

Simmel and the Federalist Vision. Between Economic and Cultural Value

J. Peter Burgess

Introduction

In December 1945, Denis de Rougemont stood before a meeting of the fledgling Movement of European Federalists and delivered his now renowned »Message to Europeans«. Lying in ruins after yet another unthinkable destructive European war, Europe, to de Rougemont, was in a situation of grave danger. The deep wounds dividing Europe he saw as not only material, but also spiritual. »Europe is threatened«, he proclaimed,

Europe is divided, and the greatest threat comes from its divisions. Impoverished, burdened by the barriers that hinder the circulation of her goods, but which are incapable of protecting her, our disunited Europe is marching toward its end. No one of our countries can alone aspire seriously to defend her independence. No one of our countries can alone resolve the problems with which the modern economy confronts her. In the absence of a freely consented union, our present anarchy will expose us tomorrow to a forced unification, either by the intervention of an empire from without, or by the usurpation of a party from within. (cited in Deering 1991, 425)

Later the same year, de Rougemont set out the two fundamental consequences for the mission of Europe:

- (1) The political union of our peoples is henceforth the condition not only of their survival but also of the just exercise of their world function.
- (2) This union must take a form dictated by structures, both historical and living, of the complex organism of our culture: that is, a federal form. (de Rougemont 1966, 420)

The purpose of this paper is to explore the relationship between European cultural identity and the institutional structure built in its name, by focusing primarily on the federalist vision of Europe and the politics of economic unification

that have lead Europe to the absolutely remarkable step of renouncing all national currencies in favor of a European one. The demonstration will proceed generally and in three steps. Firstly, it will argue that the federalist movement contains a normative core based on a notion of collective cultural value in the work of Spinelli, Monnet, and Schuman. Secondly, it will present the philosophy of money as an attempt to link value in general to the phenomenon of money in particular. Lastly, it will update Simmel's vision by presenting some of the critiques of *la nouvelle économie*.

1. Federalism in the Pre-history of the European Union

The concept of federalism has followed a long and illustrious path in European history. The origins of the word »federal« can be traced to derivations of *foedus* (treaty) and *fidere* (trust). A *Foederatus* is a *confederation*, a union or association bound by a contract, a contract not only anchored in a notion of legality, but whose authority is bound by confidence, trust, affinity, empathy, and conviction. The first English language use of the term »federal« is ascribed to the 17th century puritan colonists of North America, who spoke of a »federal theology«, a covenant between God and the settlers of the New World, later expanded to comprise the »federation« among the new states. By the same token, though the term »federal« has had a considerable career in the evolution of the European political landscape, its widespread modern meaning comes from the federal constitution of the United States in 1789 and, in particular, the political principles developed by writers such as Alexander Hamilton, James Madison and John Jay. Philosophers and writers as diverse as Kant, in *On Perpetual Peace* (1795), Madame de Stäel, Constant, Mazzini, Hugo, Proudhon, Mill, Freeman and many others kept the notion vividly alive throughout the 19th century, increasingly associated with the question of war and peace.

The birth of modern European federalism is often attributed to Altiero Spinelli, ex-communist and anti-fascist militant, who, together with Ernesto Rossi, composed what has come to be known as the *Ventotene Manifesto*. The text, written in 1940 and smuggled from exile into occupied Europe, gave an impetus to the nascent federalist movements carried forth through wartime illicitness by members of the Italian and French resistance movements. It be-

came the central statement for the early European federalist movement. The political impetus for that movement's public legitimacy has, arguably, to thank Winston Churchill. Churchill, who long supported some sort of notion of a European union and had spoken repeatedly of the formation of a Council of Europe, held a watershed speech in Zurich in September 1946. In his speech Churchill decried the »Babel of jarring voices« among the victors of the War, and the »sullen silence of despair« among the vanquished. The remedy, he proclaimed, was to recreate what he called the »European Family«, by providing it with a structure »under which it can dwell in peace, safety and freedom«. This structure was a United States of Europe (Churchill 1994, 6). »If Europe is to be saved from infinite misery, and indeed from final doom, there must be an act of faith in the European family and an act of oblivion against all crimes and follies of the past« (ibid., 7). The speech reinvigorated the movement for European unity and led to the creation of the European Union of Federalists in 1947 and to the formation of the Council of Europe.

In the eyes of the European federalists, the Council of Europe was a failure. It did not possess, so they claimed, the institutional powers necessary to impose the supranational resolutions it made. Jean Monnet, who had political experience from the League of Nations, the National Liberation Committee, and the London resistance, and had been appointed Planning Commissioner for the French government after the liberation, saw the Franco-German tensions as the primary threat to European peace and stability, and turned to the principles of federalism in his famous memo to Minister of Foreign Affairs Robert Schuman. In consultation with Chancellor Adenauer, Schuman released the memo that was to be known as the Schuman Plan, in May 1950 (Schuman 1950).

The Schuman Plan was the first concrete federalist project on the European scale. The plan argues that solidarity is twofold, a dialectical relation between the civilization ethical and cultural community, the wisdom of ages and the concrete institutional matrix that will bear forth that cultural heritage. As Jean Monnet noted in 1952, »[t]he life of institutions is longer than that of men and institutions can thus, if they are properly constructed, accumulate and transmit the wisdom of successive generations« (Monnet 1952).

According to Schuman, Europe's battles are classically familial (Schuman 1964). In his memoirs *Pour l'Europe* he describes the construction of Europe as the reunification of a community already bound by common interests. For

Schuman, the first step in the re-engagement of the European clan is the creation of a system of economic coordination and regulation based on the principles of market liberalism and the free flow of capital, which have become the European *mantra* of today (Burgess 2001, 315f.).

The great challenge of European construction in the eyes of Schuman was to give political-institutional flesh and bone to the deep ideals and interests in the hearts of the Europeans. »The true European spirit is the recognition of the realities, the possibilities and the obligations in the presence of which each of us places himself beyond frontiers, beyond our antagonisms and our resentments« (Schuman 1962, 26). In other words, the unity that we are to seek is not *external*, not derived from the contingent, circumstantial or occasional characteristics that make individual groups what they are. These are mutable, variegated and unstable. The unity that must be sought is *internal*, based on the »organic structure« of Europe (ibid., 30).

The unity of Europe will be accomplished neither uniquely, nor principally by European institutions; their creation will follow the progression of spirits – whence the importance of a free circulation of ideas and individuals between the European countries. Those countries that refuse this notion exclude themselves in principle from Europe. (ibid., 48)

The European Union is, in this vision, an immense transcription machine, a conduit between the material values of the national political economy and the spiritual, cultural and moral values of the European cultural heritage. The question for the future architects of Europe is just how this transformation is to take place: according to which rules of transcription can the values that unite the European family be embodied in the political and economic institutions of the European Union?

2. Value after Modernity in Economic Theory

Three essential paradigm shifts mark the end of the modern and the passage to the postmodern understanding of political economy: (1.) from classicism to neo-classicism, (2.) from neo-classicism to Keynesianism and (3.) from Keynesianism to monetarism.

2.1. Classicism to Neo-classicism

Classical theory represents the value of an object as *stable*, derived directly from the labor costs necessary to produce it. Neo-classical theory sees value as momentary, variable, provisionally attributable to the desirability of the object. Value is dependent upon unpredictable fluctuations, passing fashions and subjective representations of desire. According to neo-classical theory there is no objective universal measurement of value, no regulation of exchange in a position of absolute mediation.

Henceforth, value does not pass from the object to the moral constitution of the subject; rather, it is produced by the subject. The discourse of demand and desire, consumption and satisfaction enters explicitly into economic theory simultaneously with the rise of the international stock markets. The question of value is placed on the order of the consumer. This re-tooling of the notion of value takes place against a clear ethical backdrop. Not only is the struggle to acquire and preserve what is valuable continued within a different paradigm, but the struggle for what constitutes value becomes more explicit. Instead of basing itself on a world of indigence, poverty and disuse, neoclassical theory is based on a world of abundance and satiation (Goux 2000).

2.2. Neo-classicism to Keynesianism

According to neo-classical theory, the economy achieves equilibrium when the supply of and demand for money are equal. This equilibrium presupposes a dichotomy between the »economic or monetary sphere« and the »real sphere«. The economic or monetary sphere consists of the mass of money, theoretically defined by monetary authorities, which influences nominal prices. The »real sphere« consists of a certain number of material givens: material resources, technologies, inclinations of real individuals, etc. (Burgess 1999) Keynes vigorously denies the theory of a dichotomy consisting of two differing »spheres« with two independent orders of economic variables. For Keynesianism, money is completely integrated in the function of the real economy.

According to Keynes, money cannot be abstracted from its psychological, social and cultural function. Thus, Keynes breaks with neo-classicism and his view of employment as a function of monetary policy sees price as a function of monetary policy. According to Keynes, money plays a certain psychological

role in a world dominated by incertitude. Political economy on the individual level is a question of confronting the uncertainty of an unknown future. The political conclusion drawn by Keynesianism is that there is a certain economic efficacy in social protection.

2.3. Keynesianism to Monetarism

The latter half of the 1970's sees the renaissance of a neo-classical current, which in general explains the crisis of the early 70's by reproaching European governments for too much state intervention under the influence of Keynesianism. In 1978 the Chicago School economist Milton Friedman is awarded the Nobel Prize in economics. His theory of monetarism based on a theory of »rational anticipation« completes the removal of the last traces of Keynesianism and the re-establishment of neo-liberalism as the status quo of American-European economic thought. Friedman's neo-quantitative theory returns the discourse of flexibility to the economic dimensions that Keynes had placed at the center of policy-making. Equilibrium is a function of flexibility, that is to say, a function of uncoupling prices and salaries – as much as possible – from economic manipulation. The individual is seen as a rational actor capable of anticipating work well beyond the present.

Thus, while Keynesianism sees money as a deeply interpenetrating element of the socio-cultural fabric of society, Friedman and neo-quantitative or monetarist theory see money as being socio-culturally neutral. Money is understood as passive, foreseeable, and independent of the sphere of the »real«. The rise of quantitative analysis (»econometrics«) and computer-generated economic modeling only serves to strengthen the perspective that political economy is an object for mathematical science, that the unifying dimension of money is an instrumental matter, that cultural self-understanding on any level is basically exhaustible through technologies of identity.

3. Simmel's Philosophy of Value

Georg Simmel's *Philosophy of Money* focuses not on the economic science of money, but rather on the structural relation between value and money. It presents in Simmel's words, »the pre-conditions that – situated in mental states,

in social relations and in the logical structure of reality and values – give money its meaning and its practical position«. It relates money to »the conditions that determine its essence and the meaning of its existence« (Simmel 1978, 10). In this sense, it is not »economic facts« that are the object of the *Philosophy of Money*. The purpose of the analysis is, rather, »to derive from the surface level of economic affairs a guideline that leads to the ultimate values and things of importance in all that is human« (ibid., 12).

In this sense, value has a metaphysical status. It is not simply one property among others. Rather, in neo-Kantian style, it is a comprehensive form or category relating to the being of a given object in relation to a given subject (ibid., 26). Objective perception is not given. It arises as a process of valuation. »We live in a world of values which arranges the contents of reality in an autonomous order« (ibid., 25).

Like immediate being itself, value cannot be logically demonstrated. Rather it is an original form of our imagination, of what we perceive, experience, or believe. Like being, the foundation of value seems to point elsewhere, to a non-present, unspecified foundation. But if we are to follow the trail back to the foundation, we find that it is only a conviction, an affirmation or recognition. We can only assert the value of a given object by its relation to other objects. All demonstrations of value are an invocation of the need to recognize that there is an object of the same value that has also been recognized (ibid., 27). Value is not a quality but a structure, indeed constituent of the very structure of reality. Value inferences, says Simmel, are simply the disclosure and clarification of the conditions under which values are realized, without at the same time being produced by these conditions.

Thus value is a kind of no-man's-land of the social matrix. Value is not objective, not a fact. And yet, the subject is indifferent to the value of the object, in the sense that the essence or existence of the subject is not dependent upon the some factual value. The subjectivity of the subject is never put into question or brought into play (ibid., 29). Moreover, like subjectivity in general, valuation is dependent upon a certain historical development. The distinction between subject and object, and the place of valuation in the field of tension between them, is subject to evolution. A reconstruction of Simmel's understanding of this evolution reveals much about Simmel's theory of modernity and the place of value in modern reality.

3.1. Value and Modernity

In a work reminiscent of Weber's historical analysis of ideal types, Simmel plots the evolution of the subject-object constellation from its origin in *Indifferenz*. Consciousness begins as a kind of original unity in an undifferentiated state »in which the ego and its objects are not yet distinguished« (Simmel 1978, 29-30). Value emerges when humans depart from the original condition of *Indifferenz*, when we become conscious that all needs cannot be immediately satisfied. An object is desired and a means must be used to acquire it (ibid., 31). *Value* corresponds to the perceived distance and the desire created by the distance between subject and object. This perception creates the experience of value.

The development of the distance between objects and subjects is the historical process of cultural evolution and growth. Culture produces an ever-widening »circle of interests«. The terminus of the historical development of culture is the quite gloomy vision of the technical form of transactions that we see in modern society. Here the domain of value is detached from the domain of the personal and the interpersonal (ibid., 78).

3.2. Money and the Social

The end point of Simmel's reconstruction of the evolution of money in its social context is the transition to the functional »character« of money and the subsequent decline of the substance of money (Poggi 1993, 158-163). In the early modern period (Renaissance) money was not yet completely abstracted from the substantial value to which it referred (Simmel 1978, 184). Money becomes increasingly institutionalized, increasingly involved in a developing public sphere, increasingly a public commodity. Money becomes depersonalized and related to a central institutional organization. The value of money is more commonly associated with the *guarantee* of an agency or institution, namely more or less detached or independent from the act of exchange.

Money can be used in an ever increasing number of ways, corresponding to an ever increasing number of value types. Relativism establishes »the (mutual) condition of things« as »their sense« (Poggi 1993, 172; Simmel 1978, 118). Social reality is thus »desubstantialized«. Modernity creates multiple societies.

Money makes visible the relativity of social reality, disclosing the »formula of being«. At the same time the function of money becomes more and more associated with the concentration of values. Not only does the quantity of money increase, but, in turn, the extension of money increases as well. More and more objects are touched by and associated with money. In this way money tends toward its »pure concept« and away from its attachment to particular or individual substances. Thus, money is involved in the general development, which in every domain of life and in every sense strives to dissolve substance into free-floating processes (Simmel 1978, 170).

In this way, and despite Simmel's emphasis on the growing functional quality of money, his reconstruction is not a modern story of simple alienation, the detachment of symbol and thing or signifier and signified. The growing functional side of money carries with it a conceptual or spiritual element. The relations between the contracting parties who use money guarantee its continued function.

4. Monetary Europe and the Federal Subject

The blueprints for the European house have undergone immense changes since the proto-federalist vision of Jean Monnet in the early post-war years. According to both Simmel and his successors, the value that forms the culture – the spiritual and ethical basis of the European community – is *praxis*, a process of production.

The question posed by a number of sociologists of money such as Bourdieu, Le Barron, Aglietta, Maréchal, Goux, Hénaff and others is meant to reinsert value into the philosophy of social relations (Bourdieu 2000, Le Barron 2000, Aglietta / Gerschlager 2001, Maréchal 2001, Goux 2001, Hénaff 2002). Whereas the Walrusian neo-classical model focuses on formulating the conditions of general equilibrium in which an autonomous sphere of exchange is modeled according to more or less abstract principles of satisfaction, Aglietta develops a re-formulation of equilibrium as a problem based on social parameters (Aglietta / Gerschlager 2001, 104).

Money thus makes a new entry, not as a frictionless conduit of value, timeless and placeless, but as a mode of regulation. It re-acquires the kind of »thickness« it possessed once upon a time, in Keynesian theory. It is no

longer conceived as transparent but, rather, as both socially connected and capable of exerting political pressure in a way which had long been considered obsolete.

For neo-classical econometrically based theories, the economy is not ›real‹. It is a virtual system, an abstract linking of values in flux. In terms of moral or aesthetic value, money is utterly neutral. For the theory of regulation proposed by Aglietta, money is a tool for effecting social and value-based changes. For classical (and neo-classical) theory, money does not ›do‹ anything, has no concrete grasp on reality, is never a determinate of the social, the cultural or the ethical.

Such a theory of regulation boils down to a theory of the economic subject. If we presume that the economic subject is predefined – that it exists before economic transactions take place – then economic relations are secondary to the subject. The economic subject is thus completely autonomous and thereby unaffected by the consequences of the general economy. Economics thus becomes a system of general equilibrium. This system presumes not only the autonomy of the economic subject, but also its anonymity. None of the economic subjects invokes the personal identity of itself or any other. Moreover, the equilibrium in question is utterly detached from the economic subject. It is an equilibrium of prices, from which the satisfaction of individual subjects is derived.

According to this classical conception, money is purely instrumental. It has no personal or social dimension. Money is one object among others. The alternative proposed by Polanyi, Aglietta and others turns this model on its head (Polanyi 1998, Aglietta / Gerschlager 2001, 113-114). It follows that *confidence*, the basis of monetary value, is produced within economic rationality. Confidence is stabilized by elements within the system. A theory of money, which conceives of the economic subject as a product of exchange, will also see confidence as a product of the hierarchy of values. »What is hierarchical is the common representation – a common good. In order to found confidence, something other than repetition and incorporation is necessity. One requires an opening toward the other« (Aglietta / Gerschlager 2001, 115).

In modern, market-based democratic societies, this notion of socially produced confidence is extremely problematic. It will not take place within the strict boundaries of political economy, but rather through the formation of a public sphere, and a general public sphere of legitimacy: the European parliament.

Bibliography

- Aglietta, M. / Gerschlager, C. 2001: L'euro, avec ou sans confiance? Comment créer une nouvelle valeur. Préface et entretien avec Michel Aglietta, in: *Esprit* 276, 104-120.
- Bourdieu, P. 2000: *Les structures sociales de l'économie*, Paris.
- Burgess, J. P. 1999: Money and Political Economy. From the Werner Plan to the Delors Report and Beyond, in: *From the Werner Plan to the EMU. In Search of a Political Economy for Europe*, ed. by L. Magnusson / B. Stråth, Brussels.
- 2001: Culture and Rationality. European Frameworks of Norwegian Identity, Kristiansand.
- Churchill, W. 1994: The Tragedy of Europe, in: *The European Union. Readings on the Theory and Practice of European Integration*, ed. by B. F. Nelsen / A. Stubb, Boulder, CO.
- Deering, M.-J. 1991: *Denis de Rougemont, l'Europeen*, Lausanne.
- Goux, J.-J. 2000: *Frivolité de la valeur. Essai sur l'imaginaire du capitalisme*, Paris.
- Hénaff, M. 2002: *Prix de la vérité. Le don, l'argent, la philosophie*, Paris.
- Le Barron, F. 2000: *La croyance économique*, Paris.
- Maréchal, J.-P. 2001: Critique d'un lieu commun: l'économie comme science, in: *Esprit* 276, 129-140.
- Monnet, J. 1952: *Discours*, Strasbourg, 11 septembre.
- Poggi, G. 1993: *Money and the Modern Mind. Simmel's Philosophy of Money*, Los Angeles, CA.
- Pohlmann, F. 1987: *Individualität, Geld und Rationalität. Georg Simmel zwischen Karl Marx und Max Weber*, Stuttgart, 37-38.
- Polanyi, K. 1998: *The Great Transformation. The Political and Economic Origins of our Time*, New York, NY.
- de Rougemont, D. 1966: *The Idea of Europe*. Trans. Norbert Guterman. New York / London: Macmillan Company, 420.