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Searle and de Soto: The New Ontology of the Social World

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1. A Game of Chess

What is a game of chess? This simple question has, in the simplest case, a simple answer:

A game of chess is a sequence of deliberate moves of certain distinctively shaped pieces across a distinctively patterned board made by two opposing players who alternate in making their moves in accordance with certain well-defined rules of which the players are aware.

In short: a game of chess is a sequence of events of a certain patterned sort.

Each move in the game is associated with a certain intention on the part of the responsible player, and these intentions—above all the intention to win, and not just to move pieces in accordance with the rules—are indispensable to the game. But they are not *parts* of the game, any more than the thoughts in the minds of staff officers behind the lines are parts of the battle raging at the front.

We can write down the moves made by each player and so keep a record of the game. But this record is not a *part* of the game either. Indeed it may come into existence only long after the game has been concluded. Like the thoughts in the minds of the players, and like published histories of military engagements, it belongs rather to what we shall call *the domain of records and representations*.

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Chess reality then consists of two complementary dimensions: the dimension of the game itself, which consists of moves of pieces on a board; and the dimension of thoughts, ideas, intentions, and deliberations. The latter is an indispensable accompaniment of the game, but it is not a part thereof.

The above, however, describes only the simple case. Suppose, instead, that two people play a game of blind chess. Here there are no pieces, no board, and no moves; rather there are just players, their intentions, and the announcements of these intentions in an alternating rhythm that enables each intention to be registered by the opposing player. What is the game itself, in this case? Is it the passage of messages back and forth? I will argue that it is not, but rather that these messages, like the intentions, are again a part of the domain of records and representations.

To see why this is so, consider a game of normal chess that is being played on a giant chessboard in which the players send messages to surrogates who are called upon to move the pieces. These messages, again, are not a part of the game, any more than the messages sent from headquarters to the troops on the battlefield are part of the battle. Certainly in both cases the messages, like the intentions which underlie them, have an important causal connection to the game itself. But the events and processes that cause an enduring entity to exist is not a part of that entity—at least not on standard views of the relation between cause and effect.

And the same applies also in the case of blind chess: only here, the giant chessboard is absent. What we have instead are images of a chessboard in the minds of the players. But these images, too, cannot constitute the game of chess—for they are present also when board and pieces truly do exist.

A parallel problem arises in the case of a game of internet chess. Here the player's intentions are conveyed by movements of electrons along wires, with resulting changes in computer memory and monitor displays. Here again, the signs conveyed, and the associated blips inside computers, belong to the domain of records and representations.

But if not a sequence of messages, or images, then what, in the case of blind chess or internet chess, is the game itself? Some might be tempted to suggest that the game itself in such cases is some sort of *conceptual* entity. But concepts, too, belong on the side of representations; entities such as chess games, chessboards, and chess pieces belong to the side of what concepts represent. (And the fact that the dichotomy between representations and objects is not absolute—there are, for example, paintings which fall under both headings—does not affect our argument here.)

A thesis to the effect that a game of blind chess is a conceptual entity faces the further problem that concepts as normally conceived are timeless entities. Chess games, however, including blind chess games, are tied

essentially to time. In fact, they have a double temporal structure, in that they occur in a specific time interval and they unfold themselves within this interval in a specific order of before-and-after of successive moves (the same order which is captured in the spatial form of above-and-below in the written record).¹

An alternative answer to our question might consist in the claim that, when we play blind chess, then *there is no game at all*. It is merely *as if* such an entity exists—as in the cinema it is merely as if the represented events were actually taking place in the theater. The players in a game of blind chess are, according to this account, just pretending to play chess, as a pianist may pretend to play the piano by touching the keys but without actually depressing them. This amounts to a doctrine of fictionalism: it asserts that talk about entities of given sorts is only putatively about such entities. When talking about *a game of blind chess*, just as when we talk about *the absence of a pulse*, or about *the average Spaniard*, we are using the corresponding words as mere *façons de parler* about something else. But this fictionalist alternative, too, is to be rejected. For we can indeed imagine that two people do in fact *pretend* to play a game of blind chess; but then, on the reading in question, we would have to say that they were in such circumstances in fact pretending to be pretending.

The correct answer to our question is rather the following. A game of blind chess is what we shall call a *quasi-abstract pattern*, something that is: (i) like abstract entities such as numbers or forms, in that it is both *non-physical* and *nonpsychological*; but at the same time, (ii) through its association with specific players and a specific occasion, *tied to time and history*. A quasi-abstract pattern thus has two properties that are normally assumed to be incompatible. On the one hand it has no physical parts, and is not able to stand in physical relations of cause and effect. But on the other hand it is a historical entity, which means that its existence is tied to a certain interval of time and to certain actions of specific players. Already Plato would have regarded such a combination of properties as something impossible. For Plato the *forms* are essentially nonhistorical, indeed atemporal; the objects participating in these forms are essentially bound to time and change. To do justice to phenomena like the blind chess game, we need to recognize that there are entities of a third sort, entities which are both abstract (nonphysical) but yet historical (they are tied to time).

1. In this respect a game of chess is analogous to a reading of a work of literature, where we can in fact distinguish *three* levels of temporal order: the level of the reading itself, as a succession of events in real time; the level of the sentences succeeding each other in an abstract temporal order that is reflected in the spatial order of the corresponding printed marks on the page; and finally the level that is constituted by the plot of the work itself, that is to say, by the fictional events which these sentences depict. See Ingarden 1973.

A normal game of chess includes the movements of the pieces as its parts. It is part of physical reality. Interestingly, however, normal chess too has a certain abstract character, since it contains these movements as *granular* parts. This means that certain parts of these movements, for example the interactions of the molecules inside the pieces, are not themselves parts of the game. Rather, they are traced over, in the same way in which, when we look at an oil painting, we trace over the fine-grained structure of the molecules of which the pigment is made.² A game of blind chess, in contrast, is a wholly abstract entity. It has no physical parts of any sort.

The messages communicated by the players in the course of the game are, like the game itself, ephemeral. They can be transformed, however, into representations that have a lasting existence by being written down. And we note in passing that on the basis of such records a new dimension of chess reality can come into existence: the dimension of *status*. Chess masters enjoy a special status not least because there exist records of the games they have played. In virtue of the existence of such records, the game has the chance to shape the lives of those involved in new and lasting ways.

2. Two Sorts of Social Reality

The ontology advanced by Searle in his *The Construction of Social Reality* (1995) focuses primarily on the physical domain of the social world—on dollar bills, presidents, and driving licenses, on promising, marryings, and buyings of beer.

The formula at the heart of this ontology is:

X counts as Y in context C.

This formula, which lies at the center of Searle's thinking all the way from his book *Speech Acts* to *Construction*, is satisfied first of all by objects—by husbands, cathedrals, and the *listes des prix* posted in Paris *bistros*. In each case there is some physical X term (a human being, a building, a piece of printed cardboard), which *counts as* a social object of a certain kind in a corresponding context. It is satisfied also by events—by votings and goal-scorings and launchings of ships. In all such courses we have certain distinctively patterned parts of physical reality which in certain specific kinds of contexts fall under certain specific kinds of descriptions. The corresponding objects and events, correspondingly, come to be ascribed certain

2. See Bittner and Smith 2003; Smith and Brogaard 2002.

properties or powers of nonphysical sorts. As falling under such descriptions the X term *counts as a* Y term of a certain sort. This account works particularly well for the pieces in a game of chess. (Johansson 2005)

Unfortunately, however, there are entities in social reality—debts, rights, obligations, bond derivatives (and games of blind chess), which do not fit well with Searle's formula. For here there is no physical X term to which the corresponding properties or powers could be ascribed. They are, rather, in the terminology introduced above, quasi-abstract patterns tied to time and to specific bearers by the speech acts and associated thoughts and intentions that brought them into being. A debt, for example, is in this respect like a game of blind chess. It differs only in what we might think of as its inner temporal structure and also in its possession of a *deontic* element: if you have incurred a debt, then this means that you are subject to a certain *obligation to repay in the future*. A debt is tied to a specific initiating event and to specific initiating partners, but it is able thereafter to float free and to enjoy an existence of its own. This existence is however in normal cases an entirely humdrum affair which involves merely enduring through time in a changeless fashion until, through one or other terminating event (such as being paid off or waived), it comes to an end.

Debts depend for their existence on representations, which may enjoy a merely ephemeral existence in the form of memory traces, or which may be transformed into enduring representations by being written down. Note that on the basis of such records a new dimension of economic reality can come into existence: the dimension of *formal debts*. The latter enjoy a special status as a result of the fact that they are registered and recorded according to official procedures laid down in advance. As a result, such debts can be bought and sold, bundled and unbundled, inherited, bartered, negotiated away. And as we shall see, they thereby also have a chance to shape the lives of those involved in new and lasting ways.

3. Constitutive Rules

As the rules of chess create the very possibility of our engaging in the type of activity we call playing chess, so, Searle holds, constitutive rules in general, rules of the form *X counts as Y in C*, create and allow the forms of behavior we call electing, promising, marrying, and buying beer.

Examples of the formula at work are:

- X = moving an arm;
- Y = commanding an infantry troop to stop advancing; knocking over one's king; refusing an offer; waving to a friend;
- C = war; chess; business; everyday life.

As we can see, the movement of an arm can mean different things in different contexts. This variety reflects the many different sorts of things we do together. We participate in meetings, attend concerts, compete in football games, sell stock, pay taxes, and engage in a huge variety of other types of cooperative behavior, which involve the bringing into existence of what Searle calls *social facts* through the application of constitutive rules.

Human beings enjoy the capacity for what Searle calls collective intentionality. They are able to engage with others in cooperative behavior in such a way which involves *sui generis* types of beliefs, desires, and intentions. Often these involve human beings collectively awarding *status functions* to physical parts of reality—which means: functions those parts of reality could not perform in virtue of their physical properties alone: the function of a traffic signal in compelling drivers to turn left or the function of a railway ticket in allowing its bearer to travel on a certain train are in this respect to be contrasted with the function of a screwdriver to insert and extract screws; only in the case of the screwdriver does the exercise of a function depend on specific physical properties of the object in question. Note, though, that functions of all types share many ontological features in common with debts and other quasi-abstract entities of the social world (including those entities which Searle calls “social facts”). The function of my heart (to pump blood) begins to exist at a certain point in time and continues to exist unchangingly until the terminating event which is my death. The function of the screwdriver, similarly, begins to exist at a certain point in time (the point of first assembly) and continues to exist unchangingly until some terminating event when the screwdriver is broken or destroyed. And the function of the dollar bill, similarly, begins to exist from the point in time when it is issued to the later point in time when it is destroyed or withdrawn from circulation.

In each case we can tell a complicated story about the *functionings* of these functions (the processes, of pumping, inserting and extracting of screws, of being used as medium of exchange). The functions themselves, however, endure invariantly throughout such changes.³ It is presumably this character of quasi-abstractness which explains Searle’s view that functions are in every case socially constructed (they are a matter of *imposition* against the background of values that we take for granted (Searle 1995, 13–23). Note, however, that since Searle insists at the same time that he is a realist about functions—admitting that we can “discover” functions in nature (p. 15)—this means that he is to this extent already at this point lending ontological credence to the reality of the quasi-abstract. (And we note that similar remarks could be addressed also to both constitutive and

3. See Smith, Papakin, and Munn 2004.

regulative *rules*; these, too, satisfy all the conditions of quasi-abstract entities as these have been described in the foregoing. The game of chess itself—as type rather than as the tokens we have been considering elsewhere in this essay—might then be subjected to a similar treatment.)

In the case of those functions which exist as a result of constitutive rules, they characteristically mark the potentiality for consequences of a specific sort, for example in the form of rewards, penalties, obligations, reasons to act. When, in the right context, I make an utterance of the form “I promise to pay you a hundred dollars tomorrow,” then my utterance *counts as* the making of a promise. This means that it has highly specific consequences which include a mutually correlated claim and obligation together with a certain tendency to act. These are deontic consequences which go far beyond the realm of purely physical causality.

A certain entity (in this case, an utterance) has what Searle calls *deontic powers* in virtue of the fact that the participants involved (for example, as speaker and as hearer) have imposed those powers on the entity in question. Such an imposition must rest always on a foundation of “brute facts,” by which Searle means facts of natural science, facts which obtain independently of all human institutions, including language. In the final part of *Construction* Searle rightly attacks those who hold that reality consists of social facts all the way down, so that the facts of the natural sciences would be no different in this respect from facts concerning politics or styles in footwear. Certainly the *sentences* of natural science are parts of social reality—but, as Searle shows, the same cannot be said, on pain of absurdity, of the facts which make these sentences true.

Unfortunately, however, Searle misinterprets the implications of his own insight when he takes it to imply that social reality must in every case be made up of physical parts. On almost every page of *Construction* Searle either assumes, or states explicitly, or employs examples and arguments which reinforce, the thesis that the X term in his formula must be a part of physical reality. This is so even in those cases where there is some iteration involved, so that the Y term resulting from the imposition of deontic powers on an initial X term itself serves as the X term in a new application of the formula. For the X and Y (and Z . . .) terms within the scope of a given instance of the formula are in any case identical: they differ only as to the descriptions under which they fall in different contexts. All human institutions, from money and marriage to government, property, and inheritance are, Searle repeatedly suggests, to be understood in terms of a reading of the formula in which the ultimate X term is physical in nature.

This insistence that the X term must be part of physical reality (of the realm of what, in Searle’s idiolect, are called “brute facts”) derives from Searle’s standpoint as a naturalist, which is to say, as a defender of the view according to which everything in reality is governed by the laws of physics

(and thus also by the laws of chemistry, biology, neurology, and so forth). The challenge which Searle embraces in *Construction* is precisely that of building an ontology that is both realist about social reality and naturalist in just this sense.

“Realism,” here, means the opposite of fictionalism. It consists in the doctrine that social reality exists, that entities such as claims, prices, financial transactions, elections, trials, and weddings are not mere fictions and that our talk of such entities is not a mere collection of roundabout ways of talking about other things.

4. The Ontology of Social Reality

Naturalism asserts that everything in reality is constituted by physical particles or fields of force or by the patterns of movement of such entities. For a naturalist like Searle to be convinced of the existence of God would be for him to have some *physical* evidence of this existence. In fact for a naturalist like Searle, not only the X term but also the Y term in every application of the *counts as* formula must be physical through and through—the X and Y terms are after all in each case *one and the same entity*, merely viewed as falling under two distinct descriptions.⁴ George W. is still George W. even when he *counts as* president. Miss Anscombe is still Miss Anscombe even when she *counts as* Mrs. Geach.

But what of those values of Y terms where no candidate X term drawn from the realm of physical reality is available? How can Searle’s naturalism allow a realist ontology of those parts of social reality which are constituted by prices, licenses, debts, and taxes?

The assumption that X and Y terms are identical works well when the Y term exists simultaneously with the X term, for example, when the issuing of sounds from John’s mouth *counts as* an utterance in English: the two events are here quite reasonably conceived as identical parts of physical reality, merely conceived under different descriptions. But an event of promising might last several seconds while the deontic powers to which it gives rise—the claims and obligations—might exist for several months. An event in which Jane gives her watch to Joan might exist for only two seconds while the new relation of ownership that is founded in this event might go on existing for many years thereafter. There is here no piece of paper, no organism, no building, no movement of molecules to serve as

4. We are dealing in each case with different contexts, but the differences between these contexts, for Searle—for example, differences in thought or speech patterns on the part of those involved—would be physical through and through.

physical X term in the future. The watch itself cannot serve this purpose (the watch itself does not *count as* the relation of ownership by which it becomes tied to Joan) and the same applies, too, to other physical phenomena such as the relevant memory traces in Jane's brain. The relation of ownership is, rather, what we shall henceforth call a freestanding Y term—it is a *sui generis* social object of a quasi-abstract sort. Certainly it depends on physical bearers—in this case Joan and the watch. But these physical bearers do not overlap with the relation of ownership itself, as is seen in the fact that the latter has no physical parts.

Only in one or two isolated passages does Searle recognize the existence of entities of this sort. He points out that when I promise something on Tuesday, the obligation continues to exist over Wednesday, Thursday, Friday. This “is not just an odd feature of speech acts, it is characteristic of the deontic structure of institutional reality. . . . think for example, of creating a corporation. Once the act of creation of the corporation is completed, the corporation exists. . . . *It need have no physical realization, it may be just a set of status functions*” (Smith and Searle 2003, 305; italics added). What Searle does not recognize is that such a set of status functions, even though it depends on physical reality, is not itself a *part* of physical reality. It is, precisely, a quasi-abstract pattern that is tied to history and time in virtue of its relation to certain persons and events.

In the following passage, too, Searle accepts that freestanding Y terms exist:

The whole point of institutional facts is that once created they continue to exist as long as they are recognized. . . . You do not need the X term once you have created the Y status function. . . . At least you do not need it for such abstract entities as obligations, responsibilities, rights, duties, and other deontic phenomena, and these are, or so I maintain, the heart of the ontology of institutional reality. (Smith and Searle 2003, 305)

With this, Searle effectively abandons the naturalist horn of the dilemma upon which he has thus far been impaled. In his official stance, however (reproduced also in the comments from Searle appended below), he continues to insist on the correctness of the naturalistic doctrine.

5. Towards Documents

Searle correctly emphasizes that the world cannot consist of social facts all the way down with no brute reality to serve as their foundation. But he is in error when he takes this to mean that social reality must be furnished through and through by Y terms which coincide with parts of physical reality. Certainly Y terms cannot float entirely free of all phenomena whose

existence is not a matter of human agreement. But this anchorage need not take the same (X counts as Y) form in every case. For there is a second and no less important kind of anchorage, an anchorage in the realm of records and representations.

Searle comes close to recognizing the importance of this second kind of anchorage in a post-*Construction* passage in which he corrects his earlier view according to which credit cards and blips in bank's computers can *count as* money (Smith and Searle 2003). Rather, as Searle now recognizes, they are both more properly speaking different *representations* of money (or more precisely, in the case of credit cards, they are representations of a commitment on the part of a bank to meet liabilities incurred by the card owner). Similarly, title deeds are not themselves property rights, but rather representations of property rights. An IOU note merely records the existence of a debt; it does not *count as* the debt, and its destruction need not in and of itself cause the debt to cease to exist. When Juan and Hank need to fly together from Lima to Oakland, Juan lends escudos to Hank at the beginning of the trip, which Hank then repays in dollars on arrival. But no physical money changes hands until they reach their final destination. Rather, in keeping track in their minds of who paid for what in the course of the journey Juan and Hank move quasi-abstract money around in a quasi-abstract space in a way that very much resembles the quasi-abstract movements of quasi-abstract pieces that is a game of blind chess. And when Hank uses his credit card to guarantee his hotel bill upon arrival in Lima, then he and the owners of his hotel are playing what is very like a game of internet chess with their respective banks' computers.

6. The Mystery of Capital

In *The Mystery of Capital* (2000), Hernando de Soto expounds an ontology of social reality in which not physics but rather precisely the realm of records and representations is awarded a central role. The subtitle of de Soto's book is: *Why Capitalism Triumphs in the West and Fails Everywhere Else* and its thesis is summarized in the following sentence: "It is the 'invisible infrastructure of asset management' upon which the astonishing fecundity of Western capitalism rests." By "invisible infrastructure," de Soto means precisely the realm of those quasi-abstract structures which exist not as parts of physical reality but rather in virtue of an anchorage in the domain of records and representations.

Mystery covers, though in a different terminology, much of the ground explored by Searle in his theory of collective intentionality and deontic powers. Searle, too, as we have seen, accepts that there is a nonphysical side to the ontology of social reality. But he does this only reluctantly. And in

focusing on the realm of property records and titles, de Soto shows us how what I have been calling freestanding Y terms work to add a new dimension of economic powers in addition to the deontic powers recognized by Searle.

It is property, and formal property records, which lie at the heart of de Soto's analysis. Such records do more than sustain the corresponding property relations in existence; they also bring into being a new phenomenon, called *capital*. They do this by capturing in concentrated form the economically significant facts about the corresponding physical assets—their economic powers—in ways which allow the latter to be parceled out and manipulated in new sorts of ways. “The formal property system that breaks down assets into capital is,” de Soto tells us, “extremely difficult to visualize.” The nature of freestanding Y terms allows us to explain why this is so: the system consists of quasi-abstract entities not carved out within the realm of physics.

7. The Construction of Economic Reality

When Searle, in *Construction*, describes how we are able to impose special rights, duties, and obligations on our fellow human beings by acting in accordance with constitutive rules, he confesses that this seems to involve “a kind of magic” (45). He then attempts to dispel the air of magic with his notion of collective intentionality. De Soto, similarly, recognizes that there is an air of mystery attached to the way in which capital is born out of physical assets. He tackles the same problem with his account of the role of records and representations.

As de Soto shows, “Capital is born by representing in writing—in a title, a security, a contract, and other such records—the most economically and socially useful qualities” of assets. “The moment you focus your attention on the title of a house, for example, and not on the house itself, you have automatically stepped from the material world into the . . . universe where capital lives” (2000, 50).

This is, be it noted, a nonphysical universe, a universe populated by freestanding Y terms, where we can take advantage of the quasi-abstract status of its denizens in order to manipulate them in quasi-mathematical ways. We can create ever-new types of such entities by composition, division, and derivation. We can pool and collateralize assets; we can securitize loans; we can consolidate debts. Shareholders can buy and sell property rights in a factory without affecting the integrity of the physical asset. Individuals and institutions in different countries can trade unlimited quantities of these entities without the need for any physical items to be shifted from one place to another and without the need to build any spe-

cial storage facilities to house them. Pension funds can exploit the mathematical divisibility of capital to bring about a state of affairs in which the ownership of capital is no longer the privilege of the few.

Most importantly, for de Soto, the quasi-abstract nature of capital allows it to serve as security in credit transactions by being moved about, virtually, between different owners and lien- and mortgage-holders. It is not land or buildings, but rather the associated equity—something represented in a legal record or title—which provides security to lenders for liens, mortgages, easements, and other covenants. We add a codicil to a title deed thereby certifying who has access to the property and under what conditions. We present the title deed to a bank and thereby allow the equity associated with the underlying asset to be set free for purposes of investment in other things. In this way the records and representations constituting the formal property system bring a new domain of quasi-abstract reality into existence, whose growth is intimately associated with those advances in human welfare which are associated with economic development. Title deeds, stock certificates, mortgage contracts, and their computerized counterparts are the reliable means to discover, with great facility and on an ongoing basis, the most potentially productive qualities of resources, and “As Aristotle discovered 2,300 years ago, what you can do with things increases infinitely when you focus your thinking on their potential” (de Soto 2000, 51). By unleashing the potential of physical assets in the form of credit, thereby allowing new sorts of ventures and new sorts of risk, and new sorts of sharing of risk, the development of the formal property system gave rise to that quantum leap in human welfare which we associate with the success of Western capitalism.

The formal property system also fosters accountability and thereby promotes higher levels of trustworthiness among those who participate in its development. For accountability means that those who abuse the system, for example, those who do not pay back their loans, are diminished in their ability to draw on its benefits in the future. Calling people to account for their actions in this way has positive effects of a range of familiar sorts (Klein 1997) and we can compare the dissemination of institutions of credit checking, debt collecting, payment insurance, and the like with the development of the formal accreditation systems for chess masters administered by the *Fédération Internationale des Échecs*. Both have spurred those involved on to new heights of achievement.

From de Soto’s perspective, the modern world can be defined as a common system of enforceable formal property registrations. These registrations make knowledge functional by securing all the information and rules governing accumulated wealth and its potentialities in one knowledge base that makes people accountable across the entire property jurisdiction. This single property system, through trade and the concomitant division of

labor, makes possible the astonishing economic development that has been the privilege above all of Western societies in the age of industrial civilization. To be part of the system means to be represented therein with the help of such proxies as one's name or social security number. With these are associated in turn formal records (of domicile, creditworthiness, ownership) together with those informal estimations which exist in potential investors' and customers' minds of the skills and reliability and resourcefulness of those with whom they have to deal. Because the bank knows your address, and has the title to your property in its vaults, the bank trusts you with resources to invest in new ways. You then have the means to try out new ideas. And because you know that failure will bring real loss, you have a real incentive to succeed with these ideas, and thus to acquire a reputation for reliability, honesty, and integrity. All these things contribute to your own wealth and to the wealth of those around you, and the reason that you can use credit cards when you travel from Oakland to Lima and back is because of the records that tell the card-issuing authorities who should and who should not be given credit.

8. The Realm of the Quasi-Abstract

De Soto errs, however, when, as in the following passage, he talks of freestanding Y terms as if they were mere concepts: "The proof that property is pure concept comes when a house changes hands; nothing physically changes."⁵ For concepts, as we have already noted, belong with ideas and intentions to the realm of representations. Property itself, by contrast, belongs to the realm of that which is represented. More precisely, property relations belong to the realm of the quasi-abstract and they are in this respect comparable to symphonies, laws, and other quasi-abstract denizens of the social world. That they exist on the side of the objects and not on the side of the concepts in people's heads can be seen from the fact that concepts can exist even where there are no corresponding objects.

To be sure, concepts are important. Without concepts, and without associated thoughts and intentions, the corresponding freestanding Y entities would not have been brought into existence. When we buy and sell, however, we are interested not in concepts but in the objects themselves: in equity and capital, and in all that goes together therewith—starting with the simple trading, offering, and splitting of stock and moving on to the unimaginably complex edifices of contemporary derivatives markets.

5. de Soto 2000, 50. In the passage already quoted above, de Soto talks of stepping "from the material world into the conceptual universe where capital lives."

Formal property requires the existence of two distinct sorts of entities. It requires on the one hand quasi-abstract freestanding Y terms, and on the other hand records upon which the existence of the former depends. Note—in case this is still not clear—that the latter are not X terms according to the letter of Searle’s formula. The pieces of paper in the bank vaults do not *count as* the ownership rights that are documented therein. Rather, they represent them. But the pieces of paper are like X terms at least in this: they are physical entities which serve, through the workings of collective intentionality, to provide the basis for the corresponding Y terms. The pieces of paper can also serve to *represent* the associated objects and relations in another sense: they serve as their proxies—so that control over paper deeds or titles implies a form of control, too, over the quasi-abstract entities for which they stand.

We have seen that Plato would have rejected the existence of quasi-abstract entities of the sorts which populate those rapidly growing suburbs of the social world which are so important for the sorts of economic development. The same applies, too, though for different reasons, to Marxist economists, who cast aspersions on the “speculators” and others who tend the realms of the quasi-abstract—because of their conviction that all that is of value must flow from *physical* labor. In this they are, like the defenders of legal positivism, and like naturalists of various other stripes, manifesting a prejudice in favor of what you can touch and see. De Soto with his analysis of the workings of the formal property system, and Searle with his doctrine of the “huge invisible ontology” of social reality (1995, 3), have taught us that we need to slough off this prejudice in favor of a more adequate system of categories. Searle, now, should have the confidence of his convictions and recognize that the social world contains more, much more, than appendings of nonphysical descriptions to physical objects and events.

C O D A : S E A R L E V E R S U S S M I T H

Searle: I agree with most of what Barry has said, but I think that he is being needlessly paradoxical when he suggests that there is some challenge to naturalism here; that somehow or other, in addition to physical particles and fields of force, there are all these abstract entities running around between the molecules. That’s a misleading picture, which comes from treating the object as the unit of analysis. We’re not interested in the object, we’re interested in the processes or, as I like to put it, we’re interested in the facts. It isn’t the obligation as an object that is the topic of our investigation, rather it is our undertaking an obligation, our recognizing a preexisting obligation, our fulfilling an obligation. And when you realize this the threat to naturalism disappears.

In fact I like the example of blind chess: here representations of the pieces take the place of the pieces. So when blind chess players play a game, they keep a record and say PK4 will be the first entry on the sheet, which means white moves pawn to king 4, and then they fill in the rest and they can always go back and look at the record and see what the position on the board is. Well, of course, there's an abstract character to all this; but the record is part of the real world and I think part of the difficulty with his presentation is that Barry is really attached to the old notion of the physical and to this dumb Cartesian vocabulary we've inherited. But I think we shouldn't be misled by it. The world contains everything it contains; we're used to calling it "physical" because we think that physics is somehow or other the basic science, which it is. But if you describe what Barry said without using the ontological categories that he seems to be committed to, then it contains no threat to naturalism at all. I think Barry made a valuable contribution in recognizing that in many cases the representation is all the reality we need to make the entity function. Interestingly, my very first examples were cases of that: paper money was originally a representation; it was a note that said "I promise to pay the bearer on demand." Then the representation of money became money. In the other cases you have representations of chess pieces that now function the way that chess pieces do. So I agree with the general thrust of the argument, but I think it's needlessly paradoxical to suggest that we've somehow got to alter our whole metaphysics; we don't.

Smith: I agree with John that we should get rid of these old Cartesian dualist notions; I disagree with him when he thinks that there are no problems here for naturalism. He thinks that we can solve the problem by turning away from social objects and by looking at facts. Do you own stock, John?

Searle: Well, in the aspect that I . . .

Smith: Just say "yes," John.

Searle: All right, I'll say yes. . . .

Smith: And when you're lying in bed at night, are you thinking about the facts and processes that pertain to when you bought them and the transactions that you made? Or are you thinking about the stocks themselves, the objects?

Searle: I don't think about the stock *an sich*. No, what I think about are not the stocks themselves, but rather their current market value and how it is declining. Because, you see, the subject-predicate structure of language makes it look as if there's this preexisting set of objects, my stock, but in fact what we're talking about is a process: the stocks go up and

down, the stocks split, and when they split this doesn't mean that they physically split, it means that there's a different entry in the system of representations.

Smith: I think that if we are going to understand the wondrous ways of capital, then we need to think very precisely about this process called "splitting stock." But that means also that we need to take seriously the fact that such processes involve *objects*—and that this is so even when the stock itself exists only in virtue of certain representations which themselves exist in the form of blips on computers. Do you agree with that?

Searle: No I don't, I think that that's the wrong picture. The real picture is this: we have a set of processes and we have a set of representations which enable these processes to function, and in the case of the stocks splitting the corporation makes certain entries into their databases, into the system of records and representations whereby you are now represented as having twice as many shares of a stock as you did before and that is the reality, that representation is constitutive of your having twice as many shares as you did before.

Smith: I agree with all of that, I just think that, in the spirit of the First Axiom of Realism for Social Reality, you should take equally seriously every single word in the description you just gave.

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