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By Brian Ellis

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Money: A General Purpose Social Utility

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I. Introduction

In June this year (2019), my attention was drawn to the publication of a new book by Tony Lawson *The Nature of Social Reality: Issues in Social Ontology* (London and New York; Routledge). I wrote to him to introduce myself, and express my interest. I did so, because this is what I have been working on since about 2005. My book *The Metaphysics of Scientific Realism* (2009) was an argument for the acceptance of scientific realism as a First Philosophy, i.e. as a foundation for all other philosophies. The 2012 book, *Social Humanism; A New Metaphysics* was my first serious attempt to create an adequate, scientifically realistic, metaphysics for the social sciences. It dealt mainly with human nature, and with the social structure of human societies.

The anthropological evidence is that all human tribes, even the most primitive, have social structures that define the roles and responsibilities of their members. These structures generally aim to minimise conflict within, and promote the interests of the tribe or nation without. I call it the *de facto* social contract of the society.

The *de facto* social contract is not an agreement amongst the founding fathers, if there ever were any founding fathers. It is a current settlement of opinion amongst the mature-aged members (usually the elders) of the society about how it should be structured, how it should work, and how it should adapt to the changing circumstances in which the members have to live. Typically, there are certain ways in which rights, obligations, powers and responsibilities are distributed amongst the people, and the young are brought up to know how and upon whose authority they should act, and what their responsibilities will be. I postulated that the same must be true in all well-functioning societies. But, I thought that the complexities would naturally be very much greater in larger and more sophisticated ones. Presumably, the varieties of roles would be greater, the laws and customs much more carefully defined and specific, and I supposed that these societies would bevery highly adapted—in keeping with their complex structures and circumstances.

They are indeed very much more complicated than the mostly primitive tribes studied by social anthropologists. But this does not mean that no social contract exists. It just means that the social contract cannot be summarised briefly, as the social contracts of primitive societies can be. If a social anthropological study could ever adequately describe how a complex modern society works, it would presumably require a whole library of books dealing with all of the complex laws and customs that are in place, and all of the case studies upon which their interpretations depend. But it would still be a social contract that describes in detail how this complex structure works. Presumably one of these volumes would have to be taken up with the relevant parts of the de facto social contract of monetary transactions. There are grey areas here, just as there are in most other areas of the social contract, but the social markets could not function if there were no parts of the social contract dealing with how they are supposed to work.

II. The Social Contractual Sources of Value

I want to talk eventually about money. But first I need to say something about the relevant parts of the social contract, viz. about how we work, and how we customarily value things. The monetary social contract of every society will differ in different countries, and probably do so significantly within the regions of any given country. So it is very difficult to say exactly what money is. But money lending, mortgaging, investing, buying and selling, and so on, are all fairly well understood and well established practices in every society. So, the social contract for monetary dealings would, presumably, be a good place to start on the project of describing the social contract of a modern society. Tony Lawson, I am happy to say, has developed what he calls a 'social positioning theory of money' to capture the social role of money in modern capitalist societies. And the theory to be presented here is similar to his. For mine is a social contractual theory of money. The social positioning makes the point that the positions of power and responsibility may well emerge, or be contested in a modern society. And, presumably, the nature of the positions, and the details of how such positions become occupied would be different in different countries, or change over time. But, because trading has become so internationalised, we may have to think of money as part of an emerging global social contract, not just a national one.

In *Social Humanism*(2012, Part I), I argued for the need to work steadily towards developing a global social contract for the purpose of constructing a working social structure for all international dealings. For, as I see it, this is the way forward: to establish a global commercial system, and with it a global political system,

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which will promote the interests of everyone within it, and help to deal with all of the emerging crises, such as those of global warming, overcrowding, and shortfalls in essential goods and services, which are now looming on the near horizon.

III. Goods and Services

Locally and individually, the things we strive for are the goods and services we seek. But let us, for the time being, distinguish between the acquisition of material goods, just for our own use or consumption, and the services of others to provide or help to provide what we usually want for other reasons. It is important to distinguish these two kinds of events, because we have a profound interest in the social roles of monetary transactions. The act of buying a meal to eat is, fundamentally, just a monetary transaction, whereas that of employing someone to cook a meal for a customer is a social one. And these two classes of actions require different analyses. The purchases we make, which do not require the services of others to complete, are normally purchases of what I would call our '*personal goods'*. They are, presumably, things we want as ends in themselves, and we buy them, or enjoy them, just for what they are.

But many, if not most, of the things we buy are not personal goods. Some are bought *in order to make* the things we want; i.e. they are our '*raw materials, tools or machines*'. And the values of such things lie, not in the personal satisfaction they provides (although it may well provide some of that), but in what they can be used to do, and how well they do their job. That is, its values are essentially their use-values. Such things normally have exchange-values, which is plausibly measured by what it would cost for someone to buy the object or material required. But the best tools and raw materials are not normally the most expensive. That is, their use values are greater than their exchange values. And, sometimes, they are very much greater. Consequently, well-designed machines these days can do the work that used to require the efforts of hundreds of people, and do a better job. valued for their exchange values (unless they are antiques, and so valued for their historic importance).

This development ought to have a huge influence on social and economic theory. For it implies that the social value of the goods and services produced in a society cannot be measured by its GDP, and its efficiency of production cannot reasonably be calculate as GDP per capita. For clearly, exchange value is not now the best, or even a very plausible, measure of value for things generally.

The digital revolution, in particular, has fundamentally changed the equation, and we must now value many of the things we use every day very differently. The power to do many of the things we now want to do, and consequently the range of things we are now able to do for ourselves, have increased enormously, and created many whole new dimensions of choice for millions of people around the world. Consider the i-phone. Its use-value today is incomparably greater than the use-values of the dozens of social and academic tools it has replaced. Indeed, its combined use-value is probably greater than the combined use-values of all of them put together, because nearly all of the information we would ever need for our daily lives and occupations are now readily to hand.

This change to the social value structure, which has occurred as a result of the digital revolution, has profound implications for economics and politics. For a workforce, which has all of the information it needs, and nearly all of the capacity it has ever had to make use of this information, implies that the social structure of the workforce in any modern society is hopelessly out of date. It is no longer necessary to employ armies of assistants, typists, clerks, and data processors to service the business community. Most of it can be done on computers, or at the instruction of computer operators.

The digital revolution has also changed the design of manufacturing plants. For the workforces that were once needed to do all of the work of processing the raw materials, making the parts, assembling the pieces, fixing them in place, securing the products, polishing, painting, labelling and packing them for transport can now be automated, and done by machines with enormously high use value. And, they can do all this work with just a few supervisors to monitor the whole process. Thus the digital revolution has transformed manufacturing industries around the world too.

The logical consequence of these changes is that industrial production is no longer dependent just upon the combined efforts of workers using hand-held or worker-driven machines. It is now dependent very largely upon the work that is done by automated machines, which have been pre-programmed by engineers for the specific purposes for which they are needed. There is still manual or routine work to be done, of course. And probably there always will be. But naturally, such work must increasingly become in short supply.

IV. Recent Changes Affecting the Workforces of Western Societies

Meanwhile, in the period, roughly since the 1970s, when the digital revolution began, there have been at least two other very significant revolutions affecting the workforces of the industrialised world. The first was the feminist movement, which began in the 1960s with the development and widespread use of the

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contraceptive pill. It enabled women to take charge of their sex lives, and work towards their own goals in life, having children, if and when they wanted them, preparing themselves for careers independently of the motherhood and homemaking roles that had traditionally been theirs. And this, inevitably, changed the conception of the normal family in the First World nations of the West from that of a male breadwinner working full time to provide for his wife and children to that of a working family, in which a woman could, and would normally have, a substantial breadwinning role.

The second revolution was the economic one. The 1970s had been a decade of stagflation in the Western World, with persistent underemployment and rising inflation. This was, I believe, due primarily to the floating of the US dollar in 1971, which led rapidly to its devaluation relative to other currencies, and to the OPEC oil crisis in 1973, when the oil-producing nations in the Middle East collaborated to increase the price of crude oil by 400% overnight. These two events proved to be very disruptive to the economies of First World nations, because the inflation that was occurring was due to increased costs of production, not to increased demand. On the contrary, the increased prices of goods and services, were not only reducing effective demand for them, they were also increasing the cost of producing them. Hence the stagflation that was occurring. And the Keynesian remedy for this has to be some kind of war-time measure, such as wage restraint, price fixing, or rationing. So, naturally, the conservative governments of Margaret Thatcher in the UK, and Ronald Reagan in the US decided to blame the Trade Unions of their respective countries, and impose wage restraint; thus, effectively, declaring war on the Trade Union movement.

These events need not have led to the fifty years of wage restraint that has existed in the Western World ever since the 1970s. But the world's economists, led by Milton Friedman and Friedrich Hayek, became convinced that Keynesianism was the root cause of the 1970s stagflation event. In response, they learnt to read neoclassical economics, not as a theory for the prediction of economic outcomes (as it had been throughout the post-war welfare state era), but as a model for the reconstruction of the nation state. It was not much good as a predictor of economic events anyway, because it had failed to predict the Great Depression. But neoclassical economics should, they argued, be read simply as a theory for social reconstruction.

The neoclassical economic theories of Leon Walras and Alfred Marshall were rationalist constructions, formally like systems of geometry, i.e. they were founded on sets of axioms, definitions and postulates, which were thought to be self-evidently true. In the social sciences, where the behaviour of the objects of study are subject to human control, theories of this kind can always be used in reverse mode. For societies are malleable, and are subject to human control. Therefore, if you happen like the theorems of your rationalist social theory better than you like its axioms, you can always use your axioms as templates for social reconstruction.

In the so-called physical sciences, axiomatic theories can only be used to anticipate nature, and hence to avoid making mistakes. But the role of a social axiomatic social theory, such neo-classical or Keynesian economics, can always be reversed. For the wealth generated by a nation state is not only a matter under state control, it is arguably one of the principal duties of governments to control the production of wealth in their communities to the best possible advantage of all. Therefore, if you happen like the theorems of your economic theory better than you like its axioms, you can always, quite legitimately, use its axioms in this idiosyncratic way, and claim that it is your duty to do so. And this is what happened in the 1970s, when the neoliberal era began.

The neoliberal argument was this: The economic success of a nation state is the measure of its prosperity. Prosperity is measured as GDP per capita. Therefore, a nation's economic success depends only upon its GDP per capita, not on how wealth is distributed. Neoliberals argue that nations never prosper just by redistributing wealth, or changing its structure; they prosper only by creating new wealth. Therefore, if you want to build an economically more successful nation, you must focus on wealth creation. And, this is what the classical economics of Adam Smith, and most of his nineteenth and twentieth century successors, has always been about.

But this argument is deeply flawed. Firstly, prosperity, as it is here defined, is not the only good. For the aim of a decent state must be to create not only the most prosperous nation state, but also the fairest; or if these are in conflict, which in fact they demonstrably are, then the government must aim to strike a balance between fairest and most prosperous, just as in the Brownlow Medal competition. For prosperity, as defined by GDP per capita, is not the only thing that matters. Nations can become prosperous on the backs of slaves. They can grow prosperous by conquest, and therefore at the expense of conquered nations. They can also grow prosperous overall, but do so from the top down, leaving the poor to sink or swim, which is demonstrably what has been happening in the Western world since the 1970s. Or they can grow prosperous, at the expense of future generations, (a) by amassing huge burdens of private indebtedness, which present generations have no hope of repaying, or (b) by leaving a greatly damaged world (climatically or otherwise) to our children or grandchildren. The only sensible and decent policy is to aim for the fairest, best, and most sustainable program of economic and social

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development that we can manage, and manage it at our own expense.

V. The Way Forward

The generations in power in the Western world in the Neoliberal Era have much to answer for. And the problems that face future generations are enormous. For many of the issues that we should have dealt with in the last fifty years have been left in the too-hard basket. And, the elephant in the room is the structures of the working lives of people in the kinds of societies that now exist in the Western world.

At present, the working week is geared to the social and family structures that have existed in the capitalist world since before the First World War. In Australia, for example, the Harvester judgement, which established the basic wage, defined this wage to be the minimum that would be required for a man to support his wife and two children under normal working class conditions. And this remains fairly accurately the conception today, more than a hundred years later. But today's workforce is made up of men and women in roughly equal proportions, and there are almost as many women in work as there are men. At the time of the Havester judgement, the working day was eight hours on weekdays, (but it was not unusual for workers in some industries to have to work on Saturday mornings). And, back then, workers mostly had tenured jobs, and job security was high. Today, it is still officially eight hours a day, but the conception of the working week has become greatly eroded.

Indeed, the whole structure of the workforce has become highly anachronous. Today, we need a workforce that (a) recognises the social equality of men and women, (b) allows families to share in the responsibilities of family life equally between, and at the same time provide adequately for their children's development and upbringing, (c) allows young people to achieve the high levels of education or training required for responsible positions in today's workforces, and to seek further education and training, as it will most likely be required, for them to maintain, and where possible develop, their chosen working careers.

Therefore, every worker requires work that allows them time and opportunity to educate and up skill their knowledge or talents, to share their work and home duties with their partners in life, to take on more or less work over time, without losing their positions or standing in the workforce, and to participate in the development and management of the business in which they are working for the benefit of all. To these ends, worker/boss relationships needs to be overhauled. It needs to be reconceived as a collaborative activity, more like that of the players in the team than that of a servant in the manor house. For example, the workers should be given as much responsibility for the businesses in which they are engaged as they are capable of exercising, and the managers should be willing to take on as many of the jobs they are capable of doing themselves in the business at hand. That is, the worker/manager distinction must be dissolved into a worker/manager team, in which every worker is a manager of something, and every manager is a worker managing something else. And, of course, there needs to be a third category, viz. that of a coach, and a chair of the board of management. And these roles should roles should eventually be occupied by members of the worker/manager team, who have had wide experience, and developed the knowledge and skills that would be required.

To make all this possible, I think we must, to begin with, seek to provide for the partners in any marriage to be able to work half time, for about 19 or 20 hours a week, so that each can take mornings or afternoons off on weekdays to care of preschool children, or spend their time studying, or upgrading their skills or qualifications. For the demands on the workforce these days are very different from those of a century ago. Today, workers need to be skilled in all sorts of ways, understand the machines they are operating with, and be knowledgeable about how they might be used to greater advantage. Young people, in particular, need to be able to divide their time between work and study, and between child-care, housekeeping, delivery and pick-up duty. And, everyone needs a permanent place to live, preferably one that they can call their own. So, if I were in politics today, I should be arguing for a working week of not more than 20 hours for a student or for a married man or woman, in recognition of the fact that a married couple can easily work for 40 hours a week between them, and that a young person needs to study for at least half of his/her time to keep up with advancing technology, and for work and remuneration to be spread around much more equally, in full recognition of the huge productivity and efficiency gains that have occurred since the Harvester judgement of 1907.

VI. The Counter-Revolution in Economic Management

The Western World has clearly undergone a major revolution in digital technology, which is at least as significant in its impact as electric power generation in the nineteenth century. And there have, in consequence, been massive changes in the structure of, and requirements upon, the workforces of the world. But at the same time the Western World has undergone what I can only call a counter-revolution in economic management. For the world's dependence now on pre-Keynesian economics is a backward step scientifically. Keynesian economic theory may not be scientifically the best theory to use for economic management, because

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there is no reason to think there is an underlying structure of the kind that rationalist theorisers (including Keynes) were seeking. But Keynes's methodology in theoretical economics was correct. And Keynes's theory was probably the best theory of its kind that could have been constructed. For Keynes did the right thing, from a scientific point of view. He looked carefully at the axioms of neoclassical theory, and rejected those he thought to be at fault. Among the axioms he rejected was the Neutral Money Hypothesis, which, he argued, did not give an adequate explanation of the extraordinary economic power and desirability of having money, other than other kinds of assets.

The Keynesian theory, which was a monetary one, was undoubtedly a very successful theory for economic management. It helped to finance the Western World in its fight against fascism, and deal with the massive problem of social reconstruction, which inevitably would have to follow this fight. Moreover, it built the prosperous and socially equitable, and economically more egalitarian, welfare states of Europe and the British Commonwealth. The post-war period was marked by very low unemployment. In fact unemployment was almost non-existent in the post-war reconstruction period (1945-1955), and remained that way until the early 1970s. And when Keynes's economic strategy was found wanting in the 1970s by Hayek and Friedman, it had all of the hallmarks of an act of revenge. For, Hayek and Keynes had been great rivals in the 1930s, and had offered very different diagnoses of the causes of the Great Depression. Hayek and Friedman were both unrepentant neoclassical economists. And both jumped gleefully upon the bandwagon, which was blaming Keynes's theory of economic management for the stagflation that that was plaguing the Western World. In my view, it was 'cost-push inflation' caused by the floating of the US dollar and the OPEC crisis that were the true causes of the stagflation event which followed later in the 1970s. Nor do I doubt that Keynes, had he been alive, would have recommended a wage freeze to deal with the problem of stagflation. I also see no reason why he would not have proposed monetarism as a strategy for economic recovery. For Keynes would probably have agreed that monetarism, or supply-side economics, was good for business, good for increasing productivity in the Cold War period, and good for defeating the USSR in its economic power struggle with the West. And, probably they were all right about these things.

But nothing justified persisting with these Cold War measures after the fall of the Berlin wall in 1989. For there was, by then, still no return to full employment in the West, current account deficits were, at this stage, beginning to run very high, and there was a rapidly increasing level of private debt nearly everywhere in the Western World. In Australia, the level of private debt went a bit into reverse, in the 'recession we had to have' of 1991-2 (See Graphics 1 below). But it picked up quickly after the recession, and private debt resumed its inexorable growth to the dizzy heights of 2008, when the Global Financial Crisis greatly reduced the demand for investment credit, and brought on an extended period of economic stagnation in the Western World—a situation which still exists.

VII. The Destruction of the Welfare State

One might have expected that the two major revolutions that have occurred since the 1970s, in technology, and in culture, and the counter-revolution that has occurred in economic management, would have had some progressive impact on the social relationships between employers and employees. These changes benefited the employers, and changed the structure of the workforce. Also, the business community have been flourishing for the last forty years, and so can afford to be much more generous. But no. Globalisation has greatly increased competition for markets, and the deregulation of industrial relationships has allowed businesses to exploit workers in ways they have not been exploited since the nineteenth century. The business community has thus been forced to cut corners on wages and conditions wherever they can. It is no fault of the business community that this has happened. The increased competition faced by businesses in the now global markets for goods and services in which they trade have forced their hands. And, because of these forces, the employers have never been in a stronger position to negotiate workplace agreements.

Their employees are on the defensive because: (a) their trade unions have been discredited and weakened, (b) workers have been deprived of any of the profits their employers have been raking in for forty years or more, and (c) workers are too frightened to defend themselves, or even protest, at the gross exploitation they have suffered. Indeed, social relationships between employers and employees have undergone a counter-revolution too, even more severe than the one that occurred in the theory of economic management. For it seems to be a throw-back to the conditions that existed in Western nations in the first half of the nineteenth century; i.e. to the sorts of social relations that existed between workers and their bosses, when Karl Marx was writing his *Communist Manifesto*.

Why this should be so, I do not know. Probably, the history and theory of communism, and the scare campaigns that this history (and its theoretical endorsement of revolutionary tactics), has effectively justified the suppression of movements for social reform. But the vehemence of the scare campaigns to suppress movements for greater social justice have had an even greater impact than anything that could have

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been anticipated. One might have expected that the tacit commitments, both of which existed in the welfare state era, to:

(a) Real full employment (with unemployment averaging about 2.0%), and
(b) Keeping a lock-step bond between productivity and take-home wages,

Would have been maintained.

But neither has been. In fact,

(a) Unemployment in Australia since the welfare state era has averaged about 6.0% (and has never been less than 4.0%), and
(b) The wages/productivity linkage was abandoned in the year 2,000.

And, Australia is reckoned to be one of the least seriously affected countries of the Western world, having avoided recession as a consequence of the GFC.

Consequently, workers have, on average, enjoyed very little of the benefits of the increases in productivity that have occurred since the 1970s; not only in Australia, but throughout the Western world. They have, it is true, benefited from the huge increases in the use-values of digitally programmed devices, especially those that are capable of accessing the social media (and the relative stability of their exchange values), much as everyone else has. And, perhaps this explains why the *laissez faire* capitalist states of the Western world have not exploded in revolution.

Writing in the *London Review of Books* in July 2018, John Lanchester wrote that the period from the mid-seventies to the present is the longest period in recorded economic history in which real incomes in the UK have declined.

> 'Recorded economic history', he says, means 'as far back as current techniques can reach, which is back to the end of the Napoleonic Wars. [The decline is] worse than the decades that followed the Napoleonic Wars, worse than the crises that followed them, worse than the financial crises that inspired Marx, worse than the Depression, worse than both world wars. That is a truly stupendous statistic, and if you knew nothing about the economy, sociology or politics of a country, and were told that single fact about it—that real incomes had been falling for the longest period ever—you would expect serious convulsions in the national life.'

He goes on to say that the US has fared no better.

> '… the real median hourly income in the US is [now] about the same as it was in 1971. Anyone time-travelling back to the early 1970s would have great difficulty in explaining why the richest and most powerful country in the history of the world had four and a half decades without pandemics, country-wide disaster or world war, accompanied by unprecedented growth in corporate profits, and yet ordinary people's pay remained the same.'

But economic history has been written as the history of exchange-value, not that of use-value. And the depressed workers of 2019 are really not as alienated from mainstream society as those of the Great Depression were. Their degree of exploitation may be, but they are not cut off almost entirely from the social world in which they live, as they would have been in the 1930s. On the contrary, many of them remain highly connected socially, and this degree of connectivity gives them some (probably false) degree of confidence that the present crisis in confidence can be overcome, and the economy recover from its present malaise.

Secure work opportunities are hard to find now, and permanent jobs are even harder to get. Consequently, many of those who are counted as employed today are in fact employed only in the sense that workers were in the Great Depression—as casual workers doing odd-jobs—were employed. But modern workers doing odd-jobs are not just wandering the countryside, as they were back then, humping their swags (or 'blueys', as they were commonly known), and finding work wherever they could get it. It is true that many people are homeless, and that homelessness is increasingly becoming a big problem in the major cities. But mostly they are not itinerant workers, and there is no mood yet for them to throw off their shackles, and really start demanding a better deal. But, surely the day will come, when they will be asking for more, and putting real pressure on our backward-looking governments and media barons. One would hope so. Retired older workers, and the young people of the next generation, all deserve much better than what they are getting.

VIII. The Power of Money

The expenditure of money is the underlying means of achieving social change in all modern economies. Logically, to have money is to have a general purpose power that all socially responsible people or institutions, (and many that are not socially responsible) may employ, in order to buy what they want to own, cancel the debts that they have incurred, or obtain the services that they need or want to have. And the quantity of money that is (designated in some particular currency) that a given person or institution commands is the measure (exchange value) of that power in any society that operates with that currency.

For those who have very little money, the money they have is needed for what they cannot live with dignity and social moral purpose without. They may be able to survive on borrowed money, or as slaves, thieves, or as unwilling prostitutes. But these are not ways of living with dignity or social moral purpose in any society. It is important, therefore, that everyone should be guaranteed a basic wage for the society in which

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they find themselves. I do not mean a UBI (universal basic income). I mean a basic wage in the sense of being a wage that is sufficient for an adult person, and any dependents they may have, *to live with dignity and social moral purpose in their own society*.

The argument for such a guarantee is so powerful, and so morally persuasive, that I believe a basic wage, defined in this way, should be counted as a fundamental human right. And, I use the term 'human right' here quite advisedly. For the *Universal Declaration of Human Rights* was firmly based upon this general moral principle, which all governments are now required to honour to the best of their ability. It was the guiding moral principle in the sense that every human right that is listed in the declaration, which was endorsed without dissent by the founding members of the United Nations in 1948, is an expression of some aspect of this universal right.

If the possession of money is indeed the general purpose power upon which every civilised society depends for the dignity of its people, then it is no wonder that money is, in itself, a desirable thing to own. For, without access to money of the local currency in a given country, one cannot participate, either legally or with social moral purpose, in the life of that country, or prosper there as a citizen. The neutral money hypothesis of neoclassical economics is therefore plainly false, and Keynes was right to reject it.

The so-called 'Neutral Money' hypothesis is part of the old logical positivists' analysis of monetary transactions, which most neoclassical theorists would certainly have endorsed. According to the positivists, there are no such things as a causal powers in nature. There are social practices, they would have said, in which people may hand over bills of exchange to buy things. But these social practices, they would have said, are just ritual performances—like witchcraft. They may signify a change of ownership, which is an exchange of the social roles of the original and the new owners vis-à-vis the thing purchased. But there is no causation involved here, they would have said, because there is no necessitation involved in the process. The alleged cause is not necessarily connected with the alleged effect.

These same theorists would have said, as Hume clearly believed, that there is no such thing as gravity. There are the phenomena of the planets orbiting the sun, with the sun being in one focus, and of their planetary motions sweeping out equal areas in equal times. But these are the only realities, Hume said, or at least implied. And they are just regularities, and indeed, the only realities to be discovered here. The neoclassical economists thought similarly about the power of money, and denied that such a causal power existed. But such reductionism, as I argued in *Rationalism: A Critique of Pure Theory*, is out of place in scientific the orising. If Newton had had this attitude to gravity, he could not have derived his law of gravitation. For this derivation was based on Newton's axioms of dynamics (which he thought were self-evident), and his basic question was: With what force must the sun act upon the planets to draw them inwards towards the sun as they rotate around it? And. his answer was, in fact, inconsistent with Kepler's laws being precisely true. For, according to Newtonian theory: (a) the planets must interact with each other, and (b) they must also interact with the sun, causing it to wobble as they orbit. Moreover, Newton's theory was not just a localised theory. It was supposed to apply universally to all material things in the universe. No wonder he was such an inspiration to so many in the Enlightenment period.

John Maynard Keynes, I hasten to say, was not tarred with the Human brush. For Keynes rejected the Neutral Money Hypothesis. But this does not remove the principal objection that I have to present-day economic theory. For Keynes's theory, while better than that of Alfred Marshall, was still a rationalist theory. It is just that Keynes had a better (empirically superior) set of axioms. It is better science. But it is, nevertheless, not scientifically realistic. A scientifically realistic theory of economics would take account of all of the social forces acting to determine economic outcomes. Keynes's theory, like the neoclassical one is still only a theory of how exchange values are determined by individual human and corporate decision-making practices in capitalist societies. What is needed is a theory that is capable of being fine-tuned to deal with different social histories, different forms of government, different geographic circumstances, and different states of progress. The very idea that local social or economic problems can all be solved by nation-wide or global strategies must be rejected. Governments must be able to choose, when, where, and for whose benefit, money should be spent or withdrawn, i.e. how to balance supply and demand locally. But no economic theory that I know does that.

To deal adequately with the economic problems that afflict localities, nation states, and the world more generally, we need economic maps, so the growth, employment opportunities, technical assistance, and so on, can all be targeted.

IX. Money as a General-Purpose Utility

The acknowledged general-purpose goods are all substances that are useful for driving any of a wide range of social utilities. So, it is interesting, and revealing, that basis for money was originally a substance, namely gold, which could be used as currency for purchasing things. And, things of various intrinsic value could all be bought with gold if one had enough of it. For gold is a substance, which is fairly rare in nature, and has very high intrinsic value. So, gold was a natural choice as a general purpose good for the purpose of buying other sorts of goods. But currencies

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are not substances any more. They are the social constructs of civilised societies created by their social contracts. But the question now arises: If the currencies of nations were once defined by the gold standard, how is it now defined. And how can individuals or organisations get enough of it to survive or flourish. Perhaps we can learn something by considering the history of electricity.

In the nineteenth century, scientific research on electric power (by Michael Faraday and others) established a connection to magnetism. It was established that an electric current generates a magnetic field, which acts clockwise around the then supposed direction of electrical flow. And, conversely, a rotating magnetic field generates an electric current in a wire that runs through its centre. Thus, the discovery was made that electric power could be generated mechanically. And in the history of technology, this proved to be a monumental discovery. For it enable the construction of the world's first steam turbine, enabling electrical power to replace steam power as a motivator of machinery. The solar panel on our roof, for example, is a multi-purpose utility for the generation of electrical power. We need it for lighting, heating, computing, and so on. Such a utility is a generic social utility. A power point within the house, is more specific, but it is still a generic social utility. It enables us to plug in most of the kinds of electrical equipment we happen to possess, such as irons, heaters and vacuum cleaners. And, our irons, heaters and vacuum cleaners are themselves generic social utilities, although they are even more limited in what they can do. An electric iron can be used for ironing our clothes, or any other things that we may wish to iron.

At the other end of the spectrum of the goods that may be used or enjoyed in a modern society there is the money that the society has created to make all but the most basic of our personal goods achievable. For in the context of any modern society, the money owned by any given social agent is the measure of his, her or its purchasing power. It measures the quantity and/or quality of the social and personal goods purchasable by the agent in that society.

In this sense, money is certainly a good. But it is a special kind of good, because the acquisition of money is not ordinarily an end in itself. Money is a 'social good', in that its primary value lies, as we have seen, in its usefulness as a tool for purchasing what we want. It has what we might call a use-value. The use-value of money depends upon the conventions of the society in which it exists. For money cannot be used buy anything except in a society that is said to have 'a monetary economy'. The kinds of economies that existed in societies before the invention of money were barter economies, or societies in which a great many goods were held as tribal possessions. And, in such economies, goods could only be acquired from others by loan, gift, force, or exchange. But the invention of money made the acquisition of the goods by such crude means very much easier than it had been—and much more civil. For it facilitatecd the processes of peaceful exchange, and thus created what we now call 'a market' for goods and services.

Money too is a social utility. And the more of it one has, the greater its utility is. For, if you have enough of it, you can buy almost anything that you might ever want to consume, do, or pay to have done for you. Indeed, if you are very rich, there is almost no limit to what you can own, consume or have done for you. Every kind of social utility that is commercially available to anyone in a given society, is available to anyone who is rich enough to pay for it. Money is therefore a sort of *all-purpose social utility*— almost magical in its properties. The more of it one has, the more freedom one has to do, have, or have done whatever one wants. In principle, it enables one to buy every sort of commercially available utility that anyone might ever want to consume, possess, or realise. It even has properties that are almost like those of the magic pudding,[1] because rich people can always afford to wait for a better opportunity to buy or sell. So, the more money one has, the easier it is to make more money, as Per Molander (2017) has convincingly demonstrated.

Money is a numerically quantitative entity in the sense that it is designated as so many units of the community's currency, where all units are accepted as having the same purchasing power. The community's currency is the kind of money that operates in that community to enable people (or other social agents, such as firms or government agencies) to purchase goods or services, or to repay debts. Different communities may have different currencies. But in every society, money is a meta-utility; it exists only for the purpose of acquiring social utilities, no matter how specific or general-purpose they may be. But it cannot be consumed, in any of the ways in which goods or services are. Its use-value is that if any social agent possesses it in sufficient quantity in the relevant community, then it will enable that agent to settle a debt of any magnitude to any other member of that community, or to purchase any other utility that is legally available to be purchased, no matter how specific or general-purpose it may be.

The quantity of money possessed at a given time by a social agent in any given society is simply the value of the goods or services expressed in the currency of that society that the agent is capable of buying. Or, equivalently, it is the magnitude of the monetary debt it is sufficient to settle. Thus, the quantity of money possessed by a social agent at a given time is plausibly

[1] I refer, of course, to Norman Lindsay's hilarious children's novel *The Magic Pudding*, first published in 1918.

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an exact measure of the agent's economic power at that time.

The quantity of money a person has at a given time is, however, not a good measure of his or her wealth. For an agent who owns property, or has other capital assets, or is owed money by other social agents, may also have some reserve economic powers. For example, one may be able to sell or mortgage some or all of these assets and thus increase one's purchasing power. But one's commercial wealth is not necessarily the same as one's absolute wealth. The absolute wealth of the Queen, for example, is enormously greater than her commercial wealth. Her reserve economic powers are certainly very great, but I doubt whether she could, legally or constitutionally, ever mortgage the Crown Jewels. For, presumably, she would be impeached, and immediately be dethroned by the British Parliament, if she were to try.

X. The Social Positioning Theory of Money

In his excellent book *The Nature of Social Reality; Issues in Social Ontology*, Tony Lawson has argued for a similar view of the nature of money, which he calls 'the social positioning theory'. Lawson argues for the intriguing theory that everyone's social position is hedged around by what one owes or is owed, by whom or to whom it is owed, and for what purpose this arrangement has been made. He notes that all such agreements are specific social contractual arrangements that occur within the framework of a much more general social contractual system that defines the parameters of these agreements. That is, it defines the kinds of agreements involving monetary commitments that can legally be made, the manner in which they are expected to be carried out, how, and by whom the payments must be made, and the kinds of consequences that must be expected if they are not carried out, or not carried out sufficiently well.

If I understand Lawson properly, the amount of money that an individual or collective agent owns at a given time is defined by the extent of the set monetary commitments that the agent can undertake legally at that time, without incurring any further debts. Thus understood, the money a social agent owns is to be understood as the measure of that agent's socially defined quantity of purchasing power.

If this is right, then there is no gap between Lawson's position and mine.

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