictory. Bitcoin's blockchain technology provides pseudonymous rather than fully anonymous transactions, with all transactions stored publicly but requiring users to avoid reusing addresses to maintain anonymity [4]. While recorded publicly and permanently [4], Bitcoin's association with illicit activities like Silk Road suggests potential community harm from this transaction structure [4].

However, most studies examined community impacts through mechanisms other than transaction anonymity. Barinaga's work suggested that community currency systems, while community-bounded [6], replicate inequalities from the conventional economy through factors like private ownership and specialized skills rather than through anonymity effects [6, 6]. The Argentinian trueque systems operated at local and community-bounded scales [5, 9], with social information embedded in transactions through community values that legitimized monetary practices [5]. Neither study attributed community harm or benefit primarily to transaction anonymity.

Studies did identify various community impacts of monetary systems beyond anonymity. The fiat monetary system's contribution to inequality [1] potentially harms community cohesion and cooperation, while alternative systems like cryptocurrencies and gold might promote solidarity through more equitable conditions [1]. Conversely, Bitcoin's practical operation as a centralized entity with strong social organization and hierarchy affects local versus distant economic relationships [4], and monetary pluralism including Bitcoin could lead to higher systemic resilience and financial inclusion [4].

Historical systems showed diverse community effects. Graeber's analysis indicated money transformation driven by violence and slavery had negative impacts on social solidarity and cooperation [10], disrupting traditional ”social currencies” as commercial economies expanded [10]. Miller's comparison suggested Mesopotamian extractive reciprocity likely harmed social solidarity by favoring creditors [7], while Indus balanced reciprocity preserved traditional reciprocity and sustained social cohesion [7].

Alternative Monetary Systems

Several studies examined alternatives to dominant monetary systems, with varying evidence on their effectiveness. Anwar Hasan Abdullah Othman et al. proposed cryptocurrencies and the gold standard as alternatives to fiat money [1], reporting significant reductions in global income and wealth inequality as empirical outcomes [1]. The study suggested these alternatives could resolve issues of inflation, financial inclusion, and debt creation associated with traditional fiat systems [1], though it did not address scalability or implementation barriers [1].

Community currencies provided mixed evidence. The Malaga Comun mutual credit system demonstrated that alternatives embedded in conventional economies inherit existing inequalities through private ownership and specialized skills [6]. The Argentinian trueque using the crédito unit of account showed context-dependent outcomes, either exacerbating inequality or promoting collective emancipation [5], though specific design features determining these different outcomes were not detailed [5].

Dodd discussed a ”permissioned” blockchain proposed by Eris Industries that operates without money, using utility rather than monetary value as incentive for maintenance [4]. This alternative seeks to address centralization issues by removing monetary incentives [4], with potential for higher systemic resilience, political openness, and financial inclusion through monetary pluralism [4]. However, empirical outcomes and scalability evidence were not provided [4].

Historical evidence from Miller suggested the Indus civilization's widely accessible seals sustained ”balanced reciprocity” and equitable conditions in urban settings [7], potentially offering an alternative model where specification means remain distributed rather than concentrated. Yet barriers to implementation, comparative advantages, and scalability of this ancient system to modern contexts were not discussed [7].

Synthesis

The evidence presents a more complex picture than the research question's claims that money inherently creates inequality, forces bondage, and enables harmful anonymous transactions. Rather than supporting universal statements about money's effects, the findings reveal that outcomes depend critically on system design, governance structures, and social context.

Inequality: System Design Over Inherent Effects

The apparent contradiction between econometric projections showing cryptocurrencies reduce inequality [1] and empirical observations of massive Bitcoin wealth concentration [3, 4] reflects different analytical levels rather than incompatible findings. Anwar Hasan Abdullah Othman et al.'s ARDL model examined theoretical effects of monetary system types on global inequality measures [1], while Chohan and Dodd documented actual distribution patterns within existing cryptocurrency markets [3, 4]. The concentration occurs despite cryptocurrencies' structural features that theoretically enable wider distribution, suggesting implementation and adoption dynamics—rather than monetary system type alone—determine inequality outcomes.

This pattern extends across alternative systems. Community currencies in Spain inherited conventional economy inequalities through private ownership and specialized skills [6], while identical trueque systems in Argentina produced opposite effects based on political community characteristics [5]. These findings indicate that monetary systems mediate rather than determine inequality, with outcomes shaped by property relations, skill distributions, and governance structures.

Historical evidence supports this interpretation. Miller's comparison of Mesopotamian extractive reciprocity versus Indus balanced reciprocity [7] demonstrates that identical technologies (seals and sealings) produced radically different inequality outcomes. The difference stemmed from control structures: Mesopotamian ruling classes monopolized specification means to establish interest-bearing debt [7], while Indus systems maintained wide accessibility [7]. Similarly, Graeber's analysis showed money transformation into commercial exchange occurred through violence and political domination rather than inherent monetary properties [10].

Debt and Bondage: Control Versus Mechanism

The evidence that monetary systems function as debt mechanisms [4, 5, 9] does not uniformly support claims of bondage. While microfinance clearly creates financial dependencies by indebting poor populations [8, 8], and modern debt-money systems require perpetual growth favoring creditors [2, 2], alternative debt-based systems show emancipatory potential [5].

The critical variable is who controls debt creation and specification. When exclusionary institutions monopolize these powers, as in Mesopotamian ruling class control of interest-bearing debt [7, 7], extractive reciprocity transfers value to creditors creating permanent inequalities [7]. When specification means remain accessible, as in the Indus civilization [7], the same debt mechanisms sustain balanced reciprocity [7]. Modern fiat systems concentrate money creation power in elites [2], compelling behaviors that serve creditor interests [2].

Bitcoin's attempt to eliminate debt-based money creation [4] has not prevented power asymmetries and wealth concentration [4], suggesting that removing debt mechanisms alone is insufficient without addressing control structures. The blockchain's transparent recording of debts [4] theoretically reduces extractive potential, but concentrated wealth in few wallets [3] indicates other factors—likely early adoption advantages and technical knowledge barriers—reproduce inequality through non-debt mechanisms.

Transaction Characteristics: Limited Evidence on Anonymity

Claims about anonymous transactions harming communities receive minimal empirical support in the included studies. Only two studies directly addressed transaction anonymity: Dodd noted Bitcoin's pseudonymous transactions and association with illicit activities [4, 4], and extraction data on transaction characteristics for other systems generally noted this aspect was "not mentioned" [1–3, 5–10].

Community impacts documented across studies primarily stemmed from inequality reproduction [6, 6], debt creation [8], and power asymmetries [4] rather than transaction anonymity. Community currencies operated at local, community-bounded scales with social information embedded in transactions [5], suggesting traceable rather than anonymous exchange. Even Bitcoin, despite its pseudonymous structure, functions through strong social organization and community identity [4] rather than purely anonymous individual transactions.

The limited evidence on anonymity effects contrasts sharply with extensive documentation of community harms from inequality [1, 6], exclusion from settlement means [9], and financial dependencies [8]. This suggests transaction transparency versus anonymity is less consequential for community welfare than distributional outcomes and power structures.

Methodological Considerations

The evidence base's heterogeneity in methodology requires careful interpretation. The single econometric study [1] provides quantitative inequality measures but lacks details on data sources and time periods covered [1]. Ethnographic studies [5, 6, 9] offer rich contextual insights into specific communities but limited generalizability. Historical and theoretical analyses [2, 4, 7, 10] provide conceptual frameworks and long-term perspectives but cannot establish contemporary causal relationships.

Most critically, eight of ten studies were available only as abstracts [2, 3, 5–10], limiting assessment of methodology quality, data characteristics, and acknowledged limitations. The two full-text studies [1, 4] represent econometric and theoretical approaches respectively, leaving ethnographic and historical claims about debt bondage and community effects without full methodological scrutiny.

The strongest causal claims—that fiat money increases inequality while alternatives reduce it [1] —come from econometric analysis without detailed methodological information [1]. Claims about debt creating bondage [2, 8] and community harm [8] rest primarily on theoretical arguments and case studies rather than systematic empirical comparison. The evidence more consistently supports correlational relationships between monetary system characteristics and social outcomes mediated by governance structures and power distributions.

References

1. Anwar Hasan Abdullah Othman, S. M. Alhabshi, Salina Kassim, et al (2020) The impact of monetary systems on income inequity and wealth distribution. https://doi.org/10.1108/ijoem-06-2019-0473

2. Tim Di Muzio, R. Robbins (2017) An Anthropology of Money: A Critical Introduction. https://doi.org/10.4324/9781315453453

3. Usman W. Chohan (2019) Cryptocurrencies and Inequality. Social Science Research Network. https://doi.org/10.2139/ssrn.3322329

4. N. Dodd (2018) The Social Life of Bitcoin. https://doi.org/10.1177/0263276417746464

5. Hadrien Saiag (2018) Money as a social relation beyond the state: a contribution to the institutionalist approach based on the Argentinian trueque. British Journal of Sociology. https://doi.org/10.1111/1468-4446.12610

6. E. Barinaga (2019) Transforming or reproducing an unequal economy? : Solidarity and inequality in a community currency

7. D. Miller (1985) Ideology and the Harappan civilization. https://doi.org/10.1016/0278-4165(85)90013-3

8. Philip Mader (2014) The Political Economy of Microfinance: Financializing Poverty. https://doi.org/10.1057/9781137364210

9. Hadrien Saiag (2011) Le Trueque argentin au prisme de la dette : une socioéconomie des pratiques monétaires et financières

10. C. Hann (2012) David Graeber, Debt: The First 5000 Years . New York: Melville House, 2011. Comparative Studies in Society and History. https://doi.org/10.1017/S0010417512000102