

# Money and Modern Society – the History of a Close Relationship

By Christoph Weber-Berg, Zurich, © MoneyMuseum

When we watch the news programme, just before the weather forecast we are told something about the latest trends in stocks and shares and currency rates. There are highs and lows; the prices and rates seem to move up and down as if controlled by fate, and somehow we suspect that all this concerns us. Money has become an all-embracing medium of our society, its significance extending far beyond negotiating economic transactions and depicting them in terms of value or the safekeeping of wealth. Modern society, our whole civilisation, nothing about it can be imagined without money and the way it functions today. Georg Simmel (1858–1918), philosopher and one of the founders of the science of sociology, was the first to recognise and describe this fact. His analysis is thought provoking to this day.

## Money between concretion and abstraction

We perceive money as an aid for economic exchange, put it on one side as savings and use money units for accounting. Money is a means to economic ends, it is like an unwritten label, which stands for everything that you could buy with it. The realisation that money itself is actually nothing has become widespread. Nobody finds it a problem that money is not stored, but is saved as a sequence of numbers in a computer. Paper money no longer has to be backed up by central banks with its "real" value in gold. Money stands for an asset or an obligation to pay a debt or for the right to buy goods or services. Money does not stand for anything itself but always for something else. Money in its concrete form embodies something abstract or vice versa: money as an abstract number embodies everything that one could concretely purchase with it. For this reason Georg Simmel states that nothing illustrates the concept of interaction so strongly as money. Money always stands for something with which it could enter into economic interaction. Money is – in a philosophical sense – without quality, or put in other words: it is its quality to be pure quantity. It stands, for example, for the value of a chair, one hour's work or 100 kilograms of horseradishes. Money fluctuates between the abstract and the concrete, and it creates relationships between things and people in all conceivable combinations.

## The form of money is infectious

It is quite astonishing that everything that can be exchanged for money can assume the form of money. Suddenly an object no longer stands merely for what it is, but also for the amount of money that was paid for it. It is therefore important, for example, that expensive brands are also recognisable as such. A pair of jeans is actually a pair of jeans, without any difference – provided that the style and the quality of the material are the same. But as soon as one pair of trousers has cost more that has to be recognisable from its brand: the trousers assume the form of money. One may object that the pair of trousers is not exchanged for other goods like money, at any rate not in prosperous societies. The money form of a branded pair of trousers, however, has a different effect. The brand functions like the signature of the chairman of the central bank, like stamps and impresses which make a banknote out of a piece of coloured paper. The branded jeans have added value for their wearer: they buy social status, recognisable membership in a certain group – lifestyle. When the trousers have gone out of fashion they will no longer be worn, even though

they still completely fulfil their function. The trousers represent a discontinued currency. Money again has to be spent to replace what they have lost: the form of money.

## Individual freedom and dependence imparted by money

Money replaces personal relations. It breaks down personal dependencies and replaces them with a feeling of individual freedom. Nevertheless, a wide range of dependencies is imparted by money and we hardly notice them any more. Examples are the care of old people, child minding, cleaning the flat or washing clothes. And with the increasing individual freedom of women in society, for example, markets for traditional family services and tasks of the community have arisen which are compensated for by money. The dependencies as such are not abolished, but shifted into societal context are paid for with money. Relationships mediated by money are the social cement, they constitute modern society.

## The quasi-religious significance of money

Money thereby acquires a quasi-religious significance. The following – above-mentioned – aspects indicate that:

- Money is not real, but a form without quality which reaches beyond itself and is thus "witness of a different reality."
- Money permeates the reality of what enters into a relationship with it: goods assume the form of money and represent it even when there is no mention of money, eg in fashion.
- The logic of money is the binding force of society and creates close relationships.
- Money also interprets – and this has not been mentioned above – reality.

From the point of view of this last aspect it performs in particular religious functions. On the one hand, it reduces the complexity of reality and, on the other, legitimises what life seems to allot to people in a manner seemingly determined by fate. The reduction of the world's complexity and the sanctioning of inexplicable fate are two classic functions of religion.

Superficially money exercises these functions in quite a practical way: nobody is in a position to obtain a complete picture of the supply on the markets. The situation is far too complex. Nobody can judge whether an offer which interests him is being made at a fair price. One does not know, for example, whether the prices of one and the same product are lower in a neighbouring town, and then by so much as to make a journey to it worthwhile. Money indirectly provides information on such questions as: Is the offer large, are the prices low, is the average quality of the articles good, are the prices fixed? etc. Thus money supplies the wealth of information which a buyer needs to decide on a purchase. Money reduces the complexity for him and at the same time legitimises the price: when a market functions well it produces prices that can be explained and thus justified.

## Money structures society

Money performs the same function on a societal level: fashion, status symbols or houses assume the form of money in the manner described. By means of these goods and the power to dispose of them we reduce the complexity of society: there are rich and poor, drivers of luxury German cars and those who own small Korean ones. There are people who regularly go to golf clubs and those who attend local rifle associations. Individuals can, of course, be members of different social groupings. They have one thing in common: money assumes a central, although not the only,

decisive role in group identity and status. Money's logic of exchange and assessment thus reduces the potentially confusing chaos of an unstructured society, reduces its complexity and makes it easier for the individual to find his identity. At the same time, the status quo is legitimised: no one doubts that the first-class passenger is entitled to use the VIP lounge at the airport and to be the first to go on board. He has paid more. His right to live at a beautiful hillside location and to occupy the best seats at the theatre is not questioned. Money legitimises the unequal allocation of goods.

## Money and meaning

The reduction of complexity and the legitimisation of its unequal allocation have been described as an aid for interpreting an incredibly complex reality and referred to as the quasi-religious functions of money. And indeed these two functions have been performed by religion(s) over long periods of our history. Whether it is the caste system in India, feudalism and the estates in the European Middle Ages, monarchical structures – in the background there were and still are religious interpretations of order in the world and society. Of course, at all times power, politics, culture and money have also played a part in this connection. However, the significance of these areas was always – at least up to the dawning of the modern age – derived from religious arguments.

Modern society no longer needs these religious interpretations – they are taken care of by money: a pop queen is an important personality not, for example, because – thanks to the grace of God – she might be able to sing better than other young women, or because the message of her songs might be absolutely new or the cultural innovation of her appearances on stage might be of importance, but because she sells a lot of records and thereby "makes a lot of money." The amount of money "made" provides us with some guidance with regard to the significance of personalities. Religious arguments have become superfluous. Depending on the political system, the electoral success of politicians has also become a function of the use of money. One is not president by the grace of God, but owing to the electoral success it was possible to achieve with a multimillion budget.

## What now?

Certainly, this analysis presents the matter in a simplified form. And it also describes only a few aspects of Georg Simmel's interpretation of modern society. But it has become clear how far money's power of interpretation has penetrated our consciousness and the structures of our society. The historical development that has led to this is complex. The question as to cause and effect remains completely open. Our civilisation is in a feedback loop that is repeatedly justifying itself and driving itself on. In this it is like money, which can also only be defined in a circular or functional manner: money functions as money because the prices of goods are measured in monetary value and because money is accepted as a means of exchange.

## What conclusions can be drawn from this?

We can neither prevent nor fundamentally overcome money's general power of interpretation in our society. But it is abundantly clear that this interpretation entails not only enormous advantages but also serious disadvantages: there is no clear-cut dividing line between individual freedom and the isolation of people. The ups and downs on the stock exchanges and financial markets which the layman puts down to fate leave feelings of helplessness. The gap between rich and poor is growing, inside societies and also between the countries of the world.

It is therefore important to repeatedly question the role of money and its logic from a critical distance. To do this requires autonomous thinking, and the challenge can be compared to "man's emergence from a self-incurred immaturity," as Immanuel Kant defined the Enlightenment. An independent way of thinking saves us from our being placed "immaturely" at the mercy of these connections. Money will not be able to give dispensation to anyone from the real questions of life. It will never replace a single friendship for anyone. Although it can assume what were formerly religious functions in a social context, it cannot provide a direct communion with God or our fellow men. On the contrary, it can even stand in the way of it.

So let us leave money as what it is: a useful means to an endless number of practical ends. Only, it can neither replace nor buy us sense itself.