

Georg Simmel's contribution towards A sociological theory of socialism

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ABSTRACT

Despite its repeated socio-economic consequences of inefficiency, corruption and totalitarianism when implemented in practice, socialistic ideals claim wide spread attraction. Why? The following article tries to answer this question by referring to a sociological classic: Georg Simmel. According to Simmel, modernity is constituted by two ideals: liberty and equality. Liberty leads to competition and inequality, equality tends to a collectivisation of the means of production and a tight bond of the individual to state and society. Both ideals oppose as well as presuppose each other, and their dualistic interplay gets together within money economy. Hence the persistent attraction of socialistic ideas is inherent in modern society's foundations, the clash of socialising and liberalising ideas is the usual case in so-called mixed economies.

1. Introduction

In 2018, Ipsos conducted a worldwide survey, it's purpose was to measure – according to the title – "Attitudes towards Socialist Ideals in the 21st Century". 50% of the interviewed persons worldwide approve the claim, "that at present socialist ideals are of great value for societal progress" (Ipsos 2018: 2). China is on the top rung (84% approval), followed by India (72%) and Malaysia (68%). At the end of the chart rank France (31% approval), Hungary (28%) and Japan (21%). Just about 48% of all interviewed persons agreed with the sentence "that socialism is a system of political oppression, mass surveillance and state terror." (Ipsos 2018: 5) 52% "think that individual freedom is more important than social justice" – one should maybe add: if this has to be a mutually exclusive either-or question – (Ipsos 2018: 4). Right down at the bottom rank Germany (38%), China (37%) and France (36%). India (72%), USA (66%) and South Africa (64%) exhibit approval rates below average. There seems to be a persistent as well as fascinating – but also culturally varying – attraction of socialism. In a way, the mentioned figures might surprise given the fact that corruption, economic inefficiency and dictatorship is a relatively stable pattern of socialistic systems; and also given the fact that economists have explained the reasons for socialisms malfunctioning very well a long time ago. But today's Venezuela as well as politically supported expropriation plans in Berlin, Germany's capital, are defiant examples (Stephens 2019; Streit & Kersting 2019).

According to Ludwig von Mises (1951) socialistic planning fails necessarily due to its absence of a price calculation system for the purpose of allocating scarce means on ends. Similarly Janos Kornai (1986) regarded soft budget constraints – the rational anticipation of government subsidies, irrespective of the firm's resource efficiency– as an important factor for the soviet system's economic collapse. Friedrich August von Hayek and Milton Friedman are not just economists and Nobel Prize winners, they were also social philosophers seeking the argument with socialism. After Friedman (2002: 17), individual freedom was not separable from the institution of a capitalistic market economy, just because even socialistic parties opposed to capitalism could promote their ideas – all they need is money. Whereas in socialism, as Friedman (2002: 18) says, economic activity is totally dependent on the central state power, a capitalistic opposition is – at least in principle – excluded, because it would be dependent on the government's goodwill. Although not a sufficient condition, according to Friedman (2002: 10) a capitalistic market system is a sine qua non for democracy. Maybe the most famous social philosophical proponent of market liberalism and individualism against socialism was Friedrich August von Hayek with his book "The road to serfdom". According to Hayek (2001: 95), the socialisation of the means of production leads to a political totalitarianism with necessity.

He shared Friedman's proposition that a free market – with rules established and observed by the state – is a sine qua non for democracy (Hayek 2001: 73). The higher the degree of socialisation, Hayek says, the less the room for individualised values and goals (Hayek 2001: 59-74). Being the result of a century-long history of ideas since the Roman-Greek antiquity, in the 19th century the idea of individual freedom claimed to be the highest value (Hayek: 13-16, 73-74). In contrast to that a socialistic order is the denial of the individual by the collective (Hayek 2001: 24-25) – and by saying this Hayek explicitly included the fascism of national-socialistic nature. Hayek published his famous book 1944, just one year before the total surrender of Nazi-Germany. It was the rock bottom of a period which Hayek observed as an ongoing decadence of liberal values since 1870 (Hayek 2001: 21-23).

Offering plausible explanations for the economic and social consequences of socialism, the aforementioned theories do not explain the persistent – albeit internationally varying – 'demand' for socialism. Reasons may differ. First, it may be important to mention culturally different understandings of socialism: US-American Democrats for example seem to identify socialism with the social democratic welfare state in Europe (Ferguson 2019). Second, socialisms attractiveness may be due to markets unattractiveness: anonymous instead of state power structures, indifference and selfishness may contribute to a decline of trust in the "liberal project", Political Scientist Lea Ypi (2019) says. Third, there might be an additional generational gap. In the US, for example, according to a YouGov survey, of those Americans between 18-29 years old, 30% were in favour of capitalism in 2018, 9% less than in 2015; whereas Americans between 65 years and older, 56% are in favour of capitalism in 2018, with a decline about 3% from 59% approval in 2015 (Ballard 2018).

2. Dualism

I like to turn my attention to a form of explanation which does seek the reason for the persistent attractiveness of socialism in deep-rooted cultural ideas and principles – principles, which make socialism an integral part of modernity, not a deviation. In short, this idea is the idea of equality, equally ranking with the idea of liberty. This thesis of socialism being an integral part of modernity is to find in the oeuvre of Georg Simmel (1858-1918), one of the founding fathers of sociology. Besides Max Weber, maybe almost undisputed in his rank as a classic of social sciences and especially economic sociology, his friend and colleague Georg Simmel can also legitimately be considered a classic of economic sociology, which is due to his broadly and internationally received magnum opus "The Philosophy of Money" – also in part in economics (Laidler & Rowe 1980). However, Simmel's analysis of socialism is almost non-existent

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in secondary literature (exceptions are Zikmund 1974; Capetillo-Ponce 2004/2005; Dodd 2012). What's more, the articles are kind of isolated to each other. At least it is well-established that Simmel rejected Historical Materialism, claiming that the latter is useful as a heuristic, but epistemological inconsistent as a historical hypothesis (Simmel 1997; Saiedi 1987). Weber did likewise and in explicit accordance with Simmel (Cavalli 1994). Weber's "Protestant Work Ethic and the Spirit of Capitalism" built on an explicit rejection of Historical Materialism (Weber 2001: 20, 36). Moreover, Simmel's observations of socialism are thoroughly compatible with the classic liberal social philosophies. Simmel was predominantly occupied with the tense relation between individual self-assertion and his dependence on social institutions (Simmel 1950: 409; Simmel 1995: 86-91.; Appellrouth & Edles 2008: 236; Junge 2009: 65-78; Müller, Cavalli, & Ferrara 2018). The punch line of Simmel's social philosophy is its *dualistic mode*, which means an ontological thesis whereby *reality is constituted by two mutually opposing, but at the same time presupposing principles* (Simmel 2010: 16; Frisby 1971; Lee, Moore & Silver 2007).

My upcoming considerations predominantly focus on Simmel's "Philosophy of Money" (2004), where he bundled the aforementioned dualism between individuality and society in one institution, the money economy (Frisby 2004: 35-36). Money liberates the individual from social bonds *insofar* as social bonds are more and more monetarily mediated. What counts is the work for anonymous other in exchange for money. The modern money economy has its cultural foundation in the ideals of liberty and equality. The ideal of liberty aims at individuality, the ideal of equality aims at equally distributed opportunities for all. Both, liberty and equality, come together in creating the modern money economy. On the one hand constitutive for modernity, the ideal of equality works as a driving force of socialism, an idea of society grown out of and then opposed to the consequences of the modern money economy. The socialistic ideal is element *within* as well as antagonist *opposed* to the money economy. According to Simmel socialism and liberalism are principles that oppose and presuppose each other, they enable and limit each other. Both principles gain their function as well as their meaning in their dualistic form of interaction: No socialism without liberalism, and not liberalism without socialism. Just as freedom and equality work together in creating the modern money economy, the latter comprises both strands, socialism and individualism: money is the unity in difference (Simmel 2004: 53-54, 237, 502-504).

3. Life and money

Simmel generally reflects on socialism in a broader context. With the exception of "Socialism and Pessimism" there is no essay exclusively dedicated to the matter of socialism, instead Simmel developed his analysis of socialism around the theme of individual liberty, Simmel's recurring life theme. The section at hand unfolds the relationship between socialism and individualism on the one hand and the advent of the money economy on the other. For doing this, first we have to resort to Simmel's general philosophy.

According to Simmel (2010: 1-17), individual life can only exist in self-created forms. These forms, once created, become independent, take a life of its own and retroact on their creators. Economy, science, religion and arts are among these forms, working only after their own laws, but still in need of the individuals as executors of form reproduction (Simmel 2010: 19-61). Individuals are existentially bound to the forms, at the same time individuals strive for liberation from the forms to unfold themselves. In analogy to the autonomous laws of social institutions Simmel refers to a law of the individual (Simmel 2010: 99-154). Both sides, individual and society, stand in a dualistic relation to each other: They need and they restrict each other, they presuppose and stand in opposition to each other, each at the same time (Simmel 2009: 45-49)¹.

In his "Philosophy of Money" (2004) Simmel elaborates the following thesis: in the form of a self-referentially operating money economy the individual creates the precondition for his own freedom from society. Though the contemporary individual have more needs to satisfy than in earlier, traditional periods, the money mediated dependency on society takes on an abstract instead of a concrete, personal form: societal bonds are – to a large extent, with regard to taxes for example – reduced to the individual obligation to earn money under the premise of freedom of occupational choice and freedom of choice between various suppliers regarding consumption (Simmel 2004: 293-304).

Exactly because anything personal is excluded from economy's reproduction – supply and demand is just a reciprocation between goods, including labour force –, the individual force –, the individual is liberated into her personal responsibility – individuality takes on the form of the law of the individual (Simmel 2004: 302). The liberation of the individual is, in other words, result of the historical liberation of the economy (Simmel 2004: 76-77, 334-339, 473-475). This brings me to the idealistic fundamentals of the modern money economy which Simmel observes: liberty and equality. According to Simmel, both values constitute cultural driving forces that overcome traditionally stratified forms of society and create the new form of money economy (Simmel 2004: 364-365; Simmel 1999: 122-149; Simmel 2009: 635-40, 651-652, 662)¹.

4. Liberty and equality

After Simmel, the idea of likewise equal and free individuals formed an inextricably uniform cultural driving force of the 18th century European Enlightenment, which shaped in the conditions of inequality under a regime of stratification (Simmel 1999: 128-137). Under this regime persons are assigned to social positions a priori by birth (Simmel 1999: 128; 136). Influential intellectuals mentioned by Simmel are, for example, Immanuel Kant and Jean-Jacques Rousseau: due to the fact that inequality between men is a result of the existing social order, individuals would find themselves and their true nature once they are liberated from the bonds of tradition: now only abiding by the same universal laws of reason, men would be free and equal (Simmel 1999: 135). Remaining cultural achievements of the ideal of equality to this day is the equality of all men before the law, regardless their status and position in society; but also the idea of an inviolable human dignity (Simmel 2004: 363-65). In market competition economic behaviour only discriminates on the basis of price and quality, the individual personality do not count – behind money and goods, all men are equal (Simmel 1991: 21; Simmel 2004: 298-304, 463; Simmel 2008a).

However, the historical overcoming of the traditional order entailed new inequalities. Material, substantial equality among individuals did not and could not prevail (Simmel 1999: 130-131, 148-149; Simmel 2004: 444). According to Simmel, the pair of liberty and equality had its blind spot, which became visible in the aftermath of the transformation (Simmel 1999: 143; Simmel 2009: 638-39). Once free and on one's own – with attaining the equal right of occupational and free enterprise, for example – the logical result is free market competition, which, for its part, not only allows, but enforces the unfolding of an individual's capabilities (Simmel 1999: 148; Simmel 2008a: 963; Simmel 2009: 651-652). Competition compels individuals to specialize, on the one hand; on the other hand, division of labour is the expected result if individuals are allowed to live out their various and different talents (Simmel 1995: 92-93; Simmel 1999 144-149). Inequality, then, is not mere of external nature – top-down via competition, so to say –, inequality is an objectification of the inner nature of men which varies from person to person at the same time – bottom-up via individual constitution, so to say (Simmel 1995: 96-97; Simmel 2008a: 977-978). Competition leads to a division of labour, and a growing division of labour entails a differentiated money economy: the more heterogeneous the products, the more needs individuals have, the more they depend on others to satisfy their needs – the more an abstract money is needed to coordinate exchange (Simmel 2004: 210-211, 473-474; Simmel 2009: 638-639, 651-652). Therefore, the ideals of liberty and equality come together in the differentiation of the modern money economy.

In the 19th century, the ideals of liberty and equality differentiated into antagonistic principles: into "the tendency towards equality without liberty and liberty without equality [...]. The first one pervades socialism, certainly not in an exhausting sense" (Simmel 1999: 137)¹. Liberty without equality is the idea of an "incomparable individuality by his nature" (Simmel 1999: 143)¹. Socialism and individualism constitute an antithetic relation, but their relation of mutual exclusion forms, at the same time, a relation of reciprocal conditions. This has to be explained further.

Corresponding to his dualistic way of thinking, "the effectiveness of some or perhaps all elements of life depends upon the concurrence of opposing elements." (Simmel 2004: 165) Economic policy of a given period may tend towards one or another direction, it may be more socialising or more liberalising. Success of a more socialistic – more 'left' – policy depends on remaining liberal respectively individualistic elements within the institutional framework, and vice versa in case of a policy of economic

¹ According to Fitzzi (2003: 236-241) and Nedelmann (1991: 172), Simmel has not just rejected, but generalized Marx' theory of conflict between productive forces and relations of production.

² To regard equality and liberty as constitutive ideals for modern society might be nothing new (see LeBar 2013). Yet it is another question to state their dualistic relationship and, moreover, to draw a line from modernity's roots to present days debates around free markets and socialism.

liberalism respectively individualism. But a complete implementation of a socialistic order would be dysfunctional (Simmel 2004: 165). Therefore, it is very important to distinguish the *logic* of socialism from the *path* to socialism and from the *completion* of the path to socialism, in other words 'pure' socialism, alike (Simmel 2004: 166). The same applies to the liberal principle of individualism.

According to Simmel, the private property of the means of production is a "multiplier of the individual forces" (Simmel 1999: 130)¹. An unrestricted liberalism, Simmel says, leads to the lack of freedom of many in favour of few. A once established unequal distribution in the ownership of capital goods works like a slippery slope towards a further capital accumulation and, subsequently, concentration in the hands of few (Simmel 1999: 130-131). But Simmel regarded a complete socialisation of the means of production as „a very ill-adapted means to the desired end“, that is to break the „capitalistic exploitation of labor“ (Simmel 2008b: 172). The creation of equally favourable conditions under which each individual can live out his or her capabilities, this is the goal of socialism – "so that whatever each is in life, may be an accurate measure of his original and freely developed energy." (Simmel 2008b: 178) On the path of its realisation the socialistic antithesis has liberating effects which counterbalances the effect of capital good concentration by class origin and inheritance (Simmel 1999: 137-38). For example, Simmel mentions the limitation of maximum working hours by law (Simmel 1999: 138). Around 1900, result of the social democratic efforts in favour of the workers around were "the uplifting of their mental and spiritual life through an improvement in their material welfare" (Simmel 2008b: 171). These partial victories, Simmel says, raised the desire for a socialistic revolution in society as a whole. But: What first looked like the liberation of the proletariat out of the capitalistic rule, turns into an absorption of the individual by society once the implementation of a socialistic order of society is completed (Simmel 1905: 373; Simmel 2004: 297).

At the end of this paragraph I like to add something important for the purpose of comprehension. The antagonism between liberty and equality in the platonic 'sky of values' corresponds to a socio-anthropological thesis about the human being itself as a dualistic creature (Pyyhtinen 2008). Man is characterised by two kinds of impulses, on the one hand a differentiating drive, on the other hand a unifying drive, which manifest in each individual in different proportions (Simmel 1957: 541-542; Simmel 2004: 108-109). Both kind of impulses objectify in the cultural conflict "between individualization and socialization." (Simmel 2004: 109) Human beings need and seek the bond to other humans, but they also have an innate drive to autonomy. Between both sides of his nature man oscillates. A non-economic example for this is fashion, which, after Simmel, serves both impulses: the impulse of differentiation against the others and the impulse of association with others via imitation (Simmel 1957: 542-543). The aforementioned dualism between societal institutions on the one hand and the individual on the other hand has its roots in the ontology of the individual himself. This aspect is of fundamental importance to decouple the explanation of the persistent attractiveness of socialistic ideals from reflections regarding efficiency and democracy under socialistic rule, because both, individualism and socialism, likewise appeal to man. Thus after Simmel a conflict between two competing principles for organising society has to be expected to be the normal case.

5. Money, individualism and socialism

As I will show in the following paragraph, Simmel conceives the ideal of socialism in a double relation to the logic of money economy: first socialism as an *element* of the money economy, second socialism as an *antagonist* to the money economy. This double relation corresponds to the aforementioned dualistic philosophy of Simmel. Socialism conceives itself as a remedy to aspects observed as negative consequences due to the money economy. However, once thoroughly established, socialism would counteract to its own intentions and produce converse effects. As a remedy socialism only works as long as it is confined to an oppositional role within a broader, still working money economy.

My argument goes the following line: 3.1 Socialism regards labour as the only and true source of value. But, realized in the form of a labour money, this conception presupposes perfect information or the consequences would be depersonalization and impoverishment; 3.2 Socialism's alternative to competition is the harmony of planning. But the harmony of planning, appealing to man's unifying instincts, reveals an underlying will to power; 3.3 Socialistic planning promises to allocate workforce according to its capabilities, but social positions are scarce in relation to capability supply. In consequence, socialism alienates the

individual from social institutions more than a money economy does: whereas socialistic planning presuppose perfect information about capabilities, whereas a money economy can rely on the privatization of information; 3.4 Finally, socialism places personal closeness over the alienated objectivity of the money economy, but leads to dictatorship and the absorption of the individual by society.

To put my argument in a nutshell: the fundamental difference between socialism and money economy relates to the fact that socialism dissolves the contradiction between individuality and society to one side of the contradiction, to society, hence society absorbs the individual. In contrast, the money economy sustains the dualism between individual and society by turning the responsibility for its life over to the subject itself. Furthermore, the money economy allows, by its own logic, a socialistic opposition, it just needs money for the purpose of association. In contrast to that, any kind of opposition breaks with the harmonious logic of socialism, because it would be totally dependent on the goodwill of the central power.

5.1. Value and money

Man is a needy being, therefore he creates the "general form of exchange" (Simmel 2004: 84). Originating from the creative subject, exchange and value become an autonomous entity and confront the creative subject, so that the economic value is determined self-referentially in the exchange relation between objects, where the "quantity of one object corresponds in value with a given quantity of another object" (Simmel 2004: 76)¹. Simmel explicitly advocated against a subjectivistic as well as an objectivistic value theory according to which value is an attribute of things itself – be it labour, be it production goods (Simmel 2004: 65)¹. Instead he claimed, value is a relation between objects, detached from its subjective source, and the form of exchange – initiated and executed by individuals – is the social form of this relation (Simmel 2004: 77-88; Cantó y Milà 2005). Labour becomes a good, too, insofar as its value determination detaches from the subject and objectifies in the same sense as production and consumption goods do (Simmel 2004: 460-461). The function of the individual *within* the economy is confined to the mere *execution* of production and consumption, whereas the *individual* person with its diverse characteristics is excluded from the economy (Simmel 2004: 76, 332-344). This is a very important aspect in Simmel's theory: the autonomy of the money economy is at the same time the condition for the autonomous individual (Simmel 2004: 334-35). In money individual freedom gets tangible: it leaves open the way of earning and spending money to individual self-determination (Simmel 2004: 298-304, 308); therefore, each individual enter exchange by choice and with the expectation of a subjective surplus value (Simmel 2004: 91, 292-293). Although not thoroughly feasible, money evolution tends towards a neutral medium: prices only articulate adjustments in exchange relations between goods, not the value of money itself (Simmel 2004: 117-120, 201-203). Simmel distinguishes between the evolution of money, its forms and uses in the past and its present-day necessity to enable exchange, the latter, the functional one, being the main aspect of concern for Simmel. The heterogeneity of goods within a production organised on division of labour on the one hand, the multiplicity of needs on the other demand neutral money for the purpose of exchange coordination (Simmel 2004: 473-474).

Simmel discards the labour value theory as well as the use value theory, whereby the value of things is determined either by the invested labour or by their utility (Laidler/Rowe 1980: 98). Both are components of a socialistic theory of society opposite to the ruling monetary economy. Simmel argues that already the assumption of reducing all exchange values to a common denominator – labour – is due to the actual traceability of all exchange values to the common denominator money (Simmel 2004: 412). In a thoroughly socialised economy, according to the labour value theory labour units are the real, underlying objects of exchange, and a labour money is needed to articulate the true value of things, in contrast to the current form of money economy, which detaches from its subjective basis and develops a life of its own (Simmel 2004: 412). The same applies to the value self-determination within exchange. According to labour value theory what counts is useful labour, not labour per se, therefore the labour value varies with labour's use value (Simmel 2004: 429-430). If there has to be a labour money, Simmel says, the share of labour time in society as a whole which is allocated to the production of a certain good has to be kept in strict proportion to the usefulness of the same good for society as a whole (Simmel 2004: 430). The wage rate per hour may still differ, but it correlates with the product significance for society as a whole (Simmel 2004: 431). In this possible world, Simmel says, labour money would be a functional equivalent to the current money system, at the same time labour money would only

³, ⁴, ⁵ My translation

reflect invested labour. Exchange value would be determined by invested labour. But, as Simmel adds, "this obviously presupposes a completely rationalized and providential economic order in which each labour activity regularly resulted from the absolute knowledge of needs and the labour requirements for each product – that is, an economic order such as socialism strives for." (Simmel 2004: 431).

An approximate proportion between use and value would be realistic only in those spheres of production where there is consensus about the society-wide use of a certain good, and this in turn, Simmel says, can only apply to goods serving basic human needs (Simmel 2004: 431). But higher developed cultures are characterised by a plurality as well as an individualisation of needs, where there is no realistic prospect of a society-wide consensus. Individuality entails dissent, thus "no regulation of the amounts of production could bring about a situation in which the relationship between need and labour applied was everywhere the same." (Simmel 2004: 431) Otherwise, if strict proportion between labour and society-wide use is to be sustained due to ideological reasons, then economic production would remain on the least level, excluding the development of higher culture and individuality (Simmel 2004: 431). Elimination of individuality in favour of a socially standardized production contradicts idea and intention of the labour money. Labour money, Simmel says, "would be more threatening to the differentiation and personal creation of life's contents than money as it already exists!" (Simmel 2004: 431) In contrast to that the current money economy indeed cannot ensure a successful conduct of individual life, but it provides the adequate means (Simmel: 473-475). Since it does not prescribe the way of its earning or consumption, it allows an organic growth of the individual.

5.2 Competition and plan

Competition is, according to Simmel, an implication due to the monetary freedom to choose with regard to consumption (Simmel 2004: 295-297, Simmel 2008a: 958; Simmel 2009: 651-652). A socialistic organised society replaces competition by central planning of demand and supply (Simmel 2008b: 172). After his "sociology of competition", competition distributes profit unequal and under conditions of uncertainty, performance is attributable to the individual, whereas the socialisation of productive means promises certainty and distributive equality (Simmel 2008a: 969-970). From the bird's eye view, each form is a means to an end which have to be weighed up regarding their adequacy for goal attainment, "whether satisfying a need, creating a value, shall be entrusted to competition between individual energies or to the rational organization of such energies" (Simmel 2008a: 968). This means, some goods – internal security for example – should better be produced and supplied by the state, and other goods – cars, for example – should be better produced and supplied by the market.

In practice, Simmel says, the choice between market and state is a matter of instinct and emotion, not so much one of intellectual nature. Technically emotions set a goal and reason chooses the appropriate means for reaching the goal, but reason does not have all information needed on the one hand, nor is it powerful enough to enforce its results (Simmel 2008a: 969). After all, emotions trump intellect. In consequence the aforementioned double nature of man comes into effect, which feels either more attracted by the unifying form of harmonious plans or by the individual liberty of competition which entails uncertainty and chance:

"Therefore, regardless of all available intellectual justification, victory will very often go to that form of social organisation that we call socialism, driven by the immediate attraction of its unified organization, of its internal balance, of its ability to exclude any friction, in contrast to the rhapsodic procedure, the waste of energy, the ambiguity, and the unpredictable forms of production under conditions of competition. To the extent to which individuals approach this mood, they will exclude competition even in those areas whose content would not contradict competition" (Simmel 2008a: 969).

By the way, in another context Simmel says, the attractiveness of socialistic harmony is likewise of aesthetic and even intellectual nature. In the latter case, Simmel means intellectuals which "are ever striving to form rational conceptions of things." (Simmel 2008b: 172) Simmel mentions "the deep attraction of a notion of the harmonic, stabilized organization of human activity that has overcome the resistance of irrational individuality." (Simmel 2009: 495).

Its ambition of rationality, predictability and computability socialism takes from the calculation practice of money economy, which socialism opposes at the same time (Simmel 2004: 347f.).

Likewise, socialism takes its ambition of predictability from observation of the capitalistic organisation: if planning works on firm-level, it has to work on a larger scale – at societal level – as well (Simmel 2004: 499; Simmel 2008b: 172). The distinction between harmony and computability on the one hand and uncertainty and incalculability on the other is significant: uncertainty, incalculability, individual freedom and money economy constitute an inextricable unity, which is opposed by the likewise uniform association of certainty, harmony and bondage; both being antagonistic ideal types again, of course (Simmel 2004: 493-501; Simmel 2008a: 963-970; Simmel 2009: 533-537). Simmel does not confine his proposition to the economic sphere, but rather regards "liberal political constitutions" characterised by "irregularity, unpredictability and asymmetry [...], whereas despotic compulsion culminates in symmetric structures, uniformity of elements and avoidance of anything that is improvised." (Simmel 2004: 339) There may be a coexistence between political despotism and economic freedom (Simmel 2004: 401), but there is no political freedom without the individual freedom of a money economy.

Simmel says, a man's desire for "systemization" always "contains a test of power", because systemization "subjects a matter, which is outside thought, to a form", and this applies to "all attempts to organize a group in a principle" (Simmel 2009: 347). Simmel also mentions the "socialist systemization" (Simmel 2009: 347). The "making of plans" manifests "a will to power" and, additionally, a "particular inducement in the advancement of a schema of positions and their relationships of rank to make determinative use of a wide, future, and ideally submissive circle of human beings." (Simmel 2009: 347)

5.3 Allocation

Both, money economy and socialism, entail dependence relationships in the form of division of labour, but they differ as to their source of differentiation: bottom-up or top-down (Simmel 2004: 296-297)? In a money economy, division of labour is *both*, the result of individual aspirations as well as societal constraints (Simmel 1995: 96-97; Simmel 2008a: 977-978; Simmel 2009: 537). Socialism shifts the whole responsibility for differentiation to society alone, i. e. the state.

A self-referentially operating money economy is organised via competition and division of labour (Simmel 2009: 651-652). Individuality - with her personality – is excluded from the money economy, for which reason any individual only has to work for money. The specific content of labour is of secondary character, as long as it is demanded. This money form of abstraction of interpersonal relationships – economic relations are reduced to money relations – is the form of individual liberty, Simmel says (2004: 285-292). Thus, once excluded from the autonomous money economy, the individual is left on her own, but she has an inner calling to a determined social position (Simmel 1995: 97; Simmel 2009: 51). At the same time there are external, social forces, which work against the inner drives of individuality. Competition for scarce social positions forces individuals in specialised roles that do not match their inner calling (Simmel 1995: 92-97). The exploration of business niches suffices just for a moment, until competitors copy the innovation.

Now, Socialism promises to allocate individuals to occupations according their true capabilities. As I mentioned before, socialism understands itself as a remedy to socially undesired consequences of money economy. Whereas in a self-referential money economy action grows out of individual responsibility, in a socialistic organised society it is up to the state to direct individual actions: "a fully-fledged state socialism would erect, above the world of personalities, a world of objective forms of social action which would restrict and limit the impulses of individual personalities to very precisely and objectively determined expressions." (Simmel 2004: 297) Regarding the socialistic promise of allocating people according to their inner nature, Simmel says, it does not work, because there are always more qualified people than appropriate positions (Simmel 1999: 140-141). Simmel refers to the example of a hierarchical organisation – be it a party, an association, a company – , in which there always are less people in management or leading positions than in subordinated positions. Always there are more people capable of leading than there are leading positions. Hence, individuals living in a socialised economy will also get to know social

⁶ Simmels seems to follow Marx (1973: 17), who also identified the commodity form as the basic unit of the economy.

⁷ For a critic see Kalmonick (2001), who argues – amongst others – by means of Marx' value theory.

heteronomy and alienation. The difference between the collectivism of socialism and the individualism of money economy is the absence of any prescription of individual movements in the money structure itself, it is a neutral medium which allows for almost arbitrarily ways of working and living – just because the individual's only connection to economy is via money (Simmel 2004: 308-313). Apart from that money relation it is thoroughly excluded from economy. The elasticity of money – it can be used as a means for any end (Simmel 2004: 210-217, 327-332) – allows an organic, inner growth of the individual, albeit there are other, social forces, pushing the individual aside from her inner calling. There is no need for comprehensive societal information about individual talents and preferences – quite the contrary to socialism.

5.4 Alienation and depersonalisation

A further aspect is man's yearning for community within a depersonalised money economy. Socialism's ideal of society, Simmel says, is an ideal of a personalised community, which descends from tribal structures of a past long ago, but at the same time the existing money economy supplies the necessary breeding ground for the socialistic ideal.

An autonomous money economy liberates the individual and leaves it on his own responsibility (Simmel 2004: 304, 335). It is excluded from the own logic of economy insofar as economic value is determined self-referentially between goods in their exchange relations, whereas the role of the individual person is interchangeable and thus confined to the execution of the production as well as the consumption function, although nothing is said about what specifically is produced (Simmel 2004: 462-463; Simmel 2009: 486) – in *this* regard, the money economy is widely open. Exclusion refers to the extent that subjectivity do not count in determining the exchange relations. The "capitalistic differentiation" into labour and capital is likewise a functional differentiation within money economy insofar as capital and labour are just roles which are – given perfect mobility – to be executed without being bound to provenance (Simmel 2004: 460; 2009: 533-536). The production process becomes autonomous and confronts the labourer: he does neither owe the products of his work, nor does he owe the machines he works with. The labourer even has – in principle at least – to pay for purchasing those products he produced himself (Simmel 2004: 460-461). The individual today has more needs than in the tribal past, and, more important, it cannot satisfy his needs on himself, because he is too specialised (Simmel 2004: 295-296). The tribal society was small and self-sufficient. There is no societal control over the economic production process, it reproduces self-referentially according to its own logic. Detached from its personal origin, a desire for a re-subjectification of the economy arises in man, and a collectivisation of production seems to be the means to the desired ends (Simmel 2004: 465-466).

The money economy endows freedom. In contrast to earlier, feudal times there is a double-sided freedom of contract, on the part of the employer as well as on the part of the employee (Simmel 2004: 300-301). But this, according to Simmel, detaches the employer's interest in the well-being of his employees, because the individual person is, as mentioned above, interchangeable. Slave societies as well as feudal societies did know only little individual freedom in general, but the master had – out of his self-interest – more to care for his inferiors (Simmel 2004: 301). The evolution of the employment contract entailed freedom, but also depersonalization as well as – the correlate to freedom – uncertainty (Simmel 2004: 339). Furthermore, competition relations entails social distance between competing suppliers on the one hand, on the other hand, discovering the needs of potential customers, Simmel says, is a kind of social rapprochement (Simmel 2008a: 961-962).

Now socialism intends to close the monetary gap between individual and her society. The socialistic ideal declares "war upon this monetary system, socialism seeks to abolish the individual's isolation in relation to the group as embodied in the form of the purposive association, and at the same time it appeals to all the innermost and enthusiastic sympathies for the group that may lie dormant in the individual." (Simmel 2004: 347) This sympathies are a relic from man's tribal past, hence Simmel calls them "hollow communistic instincts that [...] still lie in the remote corners of the soul." (Simmel 2004: 348) The tribal groups were small and differentiated only to a low extent, they "hold their elements in strict and equal bonds" (Simmel 2004: 348). Socialism, arose out of and against the money economy, translates these "strict bonds" to the world society of present times. Furthermore, socialism's demand for production control grows out of "the rationalistic money economy", socialism is "rationalism as well as a reaction to rationalism" and "is directed towards a rationalization of life, towards control of life's chance and unique elements by the law-like regularities and calculations of reason." (Simmel 2004: 347-348) Socialism

is, according to Simmel, of paradoxical nature insofar as it appeals to irrational communistic instincts on the one hand and a rationalistic mind on the other. This paradox nature of socialism, Simmel says, gives socialism "its power of attraction" (Simmel 2004: 348).

Whereas it's thoroughly implementation runs counter to its intention, a working money economy creates space for – so to say – 'socialistic islands' of communitarianism. For example, Simmel mentions the French socialistic entrepreneur Jean-Baptiste André Godin who founded "a large ironworks factory [...] in the principle of complete sustenance for each worker and his family, guaranteeing a minimum subsistence, care and education of children at no cost, and collective provision of the necessities for life." (Simmel 2009: 54)

Simmel also mentions the explicitly monetarised founding of worker cooperatives for the purpose of lending credits or bulk purchases (Simmel 2004: 346). A Money economy allows the individual a selective association, just according to one's own self-interest and without absorbing the whole personality into a collectivity – just *because* the individual's personality is excluded from economy (Simmel 2004: 345-347). Trade unions will keep their independence not alone from capital, but also from the central state power within a money economy which explicitly allows the pursuit of very different, even contradictory goals. Within a money economy, there is no need for having the central power's favour, whereas in socialism the allocation of resources is fully dependent on the central states planning. Hence opposition to the central state is, at least in principle, a contradiction.

6. Conclusion

To put the whole article in a nutshell: according to Simmel, modern society sustains itself in a dualism between socialism and liberalism, and money is their all-comprehensive unity insofar as money is a means to any end, even contradicting ones.

Starting point of my argumentation was the people's persistent fascination for socialistic ideals despite repeated failures of its own idea. Georg Simmel's dualistic social philosophy provides one possible explanation, according to which socialism and its underlying idea of equality as well as liberty are cultural pillars of modernity. Socialistic ideals appeal to a certain fundamental value – equality – which is integral part of the cultural basic equipment of modern individuals, just as liberty. Liberty and equality of individuals converge in the form of money economy, which *liberates* all individuals *likewise* from societal bonds. This happened with overcoming European stratified society – all men are equal before money. But equality and freedom do not stay in a easy relationship with each other. Individual freedom leads to competition and once again economic inequalities between individuals, whereas the now opposing ideal of equality underlies socialistic movements. The two ideals have their own logic which, each left on its own, lead to destructive consequences, and this applies likewise to socialism and liberalism. Put in interaction together, both have corrective effects on each other, which results in a more or less functioning society – the money economy, in which liberating and socialising ideals concur.

Put in modern terms, Simmel's idea of a constitutive conflict between ideas of economic culture corresponds to the reality of mixed economies, in which state and market presuppose, limit and correct each other, and their actual arrangement is the – always provisional – result of a compromise between two distinct, likewise antagonistic and complementary institutions. An abstinence of this conflict in favour of a thorough implementation of just one principle would end in anarchy or totalitarianism. Also and especially liberal social philosophers like Milton Friedman (2002: 22) and Friedrich August von Hayek (2001: 40) not only saw the need for a state regulatory framework as the basis for a working market economy which grants individual freedom. Moreover, both explicitly considered it as a matter of weighing up, which form – market or state – is the suitable means for a given end. Simmel suggested, as we could see, likewise. What's more, he hypothesized that there are varying, a-rational founded preferences for the relation between competition and coordination, a thesis, which suits very fine to the "varieties of capitalism" (Hall/Soskice 2001), whereby institutional variants in state-market-relations can be attributed to underlying cultural differences, which themselves are not rational, but supply the cultural basis for rational outcomes at all. Last but not least, Simmel's argument was based predominantly on the institution of a money economy, not a market economy, although the latter is – according to Simmel – an implication of the individual freedom of a money economy. For Simmel, money was the symbol for the unity in difference, that societal form, which considered the conflict between mutual presupposing principles as the adequate form of its self-preservation.

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