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Introduction

During the past decade or so there has been a growing interest in the changing nature of money. Researchers have been looking into the emergence of new monetary forms: for example, "complementary currencies" (Bowring 1998; Fitzpatrick and Caldwell 2001; Latouche 2000; Lee 1996; North 1999, 2002, 2003) and internet or electronic monies (Pahl 1999; Singh 1996, 1997, 1999, 2000). This research is supported by the work of Cohen (1998, 2004), Helleiner (2003) and Hart (2000), who predict that the relationship between money and the state is coming under increasing threat from these new monetary forms. But for all the empirical richness that these recent contributions add to our understanding of money, they have further complicated what was already something of a conceptual muddle. This muddle has arisen because there is no common view of what *counts* as "money" in a more general sense. There never has been a consensus about this: the extant literature on money is replete with debates over competing definitions. But now, perhaps for the first time, some scholars are suggesting that there is no feasible definition of money which can embrace the diversity of monetary forms in circulation. It seems that the problem today is not that we cannot agree on a definition of money, but rather that no single definition of money will suffice. "Money", it would appear, is disintegrating. The terms of the present debate suggest that any attempt to build a coherent theoretical conception of money is bound to fail.

My aim in this paper is to attempt a careful assessment of the analytical implications of this purported disintegration of "money". The paper is in four sections. In the first, I examine the diverse nature of

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money. Until recently, the world's monetary system was dominated by national currency. This domination is now held to be in decline due to the growth of private monetary forms such as "electronic money" and "alternative currency". I ask whether these developments really do justify claims about the "de-territorialization" of money. In the second section, I interrogate Ingham's argument that states have an essential political function in relation to money that cannot be superseded by private corporations or community associations. I demonstrate that while Ingham provides an insightful analysis of state-issued *currency*, his argument is flawed as a general approach to the nature of *money*. In the third section, I utilise the distinction between currency and money to evaluate the arguments of Zelizer and Hart, who have both sought to account for the "multiplicity" of money. Although they agree that money is a diverse phenomenon, there are some important differences between their approaches. Zelizer advances a phenomenological account of the multiple *meanings* of money. Hart goes further, arguing that money is diverse as an *entity*. To conclude, I propose how these various approaches might be reconciled around a generic – but essentially fictional – concept of money.

Breaking-Up Money

The so-called disintegration of money can be described in a number of ways, depending on how one defines "money". Broadly speaking, it is possible to distinguish between three kinds of money that now circulate: currencies that are issued by a state (or group of states); forms of money (usually consisting of e-money) that are issued and managed by corporations; and forms of money that are issued by local communities. There is widespread agreement among sociologists, anthropologists and geographers that the second and third categories have grown in their significance during the past decade. There is also some consensus that this growth could undermine the integrity of a global monetary system that is managed primarily by governments. But these two developments – the growth of alternatives to currency on the one hand, and the decline of state control over the world's monetary system on the other – tend to be grouped together as part of an underlying trend towards the "de-territorialization of money". I argue that they are best treated separately. Practically and conceptually, each raises distinctive sociological questions.

The phenomenon of "de-territorialization" has been explored by Cohen in two widely-cited books as well as in numerous articles on the "changing geography of money". According to Cohen, we are witnessing the decline of what he calls "pure territorial money". "Pure territorial money" refers to money that is used solely and universally within a particular national territory. It is issued by state decree, and controlled by agencies acting on behalf of the state. Increasingly, major currencies are circulating beyond their territorial borders. Moreover, some weaker currencies are being encroached upon and are even disappearing from circulation altogether. In some respects, the issues raised by de-territorialization are not new. "Weak" or "soft" currencies have been around for a long time. The difficulty of controlling a currency that circulates beyond the territory in which it is legal tender has been apparent at least since the oil-driven growth of "euro-dollars" during the mid- to late-1970s. In any case, one should not exaggerate the extent to which governments have been free at any point to manipulate monetary policy in the face of international pressures and other economic complexities. Nevertheless, there is some justification for claiming that the problem of currency management for states has deepened during the past twenty years or so. There are three main reasons for this deepening: first, the liberalization and subsequent expansion of international money and financial markets; second, the increasing use of major currencies beyond the legal jurisdiction of their respective authorities, whatever the preferences of governments; and third, the increasing incidence of "dollarization", (where a government chooses to adopt a foreign currency in place of its own) (1).

Cohen's analysis of the de-territorialization of money hinges on what he calls a "revival of currency competition". This revival has been spurred by financial markets, which enable banks and corporations to choose from a range of national currencies. Increasingly, governments are unable to "preserve the exclusivity of their currencies", and "currency choice is... becoming the rule" (Cohen 2004, p. 8). According to Cohen, currency competition has led to two interrelated phenomena: currency *internationalization*, and currency *substitution*. Currency *internationalization* occurs when a major currency (such as the US dollar)

(1) Monetary sovereignty might also have been recently undermined for another reason that is partly related to the issues just mentioned. Monetary unions and currency boards are partially motivated by the desire of governments to bolster their own monetary arrangements against the perceived power and apparent autonomy of financial markets. In addition to the euro, there are three other currency unions in existence: in the East Caribbean (established in 1965), the CFA Franc Zone (1962-1964) and the Common Monetary Area (1986). Both of the latter are African. In all, thirty-five countries worldwide currently belong to a currency union (Cohen 2004, p. 64).

circulates beyond the legal jurisdiction of its issuing authority. Currency *substitution* – or what is sometimes called "dollarization" – takes place when a minor currency is encroached upon, and even replaced altogether, by an internationalized currency. In effect, currency internationalization and currency substitution constitute "a sort of Gresham's-Law-in-reverse... a Darwinian process of natural selection, driven above all by the force of market demand" (*ibid*., p. 9). The consequence of these two processes is that the monetary landscape is becoming increasingly stratified. Cohen illustrates this through an analogy with a pyramid, which is "narrow at the top, where the strongest currencies dominate; and increasingly broad below, reflecting varying degrees of competitive inferiority" (*ibid*., p. 14) (2).

Currency internationalization and currency substitution are only indicative of a dilution of monetary sovereignty, and not of its complete erosion. Nevertheless, this prospect gives rise to two possibilities. One possibility is that fewer and fewer currencies will circulate, as the world's monetary system evolves towards a hypothetical state in which only one currency – controlled by an institution such as a world central bank – exists. This possibility has been explored, and is indeed advocated, by Mundell (1968). Cohen (2004, p. 26) concedes that the "one world, one money" scenario is attractive if one takes demand-side considerations into account: "efficiency considerations suggest a preference for as small a population of monies as possible". However, the situation is more complex on the supply side. States are likely to seek to retain their power over currency in order to continue receiving the benefits that such control yields for macroeconomic policy: seniorage, political symbolism, and monetary insulation (*ibid*., pp. 20-24) (3). Thus, according to Cohen, the "streamlining" of the world's monetary system that is suggested by the processes of internationalization and currency substitution

(2) In Cohen's view, the pyramid consists of "top currency", which is most widely accepted beyond its borders (formerly the pound, now the US dollar), "patrician currency", which is used for cross-border transactions, but not on such a wide scale (e.g. the euro and yen), "elite currency", which is used internationally but has a limited international influence (e.g. sterling, Swiss franc, Australian dollar), "plebeian currency", which enjoys a very limited international use (e.g. the currencies of Norway, Sweden, Israel, South Korea, Taiwan, Kuwait, Saudi Arabia, United Arab Emirates), "permeated currency", whose domestic competitiveness has been compromised through currency substitution (e.g. currencies in Latin America, former Soviet Bloc, Southeast Asia), "quasi-currency", which has been superseded not only as store of value but also as unit of account and medium of exchange (e.g. the currencies of Azerbaijan, Bolivia, Cambodia, Laos, Peru), and "pseudo-currency", which exists in name only (e.g. the Panamanian balboa) (Cohen 2004, pp. 14-16).

(3) He also argues that the most likely corollary of the idea of a world currency, i.e. an institution along the lines of a world central bank, is unrealistic: the governments that are responsible for the major currencies such as the US dollar and the euro are unlikely to accept such a proposal (Cohen 2004, pp. 211-214).

will be offset by a combination of domestic pressures and market forces. The world's monetary system is changing quite radically. But it will be characterised by a rise, not a fall, in the diversity of money (*ibid.*, p. 60). In Cohen's view, it is the increasing diversity of the world's monetary system that presents the greatest potential difficulties to governments.

State-issued currencies are facing competition not only from each other, but also from a growing range of monetary forms which are not issued by states, such as electronic money and complementary currencies. Cohen argues that the diversity of money is likely to increase by virtue of this new competition. Electronic money, or e-money, is most often used in specialised payment networks as an incentive for regular customers. Prominent examples of these monetary forms include air miles (4) and supermarket loyalty schemes. Corporate incentive schemes are becoming more sophisticated, powerful and far-reaching. In Britain, one recent example of this development is the "Nectar" scheme. This incorporates companies in a range of different sectors, such as Sainsbury's (groceries), Barclaycard (credit cards), Vodaphone (mobile phones), BP (petroleum), Hertz (car hire) and E-Energy (electricity and gas). The points that consumers accrue can be converted into air miles, used online to buy consumer durables and package holidays, or exchanged for entry into theme parks and cinemas. The Tesco "Clubcard" – the main rival to that scheme – is integrated into the supermarket's financial arm, which offers a full range of retail banking services.

If electronic money is having a growing impact on "mainstream" money-flows, there are grounds to suspect that the state's predominance in the control of money is also being undermined in a more localised sense. "Complementary" or "alternative" currencies include LETS (Local Exchange Trading System), green dollars, and Ithaca hours. They are generally, but not exclusively, associated with economic regeneration in the developing world and within impoverished communities in western societies. Alternative currencies are often linked to ecological concerns (see Helleiner 2000) although anti-state, anti-capitalist and even neo-liberal rationales have also been advanced for establishing these small-scale monetary systems (5). The first LETS was established on Vancouver Island in 1983. The development of these systems acce-

(4) Lietaer refers to these monetary forms as "corporate *scrip*", and suggests that they are "currencies in the making for the 'international travelling elite'" (Cohen 2004, p. 5).

(5) Within the academic literature, local forms of money have been viewed as a counterweight to global capitalism (Pacione 1999), as an important tool of local economic development (North 1999, 2002; Seyfang 2001), and as a vital means of "community-building" (Glover 1999; Lee 1996; Seyfang 2004).

lerated during the 1990s, and there are now at least two thousand complementary currencies in operation worldwide.

In the majority of cases, complementary currencies circulate outside the mainstream monetary system. Indeed, one might regard their creation as a direct consequence of "financial exclusion". Those who join such schemes tend to be unemployed: they have limited reserves of legal tender, and may have been denied access to credit from major commercial sources. The largest LETS in the UK, based in Manchester, has been integrated into the mainstream (or formal) economy to some extent. The "bobbins" which circulate within the system are accepted by some local businesses. In contrast to many LETS, transactions that are denominated in Manchester's "bobbins" are subjected to sales and income tax. But in most instances, those responsible for administering LETS have actively sought to insulate them against the official currency system. They almost invariably have their own unit of denomination: frequently, they are named to reflect the region in which they circulate (e.g. "tales" in Canterbury). There are a number of possible reasons for deliberately avoiding links with the official currency: for example, to avoid being caught up in inflation, to evade taxation by rendering transactions difficult to convert into the official unit of account, and to underwrite the "local" colour of the money itself.

Electronic money might constitute a "threat" to state *control* over money: primarily, because of the potential scale of its circulation. But no-one has seriously suggested that e-money will ever *replace* state-issued currency. In this respect, Cohen is justified in arguing that e-money will increase the diversity of money and present governments with new policy challenges. But with complementary currencies, quite different questions arise. If the future of money is driven by the logic of currency competition as Cohen suggests, alternative currencies are unlikely to survive. Indeed, the evidence shows that they often fail. Not only are they inherently vulnerable to opportunistic behaviour, but the division of labour within a particular community may not be sufficiently complex to allow a dense network of exchanges to develop (Wolters 2001, p. 11). However, given that they are intended to meet a distinctive set of policy objectives in their own right, these currencies do not compete with so much as *complement* state-issued currency. Similarly to electronic money, localized monetary forms fulfill a highly specific function. But unlike e-money, they are likely to have only a strictly limited sphere of circulation. One might say that they circulate within the interstices of state-issued currency: Cohen (2004, p. 186), for example, describes them as "a spreading archipelago within the functional domains of individual national monies''. But if we are seeking an explanation of this spread, the concept of currency competition will not provide it.

These observations are indicative of a deeper problem in Cohen's approach: his analysis of money runs two separate issues together. The first issue concerns the ability of governments to manage their own currencies. Cohen addresses this directly with proposals for how states might deal with the problems of currency internationalization and currency substitution (6). The second issue concerns a decline in the significance of currency as a *kind* of money. This is raised by Cohen's treatment of e-money and alternative currencies, but it cannot be dealt with by an approach which is so narrowly concerned with problems of monetary governance. The de-territorialization of money as he defines it does not refer to a decline in the significance of state-issued currency relative to other monetary forms such as e-money and complementary currency. Rather, it refers to the erosion of the ability of states to manage the currencies which *they* produce. In addition, de-territorialization refers to a variety of threats to the capacity of national governments to use monetary policy as an effective instrument of macroeconomic policy.

Cohen treats "money'' as if it was synonymous with "currency'' – and does not define either term. Instead, he appears to be utilising the conventional economic definition of money as "a medium of exchange, store of value and unit of account''. However, the "currency pyramid'' which he describes does not include e-money or complementary currency; indeed, it consists only of monetary forms that we conventionally think of as national currency. This is an implicit acknowledgement of the fact that the new forms of money are *not* currencies. I would argue that "money'' is a broader and more complex category than "currency''. Currency constitutes the official unit of account within the country, or countries, in which it is legal tender. Currencies are produced by a system of monetary governance. Usually – but, as with the euro, not necessarily – this consists of a central bank that operates under the auspices of a state. According to the *Oxford English Dictionary*, a currency is "the money of a country in actual use''. This definition confuses too

(6) For example, he argues that the trend towards politically independent central banks may have led to "technical'' improvements, it "cannot restore the state's monopoly privilege'' over the control of money (Cohen 2004, p. 208). In other words, governments may as well accept that monetary policy will be an increasingly poor instrument of macroeconomic policy. In light of this, Cohen (*ibid.*, pp. 208-210) advocates a more robust, imaginative and flexible use of fiscal policy as a counterweight to the weakening effectiveness of monetary policy. He even suggests that fiscal policy, too, could be placed in the hands of an independent body, analogous to an independent central bank.

many issues. The following definition is more exact: "currency is legal tender within a defined geopolitical space''. What Cohen calls "pure territorial money'' is not, strictly speaking, the same as "currency''. The whole point of his argument is that major currencies are increasingly circulating beyond the legal jurisdiction of their issuing authorities. In most cases of currency substitution they do so as legal tender, while in others they simply enjoy a broad domain of legitimate use. In other words, "pure territorial money'' refers to a particular *kind* of currency, namely, one which circulates exclusively within the legal jurisdiction of its issuing authority. Cohen argues that this kind of currency is in decline. This – and *only* this – is what he captures with the concept of "de-territorialization''. Other forms of money which circulate alongside currency may or may not constitute a threat to the monetary sovereignty of nation-states. But if they do constitute a threat to monetary sovereignty, it is not the same threat as currency internationalization and currency substitution. This is because they are not currencies. Cohen's argument is about the de-territorialization of *currency*, not money.

How should these other monetary forms – electronic money and complementary currencies – be conceived? What is their status as "money''? In the next two sections of this paper, I examine contrasting answers to this question. One answer comes from Ingham, who regards them merely as incomplete money. The other answer comes from Hart, who argues that the emergence of these new monetary forms obliges us to re-think our understanding of the nature of money.

Currency versus *Money*

Cohen argues that the growth of air miles, customer loyalty points and LETS tokens is symptomatic of the increasing diversity of money. But in light of debates about the nature of money, it is reasonable to ask whether we should refer to such phenomena as "money'' at all. Scholars have long argued for the relative merits of competing definitions of money. The question of how broad or narrow a definition of money should be has been a particular feature of such debates. Concepts such as "near-money'', "pseudo-money'' and "limited-purpose money'' have been developed which refer to an asset, commodity or medium of exchange that fulfils only some of the functions of money. Arguably, the new monetary forms discussed in the preceding section occupy this grey area. They also raise the question of what criteria can be used to decide whether or not something "qualifies" as money. For example, air miles and loyalty points have limited fungibility, and it is questionable whether the people who use them even think of them as money. Complementary currencies have a yet more restricted circulation, and even some of their leading advocates reject the view that they are actually forms of money. Perhaps "money" is not as diverse a phenomenon as Cohen would have us believe. This is the standpoint taken by Ingham, whose arguments are discussed in this section. In *The Nature of Money* (2004) and other articles, Ingham claims to be providing the first full-bodied sociological treatment of money. Moreover, he states that his theory of money addresses "mainstream" issues which sociologists have neglected, such as inflation, the control of the money supply, and so on (7).

Ingham's argument revolves around the assertion that money is deeply embedded in social structure. Hitherto, sociologists have focused on monetary exchange in various ways, emphasising questions concerning trust and meaning that arise whenever money is used. But the *production* of money – and not merely its use – is a social process according to Ingham (8). The social production of money is integral to a broader struggle for power – or what Weber (1978, p. 108; cited in Ingham 2004, p. 67; 1998, p. 14) calls the "economic struggle". This struggle determines the value of money. On one side of the struggle, monetary agencies (banks, and so forth) contend to preserve and store value in money, control its supply and extract interest. Against the monetary agencies, industrialists – the producers of commodities – attempt to "monetize their market power" through rising prices or by borrowing. These two protagonists are "distinct and relatively autonomous" (Ingham 2001, p. 318): each side "imposes limitations on, and continually threatens to perturb or impede, the operation of the other" (Ingham 2004, p. 151). The state, mainly through its central bank and ministry of finance, has its own special interests to defend. It thus constitutes not only a "third corner of this triadic power struggle" (Ingham 2001, p. 318), but also the site on which the struggle takes place (Ingham 2004, p. 150). Problems, such as inflation, arise whenever this struggle becomes unstable. Thus the production of money involves a "continuous rebalancing of the power relations between economic

(7) Specifically, he argues that, hitherto, sociologists have focused largely on discourse *about* money, at the expense of what they see "as 'economic' problems, such as inflation, the supply of credit, the determination of interest rates, and so on" (Ingham 1998, p. 14; see also 2004, pp. 9-10).

(8) As he puts it, "money itself *is* a social relation" (Ingham 2004, p. 12; 1996, p. 510).

interests'' (Ingham 1998, p. 14): monetary policy is in this sense a "*reinforcement* of any balance of power that has been forged'' (Ingham 2004, p. 150).

Ingham (2001, p. 318) goes on to argue that although money's *value* is determined by these competing interests, the definition of what *counts* as money is declared by a political authority that transcends such interests. In the modern era, this authority consists of the state, which uses its power to "impose a hegemonic meaning'' of money. The state does so by defining the unit of account – or what Keynes (1930, p. 3) calls *money-of-account* – for the money which circulates within its territory. Ingham (2004, p. 198) argues that this unit of account is vital to our understanding of the nature of money: money "is always an abstract claim or credit whose 'moneyness' is conferred by a money of account''. Ingham's definition of money is therefore twofold. First, he draws on Simmel's characterisation of money as a "generic promise to pay'': money is a unique form of credit because it expresses a relationship not between two individuals but between every individual and the entire "society''. Second, Ingham argues that only those promises to pay that are denominated in the official money-of-account can be thought of as "money''. Only the state has the requisite authority to define a money-of-account. Money is therefore "a form of sovereignty, and as such it cannot be understood without reference to an authority'' (Ingham 2004, p. 12).

It follows from this image of monetary relations that any form of "money'' which is not denominated in the official unit of account must be deficient in some way. Unofficial money will be too specialised in terms of its possible uses, and too restricted in its potential sphere of circulation. Predictably, Ingham has little sympathy for arguments about the diversity – let alone the disintegration – of money. He argues that e-money is likely to have an extremely limited capacity for success unless it is denominated in the official money-of-account. And local alternatives to currency are little more than media of exchange which facilitate bartering. We might want to think of air miles and complementary currencies as "money'', but they will never be *complete* money. Indeed they match the anthropological notion of "limited-purpose'' money. Ingham is in agreement with Cohen that the state's role in controlling money is being eroded to some degree: "globally from the outside'' by electronic money, and "locally from the inside'' by local monetary forms (Cohen 2004, p. 177; 1998, p. 13). But as long as states are the world's primary source of political authority, any monetary form which is not denominated in a state-defined unit of account can only be regarded as "partial" money. As such, forms such as e-money and complementary currency can hardly be regarded as a major threat to the hegemony of state-issued currency within the world's money-flows.

In some respects, this is an ingenious response to recent debates over the changing nature of money. But while Ingham draws our attention to the structural factors which are inherent in the production of money, his analysis says relatively little about the everyday *use* of money. Similarly to Cohen, he tends to regard the demand for money as if it was derived only from financial markets, banks and corporations. Of course, such an emphasis is justified if one thinks only of the sheer volume of money which is handled by these institutions. But there are grounds for arguing that a fully *sociological* approach to the analysis of money should provide a more sustained treatment of its everyday, or non-specialist, users. Oddly enough, this flaw in Ingham's approach is most clearly exposed in relation to a form of money which not even he could dismiss as "partial", namely, the euro.

The euro does not fit neatly into Ingham's characterisation of money. It is an officially prescribed "money-of-account" which has applied throughout the twelve member-states of the euro zone since January 1999, even though euro notes and coins were not issued for another three years. Yet in two key respects, the euro falls outside of Ingham's approach to money. Firstly, the euro is defined as the "official" unit of account for the euro zone by a *pool* of twelve states, not a sovereign political authority. Indeed, one of the problems that Ingham identifies with the euro is that there is no such authority within the euro zone which can act as a counterweight to the independent European Central Bank. He argues that the twelve member-states have effectively surrendered their sovereign control over the production of money to a politically independent institution, the ECB. In time, these states will need to wrest that authority back when domestic circumstances demand. By implication, the options would be either to forge ahead towards a fully-fledged federalist political structure, or to fall back into a system of twelve separate national currencies. Either prospect would leave Ingham's characterisation of money intact. But at present, the evidence suggests that a more complex series of political arrangements are being devised – almost *ad hoc* – between the key institutions within the euro zone that are ensuring the longer-term success of the new currency. Thus it seems that, for the time being at least, the world's second major currency is not "money" as Ingham would characterise it. A second problem in Ingham's approach is illuminated when it is used to examine the euro. The euro is the *official* unit of account within the euro zone, but by no means the *only* unit of account as far as many of its users are concerned. In most countries within the euro zone, the majority of those who use the euro on an everyday basis still calculate in terms of their old currencies when making both large and small purchases (9). Dual pricing still exists in several currencies, and many everyday users of the new currency appear to want dual pricing to remain (10). Thus for most people within the euro zone, there is no single – or hegemonic, as Ingham puts it – money-of-account. Rather, there are two, at least as far as the users' experiences with the new currency are concerned.

Ingham's insistence that "complete" money is defined by the officially prescribed money-of-account glosses over the complexities that are involved when we calculate in terms of money. The evidence that is suggested by the euro so far indicates that there are other reasons – not just political authority – why people use a specific unit of account within monetary transactions. Convenience and familiarity come immediately to mind. Ingham is therefore unjustified in insisting that "money" is necessarily equivalent to the *official* money-of-account. He might counter, of course, that the euro is an exceptional case: as with decimalization in Britain during the early 1970s, the old money-of-account will simply wither away. But a similar difficulty arises in regard to Ingham's treatment of e-money. He maintains that e-money will not undermine the hegemony of state-issued currency because it must be denominated in the official money of account in order to be widely accepted. This is plainly untrue. One important feature of many forms of e-money is that they have their own units of denomination: points, miles, and so forth. These units are part of an autonomous accounting system in which the schemes' relationship to currency can vary (11). Far from undermining

(9) According to a "Eurobarometer" survey conducted in October-November 2003, this is especially so when large purchases are made: across the EU-12, 54% of those surveyed calculate in euros when making purchases such as a house or car, while a further 27% calculate in both euros and their old national currencies. But even in respect of smaller, everyday purchases, 30% of those surveyed still calculate in their national currencies, while a further 24% calculate in both denominations (Eurobarmoter Flash Survey n° 153).

(10) Significantly, 46% of respondents would prefer dual pricing to continue, although this ranges widely across the euro zone: the figure is as low as 17% in the Netherlands, and as high as 67% in France. Support for continued dual pricing correlates positively with age and negatively with educational attainment (Eurobarmoter Flash Survey n° 153).

(11) For example, specified amounts of Nectar points can be exchanged for cash discounts with another retailer (Argos), while also being used to make outright purchases of discrete items: thus 12,000 points equals a £60 discount or two return flights from the UK to Paris; 9,000 points equals a £45 discount or a cordless drill; and 5,000 equals a £25 discount or two entry tickets to a theme park. In effect, members of such loyalty schemes can choose whether to use their points in a similar way to "conventional" money, or to use them in a much more specific way. This suggests that perhaps the most significant aspect of electronic money is its potential impact on the ways in

these schemes, the autonomous unit of account gives them a distinctive character. If anything, Ingham's interpretation of their relationship to currency can be reversed. According to Lietaer (2001, p. 70), for example, the most successful electronic payments systems in the near future are likely to be those which do not deal exclusively with national currency: in which "value" can be transmitted via a number of alternative denominations. For the sake of consistency, Ingham might have argued that e-money should not be referred to as "money" *at all*. What he actually says, however, is that e-money and complementary currencies are "incomplete" forms of money. Here is the rub. Most forms of e-money, and most complementary currencies, are not denominated in the official money-of-account. But not even Ingham chooses to deny that they *are* forms of "money". For this reason, his definition of money as *equivalent* to the officially prescribed money of account flakes away.

These observations reveal a deeper conceptual flaw in Ingham's approach to money. All that he provides, in the final analysis, is a definition of currency. He does not offer a convincing definition of money. Even if one wants to agree that e-money and complementary currencies are incomplete forms of money, they nevertheless fall outside of Ingham's definition. As I have already suggested, "money" is a broader category than "currency". It is certainly more difficult to define. If we want to develop a broader and more flexible approach to the concept of "money", we must search elsewhere.

Multiple Meanings, Multiple Monies

Let us look, then, at the arguments of Zelizer and Hart, who both maintain that money is a diverse phenomenon and therefore impossible to conceptualise on the basis of a single definition. Zelizer contends that we need to develop "a differentiated model of money" (1994, p. 18) which can account for its multiple forms. Likewise, Hart argues that "money today is more plural and dynamic than at any time previously" (2000, p. 235). But the new monetary forms that have been discussed so

which money is perceived and used. According to Lietaer (2001, p. 73), electronic money "provides unprecedented opportunities for rethinking the kind of money we want, and for incorporating features to help address issues our societies will be facing in the foreseeable future". This presupposes, of course, that people begin to think of the points they have accrued on loyalty cards, and the air miles they have accumulated through frequent flying, as forms of "money". It is open to doubt whether many do so at the present time.

far in this paper highlight a crucial difference between the two arguments. Whereas the diversity of money as Zelizer conceives it is a function of her perspective, Hart's analysis concerns the changing nature of money itself. It is the work of Hart that throws up more challenging questions for the sociology of money.

Zelizer (1994, p. 11) criticizes notions of money which portray it as a "homogenous, infinitely divisible, liquid object, lacking in quality". She conveys money as "multiple", i.e. as *monies*, not *money*. According to Zelizer, the multiplicity of money derives from the differentiated ways in which we impute meanings to it whenever it is in our possession. She calls this process "earmarking". Earmarking works in a number of interrelated ways: by restricting the use, regulating the allocation, modifying the appearance, and attaching special meanings to a particular quantity of money (*ibid*., p. 29). For instance, by allocating specific quantities of our income to manage a domestic budget, or by setting aside currency received as a gift for a specific purchase, we impute a specific meaning to money which undermines its supposedly impersonal character (*ibid*., p. 11). Hence through earmarking, cultural and social structures introduce "profound controls and restrictions on the flow and liquidity of monies" (*ibid*., p. 19). Accordingly, Zelizer (2000b, pp. 384-385) offers a wide-ranging and multi-faceted characterisation of money:

> International currencies, nationally issued legal tenders, electronic monies, bank accounts, and other highly liquid tokens of transferable rights represent one extreme of a continuum running from such generalized forms to the narrowly limited circuits of such other monies as credits in baby-sitting pools, casino chips, or investment diamonds.

Some of Zelizer's critics have objected to this characterisation of monies on account of its breadth (12). The problem is not one of breadth, however, but rather that her conceptual vocabulary is too slippery. By demonstrating that, in terms of their social meaning, "not all dollars are the same" (*ibid*., p. 11), Zelizer's approach enables us to look at money in a different way. In other words, the "multiplicity" that she describes is primarily a function of the perspective that she adopts as an observer. Zelizer appears to concede as much when defending her arguments against the criticisms of Fine and Lapavitsas:

(12) For example, Fine and Lapavitsas (2000, p. 375) argue that "Zelizer offers no definition of money at all" but merely offers "a broad range of examples". They refer to these examples as a "chaotic ensemble" (*ibid*., p. 376). On a different tack, Ingham (2001, p. 313) argues that "the social *earmarking* of money for specific purposes... could not occur unless uniform money existed". Persumably, by "uniform money", Ingham specifically means *currency*.

> All moneys are actually dual: they serve both general and local circuits... *Seen from the top*, economic transactions connect with broad national symbolic meanings and institutions. *Seen from the bottom*, however, economic transactions are highly differentiated, personalized, and local, meaningful to particular relations. No contradiction therefore exists between uniformity and diversity: they are simply two different aspects of the same transaction. (Zelizer 2000b, p. 386, italics added)

This statement suggests that to focus on earmarking is to take a "micro" as opposed to a "macro" approach to the analysis of money. In contrast to the approach that is taken by Ingham, it is to look at currency from the perspective of its *users*, not its producers. By adopting this perspective, one can glean many insights from the fluid meanings of money. But if earmarking renders money meaningful, it does not necessarily transform it in any fundamental way. In other words, while earmarking explains the multiplicity of money's *meaning*, it cannot account for the diversity of monetary *forms* that circulate in the present day. Zelizer does suggest that money can and does assume a diverse number of forms. The inventory of monies that she provides makes this clear (13). But while monetary forms such as casino chips and baby-sitting tokens may be earmarked by their users, this by itself cannot explain how such forms come to be used and regarded as "money" in the first place. Given the diversity of forms that Zelizer includes in her definition, what do these specific forms have in common that entitles us to regard them as "money"? Zelizer does not directly address this question. But an answer of sorts is implied by her argument that "monies certainly include officially issued coins and bills, but they also include all objects that have recognised regularised exchange value in one social setting or another" (*ibid.*, p. 21). Thus "money" *might* include "tokens and commercial paper to art objects, and even including kitchen recipes or jokes" (*ibid.*, p. 29) – as long as someone *recognises* such objects as money. We are in danger of running in circles.

Expressed in Zelizer's terms, the claim that money has become increasingly diverse in terms of its form suggests that there is no *general circuit* to which an equally generalised form of "money" corresponds. Rather, a number of specialised circuits have emerged, each of which has acquired its own specific monetary form. These forms circulate alongside state-issued currency. Their creation therefore raises a more far-reaching set of sociological questions than does earmarking alone. In

(13) Zelizer's analysis could be strengthened by distinguishing between *money* and *currency*. Most of the examples of earmarking that she cites apply to currency: they add colour to the US dollar. But how are monetary forms that are *not* denominated in official currency created? It seems doubtful whether this can be explained by the concept of "earmarking" alone.

order to explore the implications of this creation, we must turn to the recent work of an anthropologist, Hart.

On one level, Hart's analysis of the changing nature of money concurs with that of Cohen. Hart (2000, p. 235) states that, today, money "is more plural and dynamic than at any time previously". Unlike Cohen, he draws attention to the fact that an increasing number of the monetary forms which circulate in the present day are *not currencies*:

> Dictionaries [concentrate] on the money form itself, which they usually refer to as "currency", whatever is in circulation: coins, banknotes and other instruments issued by governments. But then what about personal checks and savings accounts, private notes of bank credit and, more recently, plastic cards of all kinds linking us into electronic networks that greatly increase our spending options? The money form is not standing still. (*ibid*., p. 237)

Whereas Cohen's analysis is underpinned by the idea of currency competition, Hart's argument is premised on the impact of what he calls the "communications revolution". This revolution primarily consists of the computerisation of communication and market processes, particularly the growth of Internet commerce (14). Hart's argument focuses on the development of computerised trading networks, and on their implications for individuals and local communities. It is this aspect of his approach, and the characterisation of money which he derives from it, that is most intriguing from a sociological point of view.

With regard to currency, Hart agrees that the state's role in the production of money is being eroded. However, his investigation focuses less on the difficulties that this erosion presents to governments (15) than on their implications for everyone else. He appears to reject the view that money necessarily requires the support of a sovereign political body in order to be widely accepted. It is only the modern pre-eminence of state capitalism, he alleges, which has made such an arrangement appear inevitable and even "natural". In a similar way to Zelizer, Hart also rejects the tendency among scholars to conceive of monetary relations as inherently impersonal. But whereas Zelizer locates her argument in the social meanings that monetary exchange inevitably acquires

(14) As he states, "[t]he great potential of the Internet is not restricted to the money form in a narrow sense, but lies rather in the expansion of electronic markets, in borderless trade at the speed of light. For electronic money will develop to the extent that it is needed for such trade" (*ibid*., p. 276).

(15) He does not completely ignore this issue. For example, he argues that the recent predominance of nation-states in the production and management of currency "is rapidly giving way, under pressure from the international economy, to a phase where money markets, offshore banking and electronic payment systems have sharply reduced the autonomy of national governments" (*ibid*., p. 235). Here again, his analysis concurs with that of Cohen.

through earmarking, Hart's position is cast in terms of the historical emergence of electronic money (16). He argues that digitalised forms of money are a decentralising force within markets for both consumer goods and financial products. Mainly through the Internet, consumers are being offered a diverse range of media through which to pay for goods or attain credit. In this way, e-money is increasingly being manifest as *personal* credit. According to Hart, money is thereby being transformed into an entity whose production – *contra* Ingham – we can control. In other words, money is ceasing to be an "object'' which exists outside of us. In Hart's view, this presents a challenge to conventional understandings of economic agency: power is being transferred from the producers of money to the users themselves.

Hart's arguments are suggestive, but speculative. For example, his contention that the growing range of available ways in which to pay with (and borrow) money *necessarily* equates with a transfer of economic power away from states and corporations requires detailed empirical scrutiny. While Hart is encouraged by the "subversive'' potential of so much activity that takes place through the Internet (e.g. p. 308), one wonders just how far this can impact on the seemingly irresistible power of financial markets. But as Hart himself makes clear, he is not suggesting that money is being re-personalized in *all* of its forms. State currency is and will remain the dominant form of money, although it is undoubtedly losing its monopoly over the world's monetary system. If anything, the analysis he proposes is a dialectical one. That is to say, the development of e-money can act as a counterweight to the growth of financial markets, generating a form of currency competition which is driven by consumers rather than by institutional elites:

> [...] any moves towards more personalised forms of money will co-exist with those that are already dominant. A large number of transactions, involving people and institutions around the world, will have the need of a money or moneys that have wide acceptability both as money-of-account and as money-proper, to use Keynes's terms. At present the dollar and, to a lesser extent, some other national currencies play such a role; and this has been enhanced by the financial turbulence in East Asia, Russia and elsewhere during the late 1990s. (*ibid*., p. 298)

According to Hart, one of the most important characteristics of electronic money is the way in which it transmits information. In economics, the information that is transmitted by money has conventionally been understood as consisting of abstract price signals which enable

(16) In the context of Hart's argument, e-money primarily consists of money that is produced by corporations. However, he notes that local alternatives to currency are beginning to circulate in electronic form, and suggests that they are more likely to be successful as a result of this.

markets to clear. But e-money transmits information that is considerably more personalised than anything that could be conveyed through price alone. According to Hart, classically modern conceptions of money as an *anonymous* medium of exchange have been undermined not only by the increasing diversity of money but also by a fundamental change in the nature of the monetary form. Increasingly, monetary transactions are traceable: not just in terms of the amount which has changed hands but also in terms of the preferences of buyers. "Loyalty" cards offer an outstanding example of this development, enabling corporations to manipulate sophisticated detailed data about their customers' buying behaviour. According to Hart, the application of this technology within decentralised markets has the potential to transform money from an impersonal medium of exchange to "an act of remembering, a way of keeping track of the exchanges we each enter into" (*ibid.*, p. 234). If such a potential is realised, money will act as a perpetually mobile testimony to our participation in a diverse range of specialised payments networks. Indeed, this is as close as Hart comes to providing a general definition of money. It is "an instrument of collective memory" (*ibid.*, p. 234): a memory bank which tracks a diverse range of social exchanges that are mediated by increasingly specialised monetary forms (17).

Hart's characterisation of money as an instrument of collective memory invites us to imagine the myriad potential ways in which money might be appropriated by individuals and communities. His primary aim is to decouple our understanding of money from a particular conception of the market as autonomous (18); and by doing so, to encourage more creative interpretations of the nature of money itself (19). In addition, he seeks to decouple our interpretation of money from a particular conception of *society*. According to Hart (2000, p. 235), money is a "token of society". But he uses a differentiated concept of "society" in order to elaborate this claim. He notes that "society" has three distinct senses within the sociological and anthropological literature on money: as *state*, *nation* and *community*. All three senses imply a critique of the conventional "commodity" theory of

(17) Hart (*ibid.*, p. 318-319): "we should look for the meaning of money in the myriad acts of remembering that link individuals to their communities. In this interpretation, the need to keep track of proliferating connections with others is mediated by money in its many forms as the principal instrument of collective memory".

(18) Specifically, he associates this conception with state capitalism, and argues that this system of political economy is in decline.

(19) Of course, Hart's analysis rests on some debateable assumptions about the future trajectory of Internet commerce, and of the potential impact of the Internet on local exchange schemes and other payments networks. But the aim of this paper is not to evaluate predictions about the future of money.

money by suggesting that "money is a symbol of something intangible, an aspect of human agency, not just a thing'' (*ibid*., p. 252). Moreover, each concept of "society'' yields a distinctive conception of the interrelationship between money and social structure. When viewed as a creature of the *state*, money is conveyed as a tool of power which expresses "vertical relations between unequals, rulers and rules, like the top and bottom two sides of the coin, heads and tails'' (*ibid*., p. 252). By contrast, when "society'' is taken to mean *community*, money's dependence on trust is underlined. This locates the source of monetary value within "horizontal'' relations between members of a community. The association of money with *nation* combines these vertical and horizontal interpretations, i.e. "the formality of the state with the informal substance of community'' (*ibid*., p. 252). Hart's analysis of e-money and local alternatives to currency leans strongly towards the interpretation of society as "community''. But he does not exclude the two other senses of the term. Thus one might imagine that "society'' should be rendered as "state'' or "nation'' where the sociological analysis of currency is concerned. This, of course, is exactly the approach which is taken by Ingham.

Both Zelizer and Hart suggest that money is a more multifaceted phenomenon than sociologists and anthropologists have conventionally admitted. Each scholar resists the association of money with an abstract, impersonal market. Zelizer's monies are rendered multiple by virtue of the meanings that are attached to them in the context of their use. But she does not advance a robust concept of money. Her argument therefore leaves sociologists with little choice but to describe the various forms of money which are in circulation without thinking through what "monetary'' features they have in common. By contrast, Hart's monies are multiple as entities in their own right. But there is a significant weakness in his approach. Although he often writes of the diversity of "money'' in a general sense, his argument stands out in its emphasis on the diversity of monetary *forms* that circulate in the present day (20). He does not distinguish between cases in which the monetary form in question is denominated in the official currency, and cases in which it is not. Hart

(20) For example, he argues that most of us have access to six different kinds of money: coins, banknotes, cheques, savings accounts and plastic credit and debit cards (*ibid*., p. 241). Although he suggests that "the relative significance of all of these is constantly shifting'' (*ibid*., p. 241), he regards all such forms of money as part of a broader-based trend towards money's *dematerialisation*: "money has become dematerialised, losing any shred of a claim that it is founded on the natural scarcity of precious metals. Even the authority of states, which stamped coinage and issued the notes with which we are still most familiar as money, cannot long survive the electronic blizzard that is money in the age of the Internet'' (*ibid*., p. 233).

acknowledges that an increasing number of monetary forms are not denominated in official currency. But he does not recognise the full implications of this. For example, many LETS activists have resisted government attempts to levy taxes on transactions within their schemes by creating an accounting system which is difficult to convert into *currency*. There is even, in some instances, a refusal to refer to such tokens as *money* so that the transactions mediated by them are not classified as "monetary" for taxation purposes (Hart 2000, p. 281). This definitional issue has made the literature on LETS somewhat perplexing in conceptual terms. But it merely reflects wider confusions about the nature of "money" – as opposed to "currency" – in general.

Hart advances some thought-provoking arguments about how we might conceive of new monetary forms such as e-money. But his description of money as an instrument of collective memory cannot be applied in a general way. The use of anonymous forms of money such as cash might be in decline, but is unlikely to disappear. His approach therefore brings us no closer to answering the main question of this paper: What is it about "money" that the various monetary forms have in common? In the concluding section of this paper, I shall be proposing an answer of my own.

Conclusion

Greater conceptual clarity can be brought to bear on the issues which I have been discussing in this paper by examining diversity of "money" on two axes: in terms of the monetary *medium* on the one hand, and in terms of money's *denomination* on the other. All four scholars whose work has been discussed in this paper conflate these two axes. The fact that none of them draws a meaningful distinction between "money" and "currency" is symptomatic of this.

The first axis on which money has diversified concerns one monetary *medium*. This refers to the material qualities of money. According to Ingham, such qualities should not enter into a sociological conception of money. In his view, once money has been defined as a generic promise to pay that is denominated in "money-of-account", the material qualities of actual forms of money are irrelevant. In other words, all money is "virtual" in principle. Ingham argues that monetary theory has always been undermined by a fundamental category error between the specific form that is taken by "money-stuff" and the more general quality of "money-ness" which all monetary forms have in common (21). He has a point. To be sure, we should not *reduce* our understanding of money to the forms which it takes. But to insist on the *irrelevance* of "money-stuff" to a sociological understanding of money is mistaken. As Hart's analysis shows, the form in which money is conveyed can be vitally important to its role and impact in society. The increasingly varied nature of "money-stuff" has affected the relationship between money and major social institutions such as the state and corporations. Moreover, it influences how people use and think about "money" in relation to their own lives and circumstances. A sociological approach to money cannot ignore such issues.

There is second axis on which "money" has diversified: namely, as a *denomination*. In Ingham's view, the quality of "money-ness" is conferred on a monetary form by virtue of the fact that it has been denominated within a "money-of-account". Here again, he has a good point. One of the key functions of money is to quantify value, and money-of-account provides the abstract system of measurement which makes this possible. But Ingham's insistence that money-of-account must be defined by a sovereign authority such as the state is conceptually unjustified and empirically misleading. To all intents and purposes, Ingham has simply redefined *money* as *currency*. As a consequence of this, he is bound to underplay the significance of alternatives to currency, and his scepticism towards the euro can come as no surprise. Empirically, as Hart's analysis shows, "money" circulates in a variety of denominations today. There is no compelling reason to assume that forms of money which are not denominated in the official currency are bound to fail. After all, the period during which states have enjoyed a monopoly over the production of "money" – and in which currencies have therefore been the only forms of "money" worthy of note – has spanned barely two hundred years.

Sociologically speaking, arguments about the diversity of money must be placed in proper perspective. Along both axes – monetary *medium* on the one hand, and monetary *denomination* on the other – diversification brings with it some variable consequences for the different parties with a stake in the production and use of money. Consider the state, for example. The circulation of currency in an increasingly dematerialised *medium* presents serious difficulties for monetary policy, whereas the circulation of monetary forms in other *denominations* raises

(21) He argues that this is "a basic category error, which... has persisted since the classical Greek commodity theory of metallic coinage" (Ingham 2004, p. 76).

formal (or legal) issues of monetary governance. But contrary to the argument of Cohen, the diversification of money is not simply an issue for governments. Some communities, particularly in impoverished regions, have much to lose from the internationalization of currency. And as Hart observes, they may have a considerable amount to gain from the development of electronic money. Whatever Ingham might say, the "social production" of money cannot be reduced to a "struggle" between the industrial and financial elites.

If money has diversified as *medium* and as *denomination*, what does this imply for a more general conception of "money"? In this paper, I have considered some richly contrasting ways of describing money. But of the four scholars whose work I have discussed, only Ingham seeks to provide an overarching *definition* of money. His definition is flawed because it excludes monetary denominations that now circulate alongside currency. Nevertheless, Ingham's strategy does suggest a way forward towards a more coherent sociological concept of money. In an earlier article, Ingham defines "money-of-account" as "a *conceptual scheme* for the measurement of value, which lies behind any particular *form* that [money] might take as a means of payment" (Ingham 1998, p. 9). In order to embrace the full diversity of "money", this definition must be abstracted from its Keynesian roots and decoupled from the state. But this requires a rather different conception of what is entailed in a "theory" of money than that which is envisaged by Ingham.

The abstract definition of "money-of-account" that is cited above has some striking affinities with Simmel's "pure concept" of money. For Simmel (1978, p. 121), the essential *idea* of money is that it provides "a system of measurement" against which all values can be quantified. In this sense, money is a "stable pole" (22). But at this "ideal" level, monetary *denomination* does not "lie behind" monetary *medium* in the way that Ingham suggests. Rather, they coincide. Crucially, Simmel contrasts money's *ideal* durability with its *actual* fluidity. In his view, money is not only the stable pole but also the *actus purus*, i.e. "a means of exchange which moves between tangible objects as does ether between object possessing weight" (*ibid.*, p. 122). As Hart describes it, Simmel's interpretation of the unique role of money rests on the view that it "represents an element of coherence in a world of constantly shifting prices" (*ibid.*, p. 263). According to Hart (2000, p. 233), money is not "one static thing or idea". He is right about the status of money as a

(22) He writes: "money as abstract value expresses nothing but the relativity of things that constitute value; and, at the same time... money, as the stable pole, contrasts with the eternal movements, fluctuations and equations of the objects" (*ibid.*, p. 121).

"thing". But as an *idea*, money is remarkably durable in one vital respect. For all the diversity of monetary *media* and *denominations*, Simmel's concept of money suggests that there is one feature that they have in common: they enable us to transform qualitative relations between values into quantitative ones. Whether money possesses paper or plastic form – and whether it is denominated in US dollars, Ithaca hours, airmiles or Nectar points – *all* monies enable different qualities to be compared in quantitative terms. In this respect, Simmel's approach to money has not lost its edge (23).

Simmel's analysis can embrace arguments about the diversity of money because it works on a generic level. As an *idea*, Simmel's concept of money presents a conceptual limit-edge against which all forms of money develop and take shape, however diverse they might be. For Simmel, money in its purest form is infinitely fungible: it can be exchanged with anything and everything. Money thus serves as a universal means of quantifying value. But when conceived in this way, "money" can *never empirically exist*. Nevertheless, all of the monetary forms which have been discussed in this paper – large and small currencies, different kinds of e-money, LETS tokens, Ithaca hours, and so on – can be *classified* as "money" according to Simmel's definition. At the same time, none of them are *equivalent* to "money". If not all dollars are equal, to paraphrase Zelizer, then no dollar is perfect. Simmel's concept of money provides an ideal basis on which to treat money as a generic category. As such, it provides the flat surface on which the complex contours of the contemporary monetary landscape can be mapped out. The varying features of our monetary forms – their fungibility, trustworthiness, ease of use, level of anonymity, and so on – can then be explored without implying that some are superior, others inferior. Whether idealised as collective memory or denigrated as socially corrosive, "money" in its generic sense is a utopia – a non-place where form and idea coalesce. Little wonder that it has proved so elusive for those who have sought to encapsulate it in theory.

(23) Dembinski and Perritaz (2000, p. 176) are therefore mistaken when they argue that what they call the "break-up" of money renders Simmel's own treatment of money obsolete. Their suggestion that Simmel was trying to understand the "essence" of money is incompatible with the Kantian interpretation of his concept of money that I have proposed here.

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