ON SIMMEL'S PURE CONCEPT OF MONEY: A RESPONSE TO INGHAM

Introduction (1)

IN "LAUNDERING 'MONEY': On the Need for Conceptual Clarity within the Sociology of Money", I explored the conceptual ramifications of recent developments in the sociology of money. These developments corresponded to what appear to be two countervailing trends in the world of money: homogenisation and diversification. The second trend, particularly, raises important conceptual questions about how money should be defined, and I sought to address these through an analysis of the work of prominent monetary scholars such as Cohen, Hart, Ingham and Zelizer. My central aim was to bring greater clarity to a field – the sociology of money – lacking a commonly agreed definition of its core object of study, namely money. The article was motivated by an underlying sense that these scholars were talking past each other. One significant reason seemed to be that two terms that should be central to a meaningful engagement among leading sociologists of money – money and currency – were being used in different and incompatible ways. This was the "conceptual confusion" I referred to: not a confusion specific to any individual monetary scholar, but rather a confusion bound to arise from any comparison of their work. I aimed to propose a conceptual framework wherein their different analyses could be more usefully compared (2). Of these scholars, both Hart (3) and Zelizer have constructively responded to my proposals without, of course, agreeing with them all. In an article in *American Behavioral Scientist* in 2006, Zelizer refers positively to my attempt to "map" the sociology of money, and adds further elements stemming from her own research concerns (2006, p. 1065; cf. Zelizer 2005). This was the kind of reaction I hoped for and, in Zelizer's case, not least because her work had previously been criticised for lacking a clear conceptualisation of money (Fine and Lapavitsas 2000; Ingham 2001).

In this issue of *Archives européennes de sociologie*, Ingham argues that my analysis contains a serious misunderstanding of the arguments set forth in

(1) I would like to thank Gwyneth Hawkins and Matthias Benzer for their comments on an earlier draft of this article, and David Frisby for a number of discussions about possible affinities between *The Philosophy of Money* and "How is society possible?". Any errors in what follows are, of course, my own.

(2) Gilbert makes a similar point: "that money functions on so many scales clearly contributes to its 'indeterminacy' and to our 'puzzlement' with it [...] The tensions between the various ways of understanding money need not be resolved, but they do need to be revealed" (2005, p. 381). One obvious way to "reveal" the tensions in the extant monetary literature is by refining our monetary lexicon.

(3) At length in personal correspondence, and briefly in HART 2005a, 2005b.

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his book, *The Nature of Money*. He suggests I intended to "impugn'' his understanding of the general theory of money. This was not my intention. I made several criticisms of Ingham's arguments in the hope of encouraging critical debate on the scope of the sociology of money, and selected those arguments precisely because they enabled specific key theoretical and empirical questions to be more clearly expressed. One apparent source of disagreement between Ingham and myself can swiftly be dismissed. Ingham describes my approach as ambiguous. "On the one hand'', he writes,

> [Dodd] asserts that "any attempt to build a coherent theoretical conception of money is bound to fail'' (p. 387). But, on the other, Dodd also argues that that "greater conceptual clarity can be brought to bear'' by making a distinction between the monetary *medium* and money's *denomination* (p. 406).

Taken at face value, the two statements suggest a contradiction in my position. But in the original article, I wrote: "*The terms of the present debate suggest that* any attempt to build a coherent theoretical conception of money is bound to fail'' (Dodd 2005a, p. 387, italics added). Omitting the italicised words at the beginning of the sentence reverses its intended meaning. The specific claim I made was that, if recent contributions to the sociology of money *were anything to go by*, it should be impossible to construct a coherent theoretical conception of money. Suggesting instead that it is *my own* view that "any attempt to build a coherent theoretical conception of money is bound to fail'' is a misreading. Ingham's assertion that "Dodd appears to be unsure, on rather curious intellectual grounds, about the usefulness of his claim to have provided conceptual clarity'' is unfounded. My position is unambiguous and can be summarized as follows:

- the extant literature in the sociology of money makes it difficult to build a coherent theoretical conception of money; and
- this difficulty can be overcome through greater conceptual clarity.

A similar mishap occurs when Ingham asks: "What does [Dodd] mean, for example, by his statement that 'the problem today is not that we cannot agree on a definition of money, but rather that no single definition wil l suffice' (Dodd 2005a, p. 387)?''. "What Dodd means'' can be easily ascertained by referring *in full* to the passage the quotation was taken from:

> But now, perhaps for the first time, some scholars are suggesting that there is no feasible definition of money which can embrace the diversity of monetary forms in circulation. It seems that the problem today is not that we cannot agree on a definition of money, but rather that no single definition of money will suffice. (Dodd 2005a, p. 387)

Ingham again cites only a portion of the original and thus inverts my meaning: *it seems that* no single definition of money will suffice. In fact, I deliberately distance my position from the claim that money is so diverse that no single definition will do (4). As my original article makes clear, unless

(4) See the first sentence of the cited passage.

a single definition of money can be agreed upon the sociology of money will remain a conceptually confused field (5).

Ingham and I agree on one crucial point, namely, that we should work to construct a coherent theoretical understanding of money organised around a core concept of money itself. I applauded precisely this aspect of Ingham's approach in my original article, stating that "only Ingham seeks to provide an overarching *definition* of money'' and that "Ingham's strategy does suggest a way forward towards a more coherent sociological concept of money'' (Dodd 2005a, p. 408). The key differences between us appear to concern the epistemological status of that concept. In this piece, I therefore elaborate on my argument that we should think of money as a *fiction* or an *idea*. Ingham's approach treats money as a "working fiction'' maintained by a sovereign authority that can be (but is not always) a state. My approach, following Simmel, views money as a fiction that can never empirically exist. This is perhaps the most fundamental difference between Ingham's position and my own. It is a difference that yields contrasting futures for the sociology of money.

I develop my analysis in four stages. First, I contest Ingham's reading of the second chapter of *The Philosophy of Money* (6). Where Ingham claims that Simmel advances an *empirical* claim about the inevitable appearance of "pure token money'', I argue Simmel is putting forward *theoretical* arguments to support the proposition that pure token money cannot empirically exist. Second, there is a correspondence (that Ingham, in his preoccupation with the question of sovereign authority, is bound to miss) between "conceptually correct money'' as Simmel conceives of it in *The Philosophy of Money*, and the "conceptually perfect society'' explored in "How is society possible?''. Third, this correspondence is crucial to understanding *why*, for Simmel, pure token money cannot empirically exist. Fourth, Simmel's idea of conceptually correct money most closely resembles what is described in Kantian philosophy as a "regulative ideal''. This coheres with Simmel's "relationist'' worldview, and allows me to explain why his analysis lends itself to the construction of a generic concept of money, whereas Ingham's does not.

(5) If there is one sentence in Ingham's latest article that stands out, it is this: "It is probably an indication of [Dodd's] uncertainty that 'money' is placed in inverted commas in the title of the article and throughout the text''. Inverted commas are generally used to indicate that the meaning of a term is open to contestation. Given that a central premise of my article was that "we cannot agree on a definition of money'' (Dodd 2005a, p. 387), and my aim was to "propose how these various approaches might be reconciled around a generic – but essentially fictional – concept of money'' (*ibid* p. 388), it is reasonable to have placed the term "money'' – along with others, such as "currency'' – in inverted commas. It is perplexing that Ingham should construe this merely as a sign of uncertainty.

(6) Ingham repeatedly cites Simmel – most recently, when defending his approach against Lapavitsas' criticisms (Ingham 2005) – as if Ingham's approach merely builds and expands on that of Simmel. Yet Ingham's approach is at odds Simmel's in a number of fundamental respects. His persistent recourse to Simmel's *Philosophy of Money* to bolster his own position is inappropriate and misleading.

1. *Will Pure Token Money Ever Exist?*

Ingham writes that "for someone wishing to advance a sociological argument, Dodd draws the puzzling conclusions that any generic conception of money is 'essentially fictional' (Dodd 2005a, p. 388); and, consequently, "conceived in this way, 'money' can *never empirically* exist (*ibid*, p. 409)''. Yet he also states: ''Money's 'fictional' nature is its essential characteristic, *as Simmel clearly understood*'' (italics added) (7). The key problem, for Ingham, is not my assertion that the generic concept of money is fictional, but that this fictional entity *can never empirically exist*. This is significant: it suggests the primary difference between our approaches is that they operate on separate theoretical levels. This difference arises from our contrasting treatments of Simmel's *Philosophy of Money*. Although Ingham refers to Simmel in connection with the term "fiction'', he actually cites Mirowski: "the overriding problem of all market-oriented societies is to find some means to maintain the *working fiction* of monetary invariant so that debt contracts (the ultimate locus of value creation...) may be written in terms of the unit at different dates'' (1991, p. 579; cf. Ingham 2004, p. 134, italics added). Ingham adds that such a working fiction requires backing by something like a gold standard, or "the belief in the sagacity and practical judgement of a modern central bank to maintain a stable ratio of the money of account with a price index'' in order to be fabricated and maintained. Ingham's "working fiction'', then, is equivalent to the sovereign money of account. What is baffling is why he invokes Simmel's pure concept of money to support it (8).

The core difference between mine and Ingham's interpretations of Simmel's treatment of money is best illustrated by this passage in *The Philosophy of Money*: (9)

(7) There is room for confusion here, because Ingham has stated elsewhere that "Dodd *misleadingly* refers to [Simmel's concept of money] as a 'fiction''' (2006, p. 275, italics added). Is it a fiction or not? Ingham continues, suggesting this "fiction'' must exist *because* it is "real in its consequences'' (*ibid*). As I later show, this treatment – besides its own internal confusions – betrays a fundamental misunderstanding of the epistemological considerations that underpin Simmel's analysis of money, not least its connection to *relationism*.

(8) Simmel writes of the "fiction'' that "money retains its value unchanged'', and of the "essential fiction'' that is "the assumption of [money's] value stability'' (2004, p. 190-191). In both instances, Simmel is referring to "the assumption of [money's] value stability'' (*ibid*, p. 191). Essentially, Ingham's argument is that this assumption must *of logical necessity* be bound up with the sovereign money of account (see *ibid*, p. 227 n. 7; cf. Ganßmann 2004, p. 30). But this is an argument Simmel does *not* make. As we will see, Simmel's reasoning can only be properly understood in terms of his pure concept of money, which is not logically connected to a sovereign authority.

(9) Ingham's discussion of Simmel deals almost exclusively with Section III of Chapter Two, which he takes as "a historical analysis of money's transformation from substance to pure abstraction''. Simmel's analysis is flawed,

> It is not *technically feasible* to accomplish what is *conceptually correct*, namely to transform the money function into a pure token money, and to detach it completely from every substantial value that limits the quantity of money, even though the actual money suggests that this will be the final outcome. (Simmel [1907] 2004, p. 165, my italics).

Ingham cites this passage approvingly for its predictive value: Simmel's "essential and *prescient* point'' is that the final outcome of the development of actual money will be the transformation of the money function into pure token money (Ingham 2004, p. 64, italics added). Although Simmel clearly states money "performs its services best when it is not simply money, that is when it does not merely represent the value of things in pure abstraction'' (Ingham 2004, p. 165), Ingham suggests this merely reflects the fact he was writing "at the apogee of the gold standard''. According to Ingham, Simmel predicts that pure token money *will* eventually exist. But the argument Simmel makes in this chapter of *The Philosophy of Money* conflicts with Ingham's interpretation. Saying that "the actual development of money suggests that this will be the final outcome'' is not a contradictory statement, Simmel continues, because many other processes occur in the same manner: "they *closely approach* a definite goal by which their course is unambiguously determined, yet they would lose precisely those qualities that led them towards the goal *if they were actually to reach it*'' (*ibid*, italics added). Although the development of actual money *suggests* "what is conceptually correct'' will be the final outcome, it will not *actually* be the final outcome (10). Simmel's initial statement about when money performs its services best is not a passing inconsistency in his conceptualization of money, but manifests an underlying premise of his approach.

Ingham suggests, because ultimately it provides "no more than a *description* of the process of becoming the non-material abstraction he correctly identified as money'' (2004, p. 65). The section of the chapter Ingham refers to (Section III) begins: "We have now to consider the *historical manifestations* of our *theoretical constructions*'' (2004, p. 168, italics added). I take this to mean the section does not constitute an integral part of Simmel's theoretical examination of money. Simmel suggested to Keyserling that he should skip over this chapter on the grounds it is "the most technical one in the book'' (in Frisby 1990, p. lxiv).

(10) Simmel reiterates: "In short, a number of most important processes follow this pattern the growing importance of one element leads to greater success, but the complete hegemony of this element, and the total elimination of the contrasting element, would not result in total success; on the contrary, it would deprive the original element of its specific character. The relationship between the intrinsic value of money and its purely functional and symbolic nature may develop in analogous fashion; the latter increasingly replaces the former, but a certain measure of the former has to be retained because the functional and symbolic character of money would lose its basis and significance if this trend were brought to its final conclusion'' (Simmel 2004, p. 167). Poggi describes Simmel's argument concerning the dematerialisation of money as "the *asymptotic* approximation to 'the complete elimination of the material basis of money''' (Poggi 1993, p. 191, italics added). Cantó Milà, too, writes that "Simmel believed that money *could and should never become a pure symbol of value*, that is, pure function money'' (Cantó Milà 2005, p. 181, italics added). It is clear that, as far as Simmel is concerned, pure token money *can never empirically exist*. The key question – which Ingham, having misread the text, is in no position to ask – is *why*.

Simmel's reference to what is "conceptually correct'' regarding money can be understood in terms of two interrelated arguments. The first argument is substantive: pure token money will never be realised empirically. Once this argument is understood, Ingham's suggestion that Simmel's concept of money is similar to his own can be directly refuted. The second argument relates to method: money is the exemplar *par excellence* of Simmel's relationist worldview, and therefore demands a specific theoretical approach. Once this is grasped, we can show how Simmel's approach lends itself to the construction of a generic concept of money as a fiction.

II. *Conceptually Correct Money and the Conceptually Perfect Society*

When Simmel refers to "conceptually correct'' money, he specifically means *pure token money*. He discusses a money whose value stems from its function as money and not (even partially) from the intrinsic value of a medium (e.g. gold coin). Distinguishing between *substance money* (money that gets its value from the substance of the medium that represents it) and *function money* (pure token money that has no intrinsic value) clarifies this. In Chapter Two of *The Philosophy of Money*, Simmel examines various historical manifestations of a trend he describes as the progressive dematerialisation of money, i.e. the increasing predominance of function money over substance money. This development will never be completed: the trend towards pure token money is asymptotic. Simmel constructs a dual argument in this chapter: first, he demonstrates that pure token money is *theoretically feasible* or "*conceptually correct*''. Second (and conversely), he explains why the emergence of completely (*pure*) token money is not feasible in *practical* or *technical* terms (11).

Why, according to Simmel, is pure token money "conceptually correct'? On what *theoretical* grounds does he argue that money does not need – indeed, should not possess – intrinsic value? Simmel's answer draws on the theory of value set out in the first chapter and rests on the assertion that there is no essential difference between *value* and *price*. He reaches this conclusion through observing "a very general relationship between the quantity of goods and the quantity of money, which is illustrated by the connection – often obscured or disrupted – between an increasing supply of

(11) The chapter's final two sentences refer to both aspects of this argument: "It is true that the functional value of money still needs to be represented. The decisive point, however, is that its value no longer arises from what represents it; on the contrary, the latter is quite secondary, and its nature has no importance except on technical grounds which have nothing to do with the sense of value'' (Simmel 2004, p. 203). Note that this is fundamentally an argument about *value*, and therefore needs to be understood in relation to Chapter One of *The Philosophy of Money*.

money and rising prices, an increasing supply of goods and falling prices'' (Simmel [1907] 2004, p. 133). Ideally, there should be an exact correspondence between the quantities. Price is the arithmetical (monetary) expression of a proportion between the total supply of goods and the total supply of money, once the relationship between a specific good and the total supply of goods has been established:

> Every single commodity is now a definite part of the available sum of commodities; if we call the latter *a*, the commodity is *I/m a*. Its price is the corresponding part of the total quantity of money; if we call the latter *b*, then price equals *I/m b*. If we knew the quantity of *a* and *b*, and the proportion of all saleable goods which a specific object represents, then we should also know its price in terms of money, and vice-versa. A definite amount of money can thus determine or measure the value of an object, regardless of whether money and the valuable object possess any identical quality, and so regardless of whether money itself is valuable. (Simmel [1907] 2004, p. 133)

It is on the basis of a *logical* equation (12) between the total supply of money and the total supply of goods (13) that Simmel argues money need not possess intrinsic value. The key point is that *proportions* are being compared, and that such a comparison is made possible by an *a priori* assumption we all make that the *total* supply of money is equivalent to the *total* supply of goods (*ibid*, p. 134). "It is totally irrelevant whether money has a conceptual, qualitative relationship to commodities'' (*ibid*). Money is a relative, not an absolute, system of measurement: it is "one of those normative ideas that obey the norms that they themselves represent'' (*ibid*, p. 122). In practice, then, money performs a dual role "outside and within the series of concrete values'' (*ibid*) (14). Within the series of values, a specific quantity of money is exchanged for a particular good. But this is only possible because money is also located outside the value series, as the unit in which all other values are measured. This location is possible because of the relation between the total supply of money and the total supply of goods. Simmel's point is that money is thus "fixed'': it is the "stable pole'' that "contrasts with the eternal movements, fluctuations and equations of the objects'' (*ibid*, p. 121).

Is this pure token money equivalent to the "working fiction'' that is the sovereign money of account, as Ingham suggests? The answer is an emphatic "no''. To demonstrate this, Simmel's argument that the accomplishment of pure token money is not *technically* feasible needs consideration:

(12) "The equation is established by the fact that, for practical reasons, these two sums are posed *a priori* as equivalents; or, to state the matter more precisely, the practical circumstances in which we handle both categories are reflected in our theoretical consciousness as an equation'' (*ibid*, p. 136).

(13) Simmel clarifies "the total supply of money'' and "the total supply of goods'' – taking into account issues such as the velocity of money's circulation, commodities temporarily withdrawn from sale, the existence of money substitutes, and so on – on pages 137-141.

(14) Money participates in the world of goods, "measures them and facilitates their exchange'', and yet it enters that world "as a power of entirely different origin'' (Simmel 2004, p. 122).

> Perfect stability of the value of money could be attained only if it were nothing in itself, but only the pure expression of the value relationship between concrete goods. Money would then reach a neutral position which would be as little affected by the fluctuations in commodities as is the yardstick by the different lengths that it measures... Thus, although money with no intrinsic value would be the best means of exchange in an *ideal social order*, until that point is reached the most satisfactory form of money may be that which is bound to a material substance. (Simmel [1907] 2004, p. 191, italics added)

Other passages provide important clues as to Simmel's meaning when he refers to an ideal social order. Earlier in the same chapter, he states that "since money is entirely a sociological phenomenon, a form of human interaction, its character stands out all the more clearly the more concentrated, dependable and agreeable social relations are'' (*ibid*, p. 172). The term "concentrated'' describes a general trend that money both confirms and conforms to (15). For Simmel, the process of concentration begins with individuals themselves: "interaction between individuals is the starting point of all social formations'' (*ibid*, p. 174). Money's "sociological'' character derives partly from the fact that it "belongs to [the] category of reified social functions'' (*ibid*, p. 175). Money corresponds to "higher supra-individual formations'' such as "the objective laws of custom, law and morality'' (*ibid*, p. 174). Yet what is concentrated in the case of money is not political authority, but *exchange*: "The function of exchange, as a direct interaction between individuals, becomes crystallised in the form of money as an independent structure'' (*ibid*, p. 175). Economic exchange is a specific kind of sociation, suggesting that to understand Simmel's argument that pure token money would only be possible in an ideal social order, what he says about *sociation* and its relationship to *society* needs further investigation. In "How is Society Possible?'', Simmel distinguishes between "the *perfect* society and the perfect *society*'' (1959, p. 353). The latter, he suggests, is perfect "not in the sense of ethical or eudemonistic perfection, but of *conceptual perfection*'' (*ibid*, italics added). The congruence between a "conceptually *perfect*'' society and "conceptually *correct*'' money is intriguing, and worth exploring.

Simmel argues that in the perfect *society* each individual occupies the "place which ideally belongs to him'' (*ibid*, p. 353). Each individual finds a seemingly predestined location within the social whole: a societal location corresponding to the specific individual qualities of each member. The

(15) The broader trend Simmel refers to consists of a "concentration of forces'': "Money is thus one of the great cultural elements whose function it is to assemble great forces at a single point and so to overcome the passive and active opposition to our purposes by this concentration of energies'' (*ibid*, p. 196). Hence he writes: "It is interesting to note that money not only *conforms with* this historical trend towards the concentration of forces by expressing the value of things in the most concise and condensed way; but in addition, it *confirms* this trend by a *direct relationship* with many of the instances that belong to quite different spheres'' (*ibid*, p. 197, italics added). Money conforms with and confirms this trend, but does not *depend* on it. The instances that Simmel refers to as having a "direct relationship'' with money are war and machine technology.

unique place each member finds in the social whole is a place no other individual could occupy. Simmel describes this location as the precondition of an individual's social life:

> The *a priori* of the individual's social existence is the fundamental correlation between his life and the society that surrounds him, the integrative function and necessity of his specific character, as it is determined by his personal life, to the life of the whole. (*ibid*, pp. 353-354)

Two features of Simmel's argument suggest that the conceptually correct *money* described in *The Philosophy of Money* may be analogous to the conceptually perfect *society* explored in "How is society possible?''. First, neither conceptually correct money, nor the conceptually perfect society can empirically exist. Simmel writes that the "harmony'' that such a society presupposes does not preclude "ethical and eudemonistic dissonances'' (*ibid*, 353). But if social reality consisted of harmony alone – "without the interference of other factors'' – the perfect society would be feasible. What are these "other factors'? They are not dissonances (16). Rather, they are the "imperfect elements'' inevitably found within *any* empirical society. Thus when Simmel compares the conceptually perfect society to a bureaucracy (17). he identifies one crucial difference. In the perfect society, positions "are not planned by constructive will'' but arise from the creativity and experiences of individuals themselves: "Empirical, historical society is therefore vastly different from a bureaucracy because of its *irrational* and *imperfect* elements'' (*ibid*, italics added). The implication is clear: any empirical society will contain irrational and imperfect elements. Like conceptually correct money, it seems that the conceptually perfect *society* cannot be empirically realised.

There is a second feature of Simmel's argument in "How is society possible?'' that suggests an analogy between conceptually correct money and the conceptually perfect society. Both money and society are the outcome of a synthesis performed by individuals themselves. Simmel compares each case with the mental synthesis central to Kant's first *Critique*. At the beginning of the article, Simmel argues that whereas for Kant "the unity of *nature* emerges in the observing subject exclusively [...], the unity of *society* needs no observer'' (*ibid*, p. 338, italics added). Societal connection occurs through its constituent elements alone, i.e. through the individuals comprising it:

> Societal unification needs no factors outside its own component elements, the individuals. Each of them exercises the function which the psychic energy of the

(16) Simmel has already said that societal harmony, as he conceives it, does not exclude such dissonances.

(17) Although the bureaucracy is smaller in scale, simplified and stylised by comparison, it is *analogous* to the conceptually perfect society insofar as it "exists as an ideal structure, irrespective of the particular occupants of these positions'' (*ibid*, p. 352).

observer exercises in regard to external nature: the consciousness of constituting with the others a unity is actually all there is to this unity (18). (Simmel [1907] 2004, p. 338, italics added)

It is through the members' ongoing mental syntheses that a society comes to be synthesised. These syntheses consist, for example, of viewing another member according to a general type to which he does not completely conform, and of forming an ideal picture of the other's individual qualities which is "the one the personality would show if the individual were truly himself" (*ibid*, p. 343) (19). Both processes are subsumed under the first *a priori* that Simmel discusses, and are the precondition of our capacity for sociation (20). Suggestive parallels therefore occur between money's expression of the unity of *value* and its relationship to the process of *exchange* in *The Philosophy of Money*, and the unity of *society* and its relationship to the process of *sociation* in "How is society possible?". Regarding money, the synthesising acts carried out by individuals consist of exchange, which Simmel describes as a special case of sociation. It is through such acts that "value" is synthesised as a "third term" (21) beyond subject and object:

Society is the universal which, at the same time, is concretely alive. From this arises the unique significance that exchange, as the economic-historical realisation of the relativity of things, has for society; exchange raises the specific object and its significance for the individual above its singularity, not into the sphere of abstraction, but into that of lively interaction which is the substance of economic value. No matter how closely the inner nature of an object is investigated, it will not reveal economic value which resides exclusively in the reciprocal relationship arising between several objects on the basis of their nature. Each of these relations conditions the other and reciprocates the significance which it receives from the other. (Simmel [1907] 2004, p. 101)

The synthesis of society depends on a further presupposition which is subsumed under the third *a priori* (22). Simmel suggests that by entering into social relations (by sociating), each of us believes that we *could* find – or even, are *destined* to find – our unique location in the social whole: "The life of society [...] takes its course *as if* each of its elements were predestined for its particular place in it" (1959, p. 353, italics added). In short, we *presuppose* the conceptually perfect society whenever we enter into social relations. Likewise with money, Simmel suggests that it is by unconsciously presup-

(18) "Unity" has not yet been clarified; Simmel later introduces the distinction between empirical society and the conceptually perfect society.

(19) This is "his *ideal possibility*, the possibility which lies in every individual" (*ibid*, p. 343, italics added).

(20) They are "the conditions which make possible the sort of relations we call social" (*ibid*, p. 345).

(21) "[Value] is a *third category*, which cannot be derived from either subject or object, but which stands, so to speak, between us and the objects" (*ibid*, 68, italics added).

(22) Simmel's second *a priori* – which is important to my argument below – states that we are *members* of society while also *confronting* it as individuals: "The individual is contained in sociation and, at the same time, finds himself confronted by it. He is both a link in the organism of sociation and an autonomous organic whole; he exists both for society and for himself" (*ibid*, p. 350).

posing there is an equation between the total supply of money and the total supply of goods that money's location outside the series of values – its capacity to measure value – becomes possible.

III. *Why is Pure Token Money Not Technically Feasible?*

Simmel describes the third part of Chapter Two of *The Philosophy of Money* (the part Ingham focuses on) as a discussion of "the historical manifestations of our theoretical constructions'' ([1907] 2004, p. 168). Ingham's interpretation pays heed to the historical manifestations, but ignores Simmel's theoretical constructions. Why, for example, does Simmel suggest that pure token money could *only* be accomplished within an ideal social order, or a conceptually perfect society? For Simmel, a social order wherein the fundamental equation between the totality of money and the totality of goods could be maintained in respect of its *constituent elements* (i.e. in respect of the relationship between a proportion of the total supply of goods and a proportion of the total supply of money) is impossible. To grasp his reasoning, we need to think of the relationship between conceptually correct money and the conceptually perfect society not simply as an analogy, but as a *correspondence*.

Simmel's argument is complex because he continuously switches between asserting that pure token money is conceivable in principle, and acknowledging that it cannot be realised in practice. But the central question informing his analysis can be expressed thus: if the money supply within an economic community (or society), suddenly doubled, would all relations between values remain unchanged? The theoretical (or "ideal'') answer Simmel considers is twofold (23): first, there would be an instantaneous and universal doubling of prices; and, second, there would be a beneficial expansion in trade (24). Simmel sees a contradiction arising between these two answers because of the presence of pre-existing inequalities among members of the community. A doubling of money income would mean something quite different depending on whether one's income had consisted of one, ten or a hundred thousand marks: "In the first case there would be, perhaps, an improvement in nutrition, in the second a refinement of artistic culture, and in the third a greater involvement in financial speculation'' (*ibid*,

(23) He concedes there is little point in discussing such hypotheses "based on quite unrealisable presuppositions'', but concludes "they lead to a better understanding of the real conditions which render a gradual elimination of the intrinsic value of money impossible'' (*ibid*, p. 162).

(24) "[...] it has been said that if every Englishman were suddenly to find that he had twice as much in his pocket, all prices would increase correspondingly but no one could gain any advantage; the only difference would be that the pounds, shillings and pence would have to be calculated in larger amounts'' (*ibid*, p. 162).

p. 163). If these are Simmel's sociological reasons for regarding pure token money as unrealisable in practice, he adds further psychological ones. He suggests the "peculiar and decisive characteristic of money'' is that prices are inelastic: "Inelasticity is a consequence of the fact that the money price of a commodity, despite its relativity and the absence of an inherent connection with the commodity, nevertheless acquires a certain stability and appears to be the objectively adequate equivalent'' (*ibid*). There are good psychological reasons for supposing that a doubling of prices would be resisted – more so for some commodities than others – irrespective of a doubling of the money supply. This aspect of Simmel's reasoning is often cited in the secondary literature, but is arguably not the decisive one. More important is the correspondence that emerges between the perfect *society* (as opposed to the *perfect* society) on the one hand, and a perfect *money* (as opposed to *perfect* money), on the other. This, for example, is the conclusion reached by G. H Mead in his 1900-1901 review of Simmel's book:

> Under ideal conditions [...] there would be no necessity that money should have any inherent value. It would be only an expression of the relation between the values of goods stated in the form of a fraction. Money would be purely symbolic [...] The failure to reach the ideal is the result of the inability of the community to make its equation between its different goods and the sum complete and perfect. In the presence of this uncertainty the individual reverts instinctively, especially in periods of panics, to an equation between the commodity and an intrinsically valuable thing. That money still has, to some degree, independent value is an indication of our failure to reach completely the ideal of economic organisation. (Mead 1994, p. 146)

Mead's interpretation suggests that, for Simmel, the equation between the supply of money and of goods must be maintained through a particular *ideal order*. Mead refers both to the *inability of the community* to make this equation "complete'' and "perfect'' – which could be a reference to Simmel's remark on "the inadequacy of human circumstances'' (Simmel [1907] 2004, p. 164) – and to our failure to reach completely the *ideal of economic organization* (25). What Simmel is referring to, as Mead suggests when he discusses a "complete'' and "perfect'' equation between the supply of

(25) Simmel returns to this question in the final chapter of *The Philosophy of Money*, referring to both psychological and sociological reasons for his analysis. With respect to psychological factors, he writes that "[n]o one readily decides to pay a higher price for a commodity than he did hitherto even if his income has increased in the meantime; on the other hand, everyone is easily tempted by an increased income to spend more, without considering that the increased income is balanced by price increases in daily needs'' (*ibid*, p. 499). In terms of sociological elements, Simmel describes "the fact that any increase in the supply of money affects the prices of goods *unevenly* necessarily has a disturbing effect upon the process of interpretation of the situation on the part of economically active persons. It leads to widespread experiences of differentiation, to the breakdown of existing parities and to demands for attempts to balance them out'' (*ibid*, p. 502). Note also that Simmel also refers to a sudden *decrease* in the supply of money in this passage: "It is quite obvious that a considerable decline in the amount of money will bring about similar effects except that they will be in reverse'' (*ibid*, p. 503).

money and of goods, seems to be a permanent set of relations between values (or a *synthesis* of value) that corresponds to a permanent set of relations (or a *societal* synthesis) between members of an economic community. Simmel's point is that a sudden increase in the money supply will inevitably have an asymmetrical impact on the existing relations between values (the relative prices of commodities), and thereby on the relations between members of the economic community. In this way, the correspondence between the two syntheses will be disrupted.

Simmel suggests that only by assuming "a preceding *absolute equality* among individuals'' could it be concluded that neither the subjective nor the objective aspects of people's lives would remain unchanged by a sudden doubling of the money supply (Simmel [1907] 2004, p. 163, italics added). But his meaning remains unclear. What kind of "equality'' is he referring to? When he writes on the conceptually perfect society in "How is society possible?'', Simmel appears to have no substantive model of society in mind, for example a liberal versus a socialist society. Nor does he appear to be suggesting that it is an order free of inequalities. "Society is a structure composed of unequal elements'', he writes (1959, p. 351). More specifically, Simmel distinguishes between various kinds of *partial* equality involving particular aspects of the individual (e.g. economic or political) and a *fundamental* equality which involves the whole of our individual being:

> The "equality'' toward which democratic or socialist efforts are directed – and which they partly attain – is actually an equivalence of people, functions, or positions. *Equality in people is impossible because of their different natures, life contents, and destinies*. On the other hand, the equality of everybody with everybody else in an enslaved mass, such as we find in the great oriental despotisms, applies only to certain specific aspects of existence – political or economic aspects, for example – never to the total personality. For innate qualities, personal relations, and decisive differences *inevitably* make for some sort of *uniqueness* and *irreplaceability* in both the individual's self-evaluation and his interactions with others. (Simmel 1959, p. 351, italics added)

Crucially, then, Simmel's perfect *society* appears to be one in which the complete individual (considered qualitatively, and therefore as necessarily unequal to every other individual) finds his or her unique place within a universal structure (26). If a sudden increase in the money supply were to be genuinely neutral (rendering pure token money not only conceptually correct, but technically feasible), it would occur within an ideal social order (and a corresponding ideal order of values) (27) in which existing inequalities are

(26) "This *a priori* provides the individual with the basis for, and offers the 'possibility' of, his being a member of a society. An individual is directed toward a certain place within his social milieu by his very quality. This place which *ideally* belongs to him *actually* exists. Here we have the precondition of the individual's social life. It may be called the general value of individuality. It is *independent* both of its *development* into a *clear*, *consciously formed conception* and of its *realisation* in the *empirical life-process*''(Simmel 1959, p. 353, italics added).

(27) Simmel also refers to this as the "growing spiritualisation of money'': "Only to the extent that the material element recedes

so complete or perfect that they could not be *disturbed* by money (28). Simmel's pure concept of money can only be understood in this light.

Ingham is therefore mistaken to interpret Chapter Two of *The Philosophy of Money* as primarily about the relationship between money and the state. When Simmel considers this relationship, it is only as part of a discussion of various *historical* manifestations of his *theoretical* claim that money does not need to possess intrinsic value. That claim rests on the proposition that money is a relative system of measurement made possible by an *a priori* equation between the total supply of money and of goods. This fundamental equation makes it possible for us to even *conceive* of a token money whose value is guaranteed by a sovereign authority. Such a token money could never be pure or complete unless it existed within an ideal social order wherein the equation between the total supply of money and the total supply of goods is complete and permanent. Hence the idea of a conceptually correct money is a logical precondition for conceiving of a token money backed by a sovereign authority – or of any token money, for that matter. Pure token money is not, contra Ingham, reducible to the sovereign money of account. Pure token money is a conceptual fiction, not an institutionalised working fiction.

IV. *Money and Relationism*

When Simmel speaks of the possibility of accomplishing a conceptually correct money, it seems he is referring to what he elsewhere calls the "pure concept'' of money.

> The concept with which we define a phenomenon is often not derived from the phenomenon itself but from a more developed and purer form […] The pure concept of a series of phenomena is often an ideal that is never completely realised,

does money become real money, that is a real integration and a point of unification of interacting elements of value, which only the mind can accomplish'' (2004, p. 198). We should bear in mind that he was partly seeking to build an argument concerning economic value that could then be applied to all other kinds of value: religious and aesthetic, for example.

(28) In the final chapter of *The Philosophy of Money*, Simmel suggests that money lends itself perfectly to both democratisation (Simmel [1907] 2004, p. 433) and despotism (*ibid*, p. 495). In both instances the levelling and integrating potential of monetary exchange is key. Like other phenomena such as religious belief, money has the capacity for standing above social antagonisms while nonetheless participating in them: "supplied with all the unique qualities of being able to transcend distances, of concentrating power and of penetrating everywhere – qualities that are the result of its *distance* from all that is specific and one-sided – money enters the service of specific wants or forms of life'' (*ibid*, p. 497). But unlike religion or the state, money offers its services equally even *after* its meaning has been transformed from the general to the particular: "Money actually preserves the comprehensive quality of its general meaning by the uniformity with which it serves protagonists when they use their general relation to money in order to work out their differences and to fight our their conflicts'' (*ibid*).

> the approach towards which, however, makes possible a valid interpretation of the concept. (Simmel [1907] 2004, p. 129-130)

Simmel's suggestion that the progressive dematerialisation of money is asymptotic advances not only a substantive analysis of the historical development of money, but also a methodological argument for his approach to money. These arguments are closely linked to Simmel's employment of money as a means to explore the epistemological implications of *relationism* (29). Relationism refers to the view that the meaning of a phenomenon must be understood through its relations with other phenomena, and never in isolation.

Money is an ideal vehicle for exploring relationism in two respects. First, money crystallises and therefore stands above the relativity of economic values: "If the economic value of objects is constituted by their mutual relationship of exchangeability, then money is the autonomous expression of this relationship'' (*ibid*, p. 120). This accounts for money's philosophical importance:

> The philosophical significance of money is that it represents within the practical world the most certain image and the clearest embodiment of the *formula of all being*, according to which things receive their meaning through each other, and have their being determined by their mutual relations. (*ibid*, p. 128-129, italics added)

Second, insofar as money derives its content from the interrelationship of values, this content (which is money's "reality'') is only gradually disclosed, and in empirical terms never completely disclosed, *to us*:

> The significance of money in representing the economic relativity of objects – which is the source of its practical functions – is not a ready-made reality; like all historical phenomena, it discloses its pure concept – its function and place in the realm of ideas – only gradually. (*ibid*, p. 127)

All historical manifestations of money must be considered as imperfect or incomplete forms of money. Money's central function – its representation of the relativity of value from a position outside the series of concrete values actually exchanged – will never be fully present in actual forms of money. This does not undermine the broader (philosophical) significance of money, but it suggests empirical forms of money will always be compromised to some degree by other functions and qualities. He writes that "in so far as these qualities are effective, *it is not proper money*'' (*ibid*, p. 130, italics added). According to Simmel "proper'' money is not an empirical entity: *it*

(29) Relationism is sometimes referred to as relativism (including by Simmel himself, 2004, p. 102-104). This can be misleading, because it suggests that he is adopting a relativist position towards "truth''. For Simmel, truth is *infinitely conditional,* but not arbitrary. "Somewhere knowledge may have an absolute basis, but we can never state irrevocably where this basis is; consequently, in order to avoid dogmatic thought, we have to treat each position at which we arrive as if it were the penultimate one'' (*ibid*, p. 104; see Cantó Milà 2005, p. 43).

does not exist. It is the same "conceptually correct'' money towards which actual forms of money develop but which none will ever completely realise. This does not invalidate Simmel's aim of constructing an analysis of money in terms of conceptually correct money, but instead justifies it. Simmel suggests the pure concept of money is vital for grasping money in all of its empirical diversity: "On innumerable occasions, our concepts of things are made so unalloyed and absolute that they do not reflect experience, and only their qualification and modification by opposing concepts can give them an empirical form'' (*ibid*, 167) (30). Thus he concludes that the pure ("unalloyed'' and "absolute'') concept of money is necessary, but will never be empirically realised:

> the pure concept of money as the mere expression of the reciprocally measured value of things, which has no intrinsic value of its own, remains completely justified, although in historical reality this concept is consistently disparaged and limited by the contrary concept of money as possessing intrinsic value. Our intellect can grasp reality only as a modification of pure concepts, which, no matter how much they diverge from reality, are legitimised by the service they render in the interpretation of reality. (*ibid*, 167-8)

Arguably Simmel is thinking alongside Kant in these passages. When Simmel writes of money as "an abstract representation of interaction'', he intends to invoke something – a *fiction* or *idea* – that has no empirical existence. But Simmel's neo-Kantiasm is of a quite specific kind. Earlier in *The Philosophy of Money*, he proposes that the most important epistemological consequence of relationism is that "the *constitutive* principles that claim to express, once and for all, the essence of objects are transposed into *regulative principles* which are only points of view in the progress of knowledge'' (*ibid*, 110, italics added). We can only reach an understanding of empirical reality by playing our observations off against pure concepts, concepts employed as regulative principles.

> The final, highest abstractions, simplifications and syntheses of thought have to renounce the dogmatic claim to be the ultimate judgements in the realm of knowledge. The assertion that things behave in a determinate way has to be replaced, in the context of the most developed and general views, by the notion that our understanding must proceed *as if* things behave in such and such a way. This makes it possible to express adequately the manner and method of our understanding in its real relation to the world. (*ibid*, p. 110, italics added).

The phrase "as if'' also appears in "How is society possible?'', when Simmel suggests that we enter into social relations *as if* an ideal society could be attained:

(30) Similarly, he suggests our striving for ideals (e.g. emotional, political and aesthetic ideals) necessarily entails a process whereby such ideals are played off against their opposite. Were these ideals to be achieved, they would lose their specific value: "This kind of process may be summed up by saying that the effectiveness of some or perhaps all elements of life depends upon the concurrence of opposing elements'' (*ibid*, 166). Thus the ideals of individualism and socialism necessarily counteract one another. The *complete* realisation of an ideal "would not result in total success'' (*ibid*, 167). With money, this opposing relationship takes place between function money and substance money.

> In spite of all discrepancies between it and ideal standards, social life exists *as if* all of its elements found themselves interrelated to one another in such a manner that each of them, because of its very individuality, depends on all others and all others depend on it. (Simmel 1959, p. 353, italics added)

This suggests that the correspondence between Simmel's arguments in *The Philosophy of Money* and "How is society possible'' is methodological, as well as substantive. Substantively, the *a priori* of societal perfection is necessary in order for both money and society to be empirically made manifest. Methodologically, a pure concept (of "money'' and "society'', respectively) is necessary in order to refine our empirical understanding. Pure concepts must operate not as constitutive principles capturing the essence of things, but as regulative principles. There are thus grounds for suggesting that Simmel's pure concepts approach what Vaihinger calls "as-if'' concepts. Vaihinger's *The Philosophy of "As-If''* was published in 1911, so Simmel cannot have drawn on it. But Vaihinger cites Simmel as exemplifying a form of reasoning that seeks to explore empirical reality through positing conceptual fictions against which its diverse details can be grasped (31). This is a connection explored in detail by Kaern (1983, 1990), and touched upon by Poggi (1993, p. 172).

I suggested in my original article that Simmel's concept of money could be regarded as an "ideal'' or "fiction'' against which we might grasp the diversity of empirical manifestations of money. It is this inference Ingham appears to have found most "puzzling''. Having explained the methodological background to this approach, let me cite the relevant passage from my article:

> Simmel's analysis can embrace arguments about the diversity of money because it works on a generic level. As an *idea*, Simmel's concept of money presents a conceptual limit-edge against which all forms of money develop and take shape, however diverse they might be. For Simmel, money in its purest form is infinitely fungible: it can be exchanged with anything and everything. Money thus serves as a universal means of quantifying value. But when conceived in this way, "money'' can *never empirically exist*. (Dodd 2005a, p. 409)

Zelizer stated that the concept I proposed presents money as a "coherent field of variation rather than an invariant, unitary phenomenon'' (2006, p. 586). Empirically, money is indeed a field of variation. But this field can be rendered coherent only if we develop a *concept* of money that is invariant and unitary. Both Ingham and Simmel provide such an invariant and unitary concept. But there is a crucial difference.

Each refers to "proper'' money. Simmel uses this expression to refer to a pure concept of money towards which actual forms of money develop, but

(31) Variously, these fictions serve to bring order and a sense of completeness to a theoretical account of complex phenomena (i.e. the *abstract*, *schematic*, *paradigmatic*, *type* and *heuristic* fictions), as an aid to classification (i.e. the *summational* and *personificatory* fictions), or as the basis of an experimental approach (i.e. the *symbolic* (or *analogical*), juristic and *mathematical* fictions.

whose most fundamental *logical* quality – absolute stability of value (32) – will never be fully realised. He reinforces this claim with arguments drawn from his analysis of the conceptually perfect society (33). Methodologically, this approach enables Simmel to approach money as empirically diverse; and, by extrapolation in the second ("synthetic'') part of *The Philosophy of Money*, to construct a compelling analysis of the ambivalent consequences of the gradual "monetisation'' of society. Ingham's "proper'' money, by contrast, is an entity whose empirical status he confirms when he refers to it as a working fiction. He constructs this entity on the basis of historical arguments that are designed to bolster a logical claim: that the stability of money's value must *of logical necessity* be sustained by a sovereign authority (34).

These are not directly opposing descriptions of money because Simmel's and Ingham's analyses operate on radically different levels. Simmel is widely cited as claiming he sought to build a "storey beneath historical materialism'' (2004, p. 56). He continues by saying he seeks to examine the "more profound valuations and currents or psychological or even metaphysical pre-conditions'' for the existence and operation of economic forms such as money (*ibid*). Such preconditions have a clear sociological character: they are intimately connected to a specific understanding of the relationship between conceptually correct money and the conceptually perfect society. Particular forms of money must, in Simmel's terms, be treated merely as one of a series of possible – and necessarily incomplete – manifestations of the pre-conditions he attempts to identify. Ingham's approach *begins* with one such manifestation: state money, or to be exact, the sovereign money of account. Ingham argues that this, and only this, is "complete'' money. Thus to use Simmel's metaphor, Ingham's approach to money occupies not the basement of a coherent sociological approach to money, but an upper floor of an adjacent building.

(32) Absolute stability, that is to say, when conceived in terms of the equation between the total supply of money and the total supply of goods.

(33) It is all the more surprising, therefore, that Ingham should criticise Simmel's approach because "it does not have a *social structure*'' (2004, p. 66). "Social structure'' is vital in Simmel's argument that pure token money cannot be empirically realised, because what matters is the correlation between society as a whole and the location of the individual within it. Simmel writes in "How is society possible?'': "Society appears as a cosmos whose complex nature and direction are unlimited, but in which every single point can be fixed and can develop only in a particular way because otherwise the structure of the whole would change'' (1959, p. 352). Presumably, this is not the kind of "social structure'' that Ingham has in mind, not least because it is not reducible to *social class* (see Goodhart 2005, p. 821). Simmel's analysis does not disregard social structure, but operates on different theoretical level to that of Ingham. This probably explains why Ingham has to turn away from Simmel and towards Weber in reaching for a convincing "sociological'' theory of money. I will leave aside Ingham's proposition that there is no room for "fictions'' that "do not empirically exist'' in a Weberian theory.

(34) Sometimes, as his analysis of the euro suggests, Ingham slides between these historical and theoretical arguments, resorting to whichever fits his purpose.

Concluding Remarks

The main issue that separates Ingham's approach from my own – and Simmel's – can be simplified. And it is correctly simplified, in the following passage by Ingham:

> The imprecision is compounded by the fact that [Dodd] distinguishes the different "kinds" of money by issuer (LETS; private companies; states) and not the "forms", or "media", to which he also refers in the same context (currency, electronic money; local tokens, "Nectar" points, and so on). Most importantly, Dodd fails to think through the fundamental question of how we might know that these diverse things are money (35). (Ingham, in this volume)

How might we *know* that these diverse things are money? Or as Ingham asks elsewhere: "where is the quality of "moneyness" located?" (2004, p. 6). For Ingham, the "moneyness" of money must always be determined by a sovereign authority. He finds it "ironic" I accuse him of committing the "category error" which he specifically sets out to avoid. I did not level this accusation at his work (36). My point regarding the distinction between money of account and monetary media is quite different: namely that, for Ingham, the moneyness of money can *only* be derived from the sovereign money of account. "'Moneyness' is *assigned* by the money of account, not by the form of money", he writes (2004, p. 70). By referring to "money of account", Ingham specifically means *sovereign* money of account, i.e. a working fiction sustained by a sovereign authority. When confronting forms of money not denominated in this working fiction – a possibility my analysis of homogenisation and diversification was intended to capture – Ingham is forced either to characterise such monies through the qualities they lack (spatial extensiveness) versus the qualities they have (embeddedness within a particular community) or, in cases like the Time Dollar, to exclude them by definitional fiat: they are *not money* (37). The problem is methodological.

(35) This is not the first time that Ingham has made such a charge. Zelizer received it as well: "Aside from the common misidentification of 'money' with 'money-stuff', Zelizer, as I have noted, looks upon highly specific and restricted media of exchange, such as food stamps and chips for gamblers, etc., as money (1994, p. 4). However, any quality of 'moneyness' that these tokens possess is determined by the money of account in which they are denominated or to which they relate" (INGHAM 2001, p. 313-314).

(36) By contrast, Ingham has charged nearly every other sociologist of money of so doing: "Aside from reiterating the obvious importance of 'trust', sociology has not addressed the problem of the actual nature of money, how it functions and how it is produced and maintained as a *social institution*" (2004, p. 10). Leaving aside the question of whether such a sweeping dismissal is justified, this is a crucial passage: a "social institution" is precisely Ingham's answer to the question as to where "moneyness" is located: *money is a form of sovereignty* (*ibid*, p. 12).

(37) Zelizer puts Ingham's approach alongside Lapavitsas' (FINE & LAPAVITSAS 2000; LAPAVITSAS 2005) for insisting "on the generalising, power-backed process of money". She continues: "this view perpetuates the separate spheres model of economic and social life. The 'one' money is the real thing: Other monies, within this model, remain 'quasi' approximations" (2006, p. 1064)

Ingham's fiction rests on a specific set of institutional arrangements, consisting of a sovereign authority which defines money of account (38). Simmel's fiction is abstracted from a theoretical understanding of the relationship between "money" and "society", both conceived as regulative ideals. Ingham's approach compels us to exclude forms of money, whereas Simmel's encourages us to classify and analyse them (39).

In my original article, I suggested that money's variety could be explored along two axes: the money of account and the monetary medium. My claim was not about the novelty of this distinction (as Ingham alleges (40)), but that it is *useful* as a means of classification (41). Ingham seems to agree on its utility, but also is intent on employing it only in order to settle an argument about the "ontological specificity" of money. He insists that we disregard monetary media as irrelevant to the question of what money *is*: "Money of account is logically anterior to any form of money that bears the abstract value" (2004, p. 70). By "logically anterior", Ingham means that unless the sovereign money of account existed, we would not know whether diverse things (media of exchange and media of transmission) are money. "Money of account is 'primary' because without it the other 'things', or 'money stuff' – coins, notes, credit cards – would not have the quality of 'moneyness'" (2006, p. 270). But what I and others have been suggesting is that we should consider *both* monies of account *and* monetary media when seeking to understand that sociological dynamics of money. Lapavitsas observes: "Much of the mystery and complexity of money arises because it is simultaneously a social relation [money of account] and a thing [monetary medium]. The particular form taken by the money "thing", moreover, is important for money's functioning" (2005, p. 401) (42). In his latest article Ingham concedes that "[t]he ontological question of the *nature* of money is

(38) Ingham refers to "[Dodd's] erroneous deduction that my general theory of money only applies to one kind of money – currency". Care over wording is essential here. Whenever Ingham uses the word "currency", he appears to mean only the monetary *media* that "answer to the description" of a sovereign money of account. I did not have a one-sided definition of "currency" in mind, but was referring to what Helleiner (2003) calls "territorial currency": *both* the money of account *and* the monetary media that operate as legal-tender. My point is that Ingham's analysis places too much weight on the question of sovereignty and thus advances a concept of money that is *derived* from the sovereign money of account. This, presumably, is why Goodhart (2005) describes Ingham's position as "chartalist", and why Bryan and Rafferty (2007) repeatedly refer to his approach as a "state theory of money".

(39) Simmel's work already contains a number of instances in which the role of money is examined in relation to various social *types* (e.g. the stranger, the miser, the adventurer) and diverse social *spaces* (e.g. the city).

(40) An allegation which is patently false. I cited both Ingham and Hart as recent treatments of it (2005a, p. 406-409; 2005b, p. 564, 574 n. 13).

(41) Zelizer appears to agree: "Which media or unit of account people adopt, when, and how depends on the type of social relations involved. Parent-child, priest-congregant, welfare official-aid recipient, legislator-constituent, courting couple – all these relations sometimes involve monetary transactions, but each calls for a very different combination of media and unit of account" (2006, p. 1065).

(42) For a nuanced case for considering money's properties as a "thing", see Gilbert 2005, p. 372-379.

distinct, but not separate, from that of the changing forms of monetary media and transmission''. We know that these are different *questions*, and imagining otherwise would be to commit what Ingham rightly describes as a category error. But what does he imply by describing them as "not separate''?

A significant advantage of Simmel's approach, by comparison to Ingham's, is interpretative: Simmel invites us to take account of the *phenomenology* of money. Just as society, as he conceives it, is the ongoing synthesis of its members (see O'Neill 1972, p. 167-176), so too is money. Simmel's reasoning suggests the meanings we *ascribe* to money play a crucial role in how money is actually formed. As Zelizer's research has amply demonstrated, it is *not* sociologically irrelevant whether or not people choose to describe LETS tokens and airmiles as "money''. Likewise, it is *not* irrelevant that between 1999-2002, many Europeans believed that they were using their national currencies, and not "real'' euros. *Nor* is it irrelevant that there is an increasing diversity of monies of account, many of which are not reducible (as Ingham's approach asserts) to the sovereign money of account, and some of which are the active and ongoing construction of communities themselves, however small in scale (43). These were the phenomena that, in my original article, I suggested that sociologists of money should seek to capture and explore. Such an approach would yield varied answers to Ingham's question, "what is the 'moneyness' of money?''. Ingham suggests that we should overlook them because they are at odds with his vision of a "general theory of money''.

The question lingers as to what Simmel's pure concept of money might be if it *did* empirically exist. The arguments that I have examined here suggest a twofold answer. Substantively, pure token money could be something like a world money with only a virtual form, "circulating'' within a (conceptually) perfect world. Methodologically, it would probably be a monetary form into which the distinction between substance money and function money has collapsed. In other words, it would be a Kantian object in itself. Little wonder that Ingham wants to claim it as the basis for his own conception of the ontological specificity of money.

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(43) As Zelizer observes: "Accounting systems are not just top-down mechanisms of banks or states. People create and negotiate their own accounting systems on a smaller scale. They incorporate and shape social practices'' (2006, p. 1065).

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