

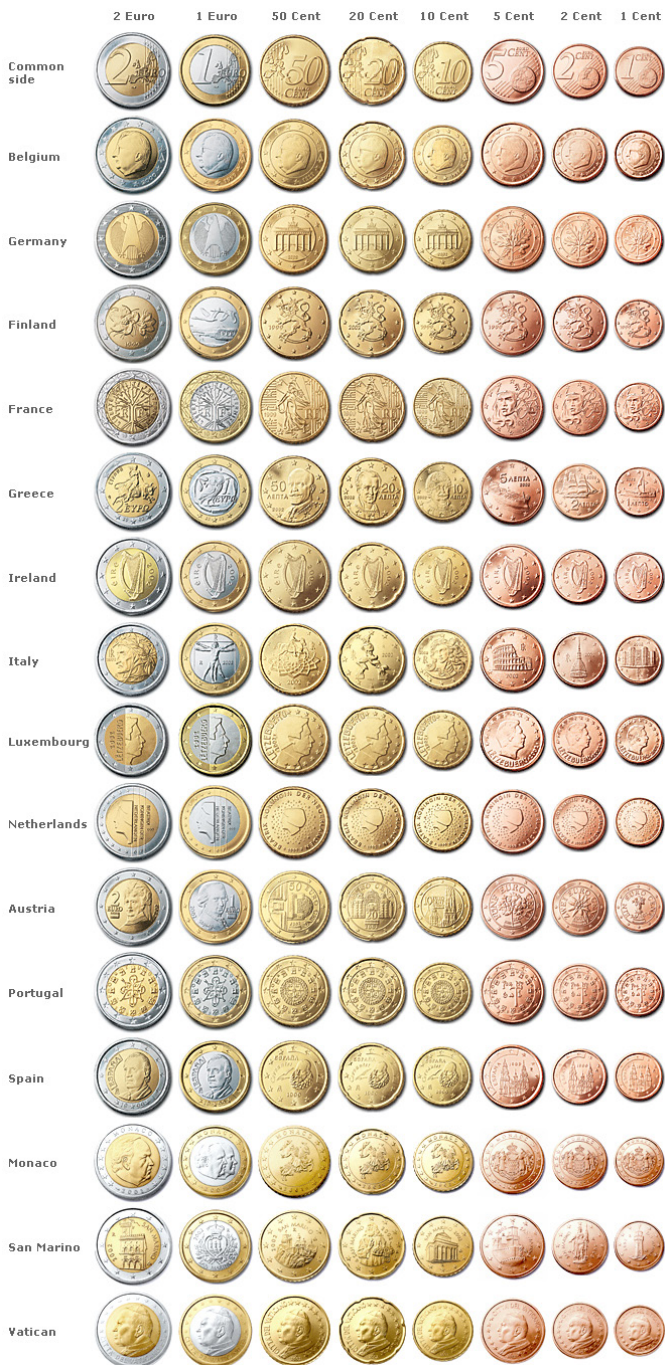
EVEN A
DEAD CAT
WILL BOUNCE
IF IT FALLS
FROM A
GREAT HEIGHT

RESEARCH & STORIES ABOUT SECONDARY ECONOMICS

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(c) Daniel Klapp



INTRODUCTION

We live in times of distorted values, where money is a measurement of success and happiness. We are fascinated by making it, and with people who make a lot of it. It became a religion which determines the totality of life on this world, and the natural order of things.

The iconography depicted on bills and coins, presenting ideals of a nation, of a union of nations or a particular group, was so to say, the entry point for me as a designer for my interest in currencies. Also if we take into account the universality of money (knows no borders) and the amoral status of it (it is supposedly neutral, a mere medium for exchange), the idea seems to be in contradiction with the graphics printed or engraved on currencies: virtuous individuals, or symbols of values (like the Marianne on the old French francs, an embodiment of the republican values) and national symbols and emblems, very local and place-specific flora, fauna, buildings and infrastructure. While researching about iconography I've

come across a few interesting occurrences regarding coins as objects. Money is material, it has palpable qualities, it has to be produced, it has to be distributed, it has to be stocked, it even has to be designed, and redesigned. It takes work and effort to make the money. It can also be altered, transformed and destroyed. The price of steel, out of which many coins are made, goes up and down, it always changes, rapidly, somewhat unexpected. If there is a lot of it, the price goes down, and vice versa. Although money behaves in similar ways, it is controlled by governments and not by the market. The currency has a prescribed value which is not by any way determined by the value of the material from which it is made. This occurrence has caused secondary economics and has altered money through history. I've stumbled upon great examples of how money was changed, and for which purposes. An example would be: melting silver coins as the price of silver goes up, and turning silver back into coins if the value drops, earning on these gaps. How much a country today is losing on these "exchange" rates, costs of production and as well as how costly is it if money exits the circulation?

This work will focus mainly on two properties of money within the double approach (idea and object): it can be accumulated, and it can be transformed, and it questions how can artistic practices manipulate the value of money by altering it.

Method

The written part presents itself as a collection of stories and personal comments related to my primary fields of interest

regarding money. The difference between material costs and the nominal value of the object, the transformation of money into art and vice-versa, the accumulation of money as an object which has a size and weight, and partially cover the iconography present on coins and bills.

I have been interested in researching currencies and money in general, and through exploring the theme I have found some interesting facts about coins, their uses, and their production. The production of money is a process like any other production – it has expenses of workers, means, machines, etc. This can lead to paradoxes. For instance that the production costs of the smallest euro coins (1 ¢, 2 ¢) are far above their nominal value. Regarding value and the uses of coins, I have found out interesting cases where the function of coins is altered. A good example is the so-called “depression era nickel” which I covered further in my research.

For this project, I choose as the primary currency the Euro. The reason for giving this currency the main place in the study was not only due to I am currently living in the Eurozone but also, because of how exceptional the willing adoption of a single currency shared by different sovereign national states is.

These small stories, almost anecdotes really, are to me a parallel to the stories we can trace by looking at the images on currencies. A human-sized way to deal with a vast topic.

Value	Image (2007–present)	Main colour	Secondary colour	Diameter (mm)	Thickness (mm)	Mass (g)	Shape	Composition	Edge
€0.01		Bronze	None	16.25	1.67	2.30	Round	Copper-covered steel	Smooth
€0.02		Bronze	None	18.75	1.67	3.06	Round	Copper-covered steel	Smooth with a groove
€0.05		Bronze	None	21.25	1.67	3.92	Round	Copper-covered steel	Smooth

Euro cents, Wikipedia

NOMINAL VALUE VS PRODUCTION COSTS

In Ireland, as of 12 June 2015 1,096,853,216 2¢ coins have been issued into circulation, and 1,384,491,236 1¢ coins have been released into circulation amounting to a total €13,844,912.36. A 1¢ coin costs 1.65¢ to produce while 2¢ coin costs 1.94¢.[1] 1¢, 2¢ and 5¢ coins are made out of copper-plated steel, 94.5% steel and plated with 5.5% copper.[2]

In Italy, Left Ecology Freedom party treasurer Sergio Boccadutri said to members of the parliament that the cost was off 5.2¢ for each 2¢ coin and of 5.7¢ for 5¢ pieces - dubbing the whole process "incredible." Boccadutri says his calculations suggest that the state mint has made various cent coins to a total cost of 362m euros since the adoption of the single currency in 2002, even though the coins themselves have a face value of the only 174m.[3]

1 ^ "Central Bank announces 28 October as Rounding rollout day", Central Bank of Ireland. October 19th, 2015. Retrieved 2016-04-03.

2 ^ "Ireland is running short of one-cent coins", The Irish Times. March 25th, 2015. Retrieved 2016-04-15

3 ^ "Italy: Minting euro cents 'costs four times their value'", British Broadcasting Corporation. November 5th, 2013. Retrieved 2016-04-15



(c) Regis Duvignau, Reuters

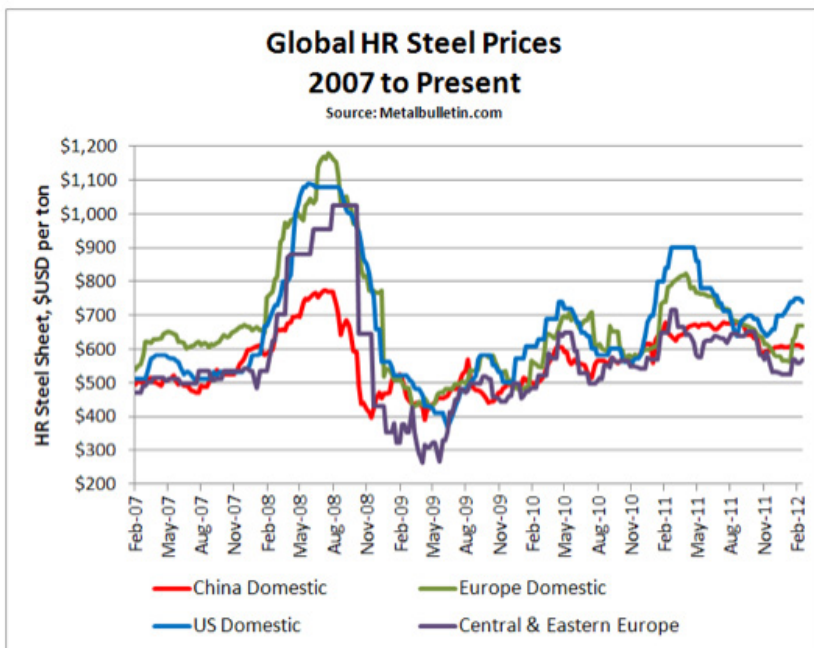
4 ^ "High Price Growth in 2015 – How Will it Affect You?" Media Center .March 4th, 2015. Retrieved 2016-04-07.



$100\text{€} = 10000\text{¢}$
 $1\text{¢} = 2.30\text{ g}$, 10000¢ (in 1¢ coins) = 23 kg
 1¢, 2¢, 5¢ - 94.5% steel, 5.5% copper
 10000¢ (in 1¢ coins) =
 21.735 kg of steel & 1.265 kg of copper
 Density of steel is 7850 kg/m³
 Density of copper is 8940 kg/m³
 10000¢ (in 1¢ coins) =
 2.77 l of steel + 0.14 l of copper

It depends on quite a lot on how a particular country counts production costs since the difference is quite large in the case of the 2¢ coin. What is included always is worth of material, worker's salary, electricity? Although, transportation, maintenance of machines, storage of coins, are often not included. This calculation may vary on the type and cleanness of these materials, which is for me currently uncertain. The production costs are also heavily dependent on the price of raw metals in the markets, which, as all raw materials are subject to fluctuations due to speculation.

The price of steel, a raw material input in the production of countless construction and industrial products, has shifted dramatically during the past three years in concert with sharp fluctuations in demand for manufactured goods from developing international markets, like China. Consequently, suppliers of many everyday products that are produced from steel have had to boost their prices to protect themselves from potential spikes in steel costs.[4]



Seigniorage

Seigniorage represents the distinction between the value of money and the costs of its reproduction and distribution. Seigniorage is a tax, added to the total price of a coin (metal content and production costs), that a customer of the mint had to pay to the mint, and that was sent to the sovereign of the political area.[5] Seigniorage obtained from notes is more indirect, being the difference between interest earned on securities acquired in exchange for bank notes and the costs of producing and distributing those notes.[6] For example, if a person has one ounce of gold, he/she can easily trade it for an official bank certificate and later, redeems it in the same amount of gold. In this situation, no seigniorage occurred. But, if the government converts gold into currency at the market by printing paper notes, a person would be exchanging one ounce of

Global HR steel prices, 2007 to 2012, www.metalbulletin.com

⁵ <https://www.minneapolis-fed.org/research/QR/QR2142.pdf>

⁶ Bank of Canada (March 2012). "Backgrounders: Seigniorage" (PDF). Retrieved 2 January 2013

7 ^ "Seigniorage", Wikipedia.
Retrieved 2016-04-03

8 ^ "Issues related to the continued issuance of the 1 and 2 euro cent coins", Communication from the Commission to the European Parliament and the Council. European Commission. May 14th 2013. Retrieved 2016-04-05

gold for its value in currency. In this situation, seigniorage occurred if the value of the currency about gold has decreased, so the person receives less than one ounce of gold. "Historically, seigniorage was the profit resulting from producing coins. Silver and gold were mixed with base metals to make durable coins. Thus, the British "sterling" was 92.5% pure silver; the base metal added (and thus the pure silver retained by the government mint) was (fewer costs) the profit, the seigniorage. United States gold coins before 1933 were made of 90% gold and 10% copper". Nowadays, seigniorage is defined as the interest of payments received by central banks on the total amount of currency issued.[7]

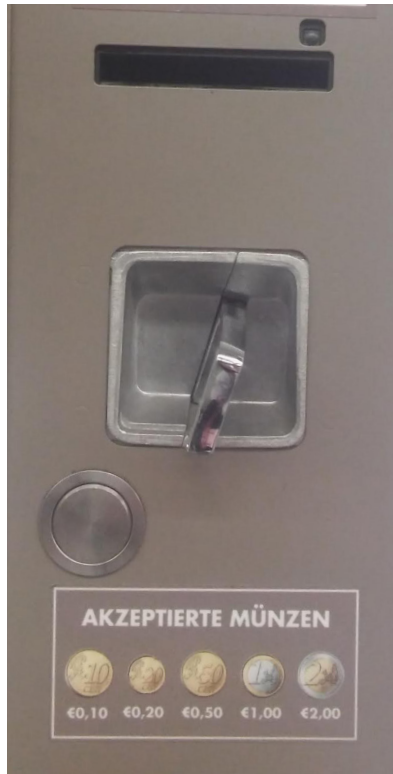
Furthermore, it is important to mention that, since the introduction of Euro currency in 1999, EU attempted different approaches to testing the criteria of cost and public acceptability of euro coins and banknotes.[8]

Money Multiplayer

If we look at the definition of money as an object of value that is accepted as payment for goods and services within a market, we should also consider the history of money. It concerns the development of means which were used as a medium of exchange. Different goods, such as shells, tobacco, copper, gold, and silver were used for this purposes. Gold appeared as a great medium of exchange because of its attributes - it was easy to divide gold into smaller pieces and use it as money. Eventually, people realized that it would be better to give paper documents for a certain amount of gold, which could be easily exchanged for other goods. So the gold was the deposit and

banknotes were increasingly used in the money circulation system. That was the point when bankers began issuing a greater value of notes than the total value of their total reserves (deposits). From that point on, the logic of money making hasn't much changed. Today money is being made on the similar principle. Money multiplier formula can explain this process:

$M = \text{money stock} / \text{monetary base} = \text{deposits} + \text{publicly held currency} / \text{monetary base}$



[c] Adrijan Karavdic, Vending
Machines in Vienna

ACCUMULATION, USAGE & REDUNDANCY OF COINS

Piggy bank (sometimes penny bank or money box) is the traditional name of a coin container usually used by children. The piggy bank is known to collectors as a “still bank” as opposed to the “mechanical banks” popular in the early 20th century. These items are also often used by corporations for promotional purposes. The use of the name ‘piggy bank’ gave rise to its widely-recognized ‘pig’ shape, and many financial services companies use piggy banks as logos for their savings products.[8]

Piggy banks are typically made of ceramic or porcelain.[9] They are painted and serve as a pedagogical device to teach the rudiments of thrift and savings to children; money can be easily inserted. Many piggy banks have a rubber plug located on the underside; others are made of vinyl and have a removable nose for easy coin access. Some incorporate electronic systems which calculate the amount of money deposited. [10] Some piggy banks have no opening beside the slot for inserting coins, which

8 ^ “Piggy bank”. Wikipedia.
Retrieved 2016-04-03

9 ^ Schroy, Ellen (2011).
Warman's Americana & Collectibles. Krause Publications. p.
367. ISBN 1440228221.

10 ^ “DigiBank Piggy and
Panda Banks Learn to Count”.
Gizmodo, February 26th, 2007.
Retrieved 2016-04-06.

will lead to smashing the piggy bank with a hammer or by other means, to obtain the money within.



Now piggy banks exist in different types, shapes, and sizes. They could be jars, cups, plastic bottles, basically anything that could hold a larger amount of small coins safely from spilling everywhere once it falls. Although it's the primary purpose was to teach children to accumulate money, today they are being collected out of different reasons.

Small coins are quite limited in their use. Different type of vending machines & ticket machines in Vienna do not accept coins denominations of 1¢, 2¢, and quite rarely 5¢. They would cause instant queue if somebody tried to pay with them in rush hour, even partially. They accumulate fast in our wallets since it tends to be quite time consuming to try and round up each hand transaction in a store, creating a heavy object that should be carried around. They are being disposed of for being a burden for us.

But let's observe the problem from a different point. Let's make a hypothetical situation in which every 10th household has a piggy bank that could hold up to 3kg of coins. That is a significant amount of coins that would eventually exit circulation. When money exits circulation, the state has to mint more to compensate for the once not being used. The problem is that many households do not exchange their coins as often, and because of this, and other various reasons, the state has to print more coins each year.



Coin hoarding

Hoarding coins is not a new phenomenon in economic history. Moreover, Italian economic historian Carlo Cipolla named it “the big problem of small change”. But more important is that this issue was considered as an occurrence of pre-modern times when coins were made out of precious metal and “people brought silver to the mint to have it turned into coins. If the value of silver rose beyond the face value of coins, hoarding silver was a natural response.” Today, the real value of coins is theoretically unconnected to the metal they contain.

[c] Adrijan Karavdic,
3D render of Adam Smith

11 ^ "Change We Can't Believe In". The New York Times, June 8th, 2009. Retrieved 2016-04-09

12 ^ "Central Bank wants coin hoarders to empty all pockets". The Irish Times, Januar 26th, 2000. Retrieved 2016-04-09.

13 ^ <http://newsinfo.inquirer.net/656985/pig-gy-banks-safe-under-anti-coin-hoarding-bill#ixzz46DBqDVRS>

14 ^ "Muntenruil met Finland", De Nederlandsche Bank. March 2nd 2010. Retrieved 15-05-2016.

However, coins hoarding no longer makes any sense unless it's done on a large scale. "Hoarding causes shortages, but shortages also promote more hoarding." [11]

Coins hoarding has been in recent years a problem in several States, in 2000 in Ireland the Central Bank realized that about half of the two billion coins minted over the past years had disappeared. This caused shortages. [12]

In 2009, the city of Buenos Aires, in Argentina, also faced a high shortage of coins. [11]

And in 2014, the Senate in the Philippines wanted to pass a bill seeking to penalize individuals or groups engaged in the large-scale hoarding and export of coins. Banking authorities conceded that the hoarding of coins for melting into raw materials for mobile phones, computers, and other gadgets was a "big problem." [13]

Finland and the Netherlands coordinated a unique trade at European level. Excess Finnish 5 cent coins were traded for Dutch two-euro coins. In total five truckloads containing 30 million five-cent coins were traded for 3 million Dutch two-euro coins. This trade saved both countries a lot of money in production and material costs. An estimated 120.000 kg of metal has been saved with this deal alone. In 2010 this exact trade was repeated, helping Finland rid some of her 5-cent excesses, pumping in a new supply of two-euro coins, and saving both countries a lot of money. [14]

Destroying money:

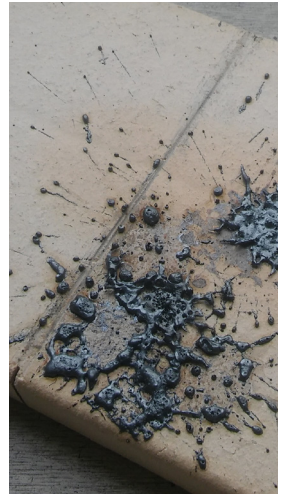
Is it legal?

Coins are, after all, a property of the Central Banks. However, in the EU it is not illegal to destroy money as explained by the European Commission website: The destruction of small quantities of euro banknotes or coins by an individual should neither be prohibited nor penalized. The justification for the non-prohibition is the fact that the lawful owner of a note should be able to do what he/she wants to his/her own good as long as there is no impact on third parties. Damaged banknotes should not be brought back into circulation. The unauthorized destruction of large quantities of euro banknotes or coins should, however, be prohibited. [15]

It is interesting that there it is no mention what would be amount that could be destroyed.

Even more so the European Commission makes an exception for artworks: Mutilation or alteration of euro banknotes or coins for artistic purposes benefits from a general exemption and is tolerated. Intentionally mutilated or altered euro notes or coins should however not be brought back into circulation.

In the United States though it is penalized to destroy money: According to Title 18, U. S. C. section 331, it is illegal to “fraudulently alter, deface, mutilate, impair, diminish, falsify, scale, or lighten any of the coins coined at the mints of the United States, or any foreign coins which are by law made current or are in actual use or circulation as money within the United States.”



(c) Adrijan Karavdic

15 ^ “Legal tender of the euro: Q&A on the new Commission recommendation”. European Commission, Press Release Database. March 22nd, 2010. Retrived 2016-04-07.



"Hobo Nickels", Darwin D.C.
1939

HOBO NICKELS / DEPRESSION ERA NICKELS

A hobo is a migratory worker or homeless vagabond, especially one who is impoverished. The term originated in the Western—probably Northwestern—the United States around 1890.[16] Unlike a “tramp”, who works only when forced to, and a “bum,” who does not work at all, a “hobo” is a traveling worker.[16][17]

The hobo nickel is a sculptural art form involving the creative modification of small-denomination coins, essentially resulting in miniature bas reliefs. The US nickel coin was favored because of its size, thickness and relative softness. However, the term hobo nickel is generic, as carvings have been made from many different denominations. Due to its low cost and portability, this medium was particularly popular among hobos, hence the name.[18]

During the US depression in the 1930s, unemployed itinerant men (better known as “hobos”) started carefully carving the faces and backs of nickel coins to increase their

16 ^ “On Hobos, Hautboys, and Other Beaus”. OUPblog. Oxford University Press. November 12th, 2008. Retrieved 2016-04-10.

17 ^ Mencken, H.L. (1937). “On the road again”. *The American Language* (4th ed.). grammar-phobia.com July 25th, 2009. Retrieved 2016-04-10.

18 ^ “Hobo”. Wikipedia. Retrieved 2016-04-03



"Hobos, Guillaume and Hughes walk along railroad tracks after being put off a train. One is carrying a bindle." Public Domain

19 ^ "55th International Art Exhibition, Biennale (National participation of Greece)." Stefanos Tsivopoulos

value, hoping to craft them into a token of a folk art worth more than its five cent denomination when traded for food or lodgings. As these men traveled the countryside by hitching rides in railroad cars, living in make-shift camps and scrambling to find work and money, they invested their time in this art form. They usually used a particular form of the coin minted from 1913 to 1938, which featured an American Bison on one side and the profile of a Native American on the other; large profile made an ideal shape for altering into portraits of themselves, friends, recognizable figures, or stereotypes of different ethnic groups. At a time of extreme financial crisis, these men used their creativity and skill to increase the value of the coins circulating, starting their meager resources further by creating an object that alternated between money and art.[19]



In the case of the Hobo Nickels, a few aspects are interesting, one of them would be the evolution of the coins as an everyday object which through skillful, artistic alteration becomes both useless and increase their value. This reminds of an operation very present in the art of the XXth century: the objet trouvé or found object, art created from undisguised but often modified objects that are usually not considered art, often because they already have a function.

The modification renders a mass-produced item: coins, through craft, into a unique, exclusive piece.

The case of the hobos as art producers is also worth looking up, globally speaking, arts, being an artist or studying arts is a thing of middle and upper working classes. Socially speaking, upper and middle class have networks of people which could with

an ease help achieve a career in a variety of fields, and their lifestyle encompasses, or it intersects with the art world. Economically, they have the capital with whom they can enjoy a variety of possibilities and also helps them having free time. Symbolically, it is a thing of privilege, to have designer objects or painting in your home. Lower and working class does not have the possibility to send their children (young adults 18-27) to a pursuit of higher education. If they do, or if a student takes a load for studying, they would choose something highly pragmatic (f.e. law, economy, business), because of the feeling that the return profit for the time consumed on education would pay off faster, and it is less risky. If somebody works two jobs, to pick up with the costs of living, they would come home and turn the TV on. They have no extra money for style, nor arts, nor they care about it, nor they understand it since their problems are of a different kind.

But what is surprising is that many artists today behave in a manner of what could be called a modern hobo. Residencies, digital nomads, work and travel, public and private funding, etc. quite resemble a life of a hobo. It is good to keep in mind that even a hobo was a type of a poor person, this was dependent on what actions one will take to afford a living.

The figure of the hobo, though, as an individual not accepting mainstream lifestyles and living a free life, as wondering bohemians, has frequently been idealized in pop culture and by many artists (many of Woody Guthrie's and Bob Dylan's songs, Kerouac's novel *The Dharma Bums*, the movie *Easy Rider* are heavily indebted to the hobo culture).



Signs and symbols used by hobos for communication.
National Cryptologic Museum.



Joseph Beuys, Kunst = Kapital

KUNST=KAPITAL

Based on the Latin source of the word (caput = head), Beuys defined capital as the creative mental abilities of people, which he reduced to the provocative formula “art=capital.” As he noted in a 1984 interview: “This economic system, which relates to this [expanded definition of art] and is impelled by it, will change its form. And a monetary economy – which brings us right back to the concept of capital – a monetary exchange economy that degrades human dignity to a commodity for money – an important point in Marx – would change into an economy in which human ability is the sole capital. And when this matter has been taken care of... then money would disappear as the economic value and shift to this area and become a legal regulative, a legal document.” There emerged in this various connection works, mostly editions, such as banknotes bearing the formula “Kunst=Kapital”, which qualified the overwhelming dominance of money. Beuys understood human beings as historically determined, but not necessarily bound by economic

conditions and their environment. Rather, in his view, people shaped history. For Beuys, economic processes were the results of free men, of their creative activity.[20]



"...For Beuys, economic processes were the results of free men, of their creative activity." This is something I would consider as a chant or chanting process, the more you repeat it, the more you will believe it's going in that direction, although, it couldn't be farther from the truth. Economic processes can not be a result of creative activity. Maybe this would be true if the scenario of an ideal free market was achieved, since it didn't, there is little or no connection with the reality in which we currently live in.

Economic processes are strictly controlled by governments, international institutions, world banks, etc., and they are/were shaped by the same, together with other factors such as revolutions. The notion of creative work or creative industries has also been enlarged in the past decades, to the point one can now hear about creative financing.

But I took the title quite literally, and as such it is quite an inspiration in my artistic research. We could see a lot of connections with the current state in the world. While the value of money is falling, art becomes an investment, which is slowly but securely growing in worth by the time passed.

"The drab free port zone near the Geneva city center, a compound of blocky gray and vanilla warehouses surrounded by train tracks, roads and a barbed-wire fence, looks like the kind of place where beauty goes to die. But within its walls, crated or sealed cheek by jowl in cramped storage

vaults, are more than a million of some of the most exquisite artworks ever made.

Treasures from the glory days of ancient Rome. Museum-quality paintings by old masters. An estimated 1,000 works by Picasso.

With their controlled climates, confidential record keeping and enormous potential for tax savings, free ports have become the parking lot of choice for high-net-worth buyers looking to round out investment portfolios with art.”[21]

21 ^ “One of the World’s Greatest Art Collections Hides Behind This Fence”. The New York Times, Graham Bowley and Doreen Carvajal. May 28th, 2016. Retrieved 2016-05-31.



On the other hand, some banks, foundations, such as Bawag Bank, Generali Foundation, Kunstforum Austria, have created their collections of artworks. This is not entirely designed for sole the purpose of investment but as an advertising or a public stunt in which banks promote themselves as humane institutions, creating social capital with whom they protect financial capital. Besides, public banks are obliged in some countries to spend a certain percentage of their benefits on arts and culture.

(c) Fred Merz, The New York Times

ABSTRACT

The overarching topic of the project is a double approach to money, as an idea and as an object. In this duality, money brings together a vast range of topics: the symbolic aspect of money relates to the organisation of societies through their economic systems, to national identities and their history, to politics how money should be distributed, how much money should be put into circulation, who decides who holds the money. Then, the physical and concrete manifestation of the idea “money”, the coins and the bills, the cash.

Money is material, it has palpable qualities, it has to be produced, it has to be distributed, it has to be stocked, it even has to be designed, and redesigned. It takes work and effort to make money. Money can also be altered and destroyed.

Through the transformation of euro coins, this work seeks to raise questions about our perception of money.

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