This is the penultimate draft of an article that has been accepted by the British Journal for the History of Philosophy (BJHP): <https://www.tandfonline.com/toc/rbjh20/current>

**Author:**
Dr. Johannes Steizinger
McMaster University
steizinj@mcmaster.ca

**Title:**

**Against the Extremes: Georg Simmel’s Social and Economic Pluralism**

**Abstract:**

We live in times of an increasing polarization in which the margins of the political spectrum begin to dominate our social imagination again. While the neoliberal iteration of the capitalist project suggests an extreme individualism as the normative default position, the devastating impact of the globalized economy on many has reignited the pursuit of socialist alternatives. In this constellation, Simmel’s social theory of modernity can be a useful resource to undercut the return of the old battle between opposite economic systems. This paper argues that two kinds of pluralism can be derived from his conceptualization of the social effects of the money economy. In contrast to one-size-fits-all concepts of freedom, Simmel embraces a social pluralism which acknowledges a plurality of cultural spheres as relevant for the self-actualization of modern individuals, attributing different combinations of independence and embeddedness to them. Moreover, he rejects the social extremes of socialism and individualism, since they fail to properly integrate individual freedom into the social whole without undermining it. Instead Simmel gives us the vision of a pluralist economy in which democratic worker’s cooperatives are combined with an overall liberal market to satisfy both the longing for community and the strive for individual distinction.

***1.* *Introduction***The idea of socialism has gained traction since the global financial crisis of 2008, putting the opposition between socialism and capitalism on the agenda again. In his attempt to re-actualize the socialist vision, Axel Honneth (*Idea of* *Socialism*) emphasizes that early socialists like Proudhon rejected the capitalist order because it failed to combine the French Revolution’s ideals of freedom, equality, and fraternity. He credits the early Marx with conceptualizing this normative core of socialism, attributing a concept of social freedom to him which predicates the achievement of freedom on coexistence in solidarity (Honneth, *Idea of* *Socialism*, 15). On this view, socialism aims at actualizing the concept of social freedom by creating solidaristic communities in which the mutual recognition of each other’s needs is institutionalized. Somewhat counterintuitively, the economic market is undergirded by the very same notion of cooperative solidarity which assumes that individual freedom can only be realized in and through association with others. From Honneth’s perspective, an economic alternative to capitalism is necessary, since its latest iteration dissolved the bonds that tie us together. He characterizes the financialized markets of contemporary capitalism as a misdevelopment that undermines that realization of social freedom which is the actual purpose of markets.[[1]](#footnote-1)

Unsurprisingly, Honneth (*Idea of* *Socialism*, 67) defines mainstream economics as the “natural enemy of socialism”—and, we can add, of his ambitious reconstruction of the market’s normative underpinnings. Indeed, mainstream economists assume that the participants of the market system are self-interested, calculating individuals who search for the satisfaction of their subjective preferences. On this view, the task of markets is to facilitate the efficient allocation of goods and services for individual purposes by coordinating economic activities. As Stephen E. Marglin (*Dismal Science*) has shown, mainstream economics rests on the basic idea of an individualist psychology of needs and wants, rendering communities as nothing but mutually beneficial associations of individuals. In economic theory and among economically minded philosophers, we thus find the notion of an atomistic self prior to and separate from social ties whose choices depend only on its own rationality (e.g., Gauthier, *Morals by Agreement*, 90-92). Marglin (*Dismal Science*, 4) demonstrates that this concept of the *homo economicus* rests on normative assumptions about how human agents should act under ideal circumstances, arguing that the patterns economists derive from their models don’t reflect actual economic behavior.

We thus see the opposition between socialism and capitalism set up from a normative perspective that is distinct from traditional concerns with economic organization. While socialism is presented as the harbinger of cooperative solidarity which promises to deliver on the modern promise of social freedom, capitalism appears as an arena of unabashed individualism and thus a beacon of liberal freedom. Despite their contrasting normative commitments, these views have a similar approach to economic activities. Both perspectives are guided by evaluative assumptions, understanding markets as means to actualize a moral or psychological purpose. The opposition between socialism and capitalism is thus revived as a conflict about which normative principle should guide our economic behavior.

This specific constellation makes it sensible to bring Georg Simmel’s philosophical and sociological reflections on economy into the conversation.[[2]](#footnote-2) In his *Philosophy of Money* (1900/1907), Simmel conceives of economic exchange as a prime example of sociation, thus analysing economy as a social practice.[[3]](#footnote-3) He defines money as a pure social institution and sees the modern monetary system as manifesting the functional core of economic exchange. A key task of the *Philosophy of Money* is thus to develop the social forms that emerge from the money economy as well as the norms and values which guide modern lives, exploring the meaning of markets for our attitudes and identities—a philosophical perspective that is neglected in current debates, as Lisa Herzog (*Inventing the Market*, 4) has argued. Simmel distinguishes two basic social tendencies in modern life: he regards socialism and individualism as antagonistic principles which emerge from the money economy and can shape all of aspects of modern life (Simmel, “Sociological Aesthetics”; *Philosophy of Money*, 498-500).

Emphasizing the conflict between these principles on the different levels of their actualization, he explores their immanent features and their relationship but refrains from an obvious commitment to either of them. While there have been convincing attempts to make sense of this relativistic feature of his thought from a theoretical perspective—absolute principles are turned into regulative ideals which inform a heuristic approach to the subject[[4]](#footnote-4)—, it has proven difficult to determine how Simmel conceives of practical solutions for the social conflicts he considers. Simmel’s decision to prioritize analysis over evaluation adds to this indeterminacy by emphasizing the complexity of social reality (see Thouard, “Complicating Things”).

Stephan Moebius (“Political Thought”) has recently doubled down on Klaus Christian Köhnke’s (*Der junge* *Simmel*) suggestion to read Simmel as a Nietzschean aristocrat who prioritizes the development of individual distinction and holds that societal structures should reflect the natural hierarchy of people. Focusing on the historical contextualization and sociological explanation of Simmel’s alleged personal opinion, Moebius, however, neglects Simmel’s own sociological reflections in which he explicitly denies the feasibility and desirability of true aristocracy, agreeing instead with Aristotle’s proposal of a mixed form of government (Simmel, *Sociology*, 220-1). We will find a similar mediating approach in Simmel’s economic thought in which he endorses a form of workplace democracy and outlines a pluralist economic order which keeps the conflicting aspirations of individualism and socialism in check without dissolving their friction completely (see chapter 4).

Emphasizing the “formal affinity” Simmel sees between money and socialism, Nigel Dodd, on the other hand, reads his concept of perfect money as an anticipation of the ideal social order in which social fairness can be achieved by unequal pricing, i.e. a process of price allocation which also considers the subjective circumstances of the buyer (Simmel, *Philosophy of Money*, 475). He sees a “utopian impulse” at work in the *Philosophy of Money*, bringing its insights to bear on current debates about alternative currencies (Dodd, “Perfect Money”, 148).Simmel himself, however, cautions against identifying the conceptual perfections he outlines with actual possibilities.[[5]](#footnote-5) Moreover, the ideal society Dodd refers to is explicitly characterized as “not the *perfect* society but the perfect *society*” (Simmel, *Sociology*, 51). What Simmel develops as the third “social *a priori*” (Simmel, *Sociology*, 51) is thus a conceptual ideal of society that is rooted in a functional perspective which enables the individual to actualize its “universal value” by finding an “appropriate position” in the “social whole” (Simmel, *Sociology*, 50). Yet Simmel insists that social integration is never complete, defining the recognition of one’s “extra-social being” (Simmel, *Sociology*, 46) as another condition of the possibility of sociation. This second “social *a priori*” (Simmel, *Sociology*, 46) makes clear that the distinct value of an individual shines in a space independent of its functional role. The attempt to do justice to both the objective demands of communities and the subjective demands of individuals is, I contend, a key feature of Simmel’s social thought (see, e.g., Simmel, “Über sociale Differenzierung”, 200; “The Philosophy of Fashion”, 186-7; “The Problem of Style”, 213; “Fundamental Problems”, 73-4; see also Pyyhtinen, *Simmel and the ‘Social’*, 141-2).

In the following, I argue that Simmel suggests pragmatic solutions to the conflicting paths of socialism and individualism in modern societies. *Section 2* focuses on the *Philosophy of Money*, examining the ambivalent social effects of the money economy which releases the individual from personal bondage but submits it to an ever-growing system of objective forms. I argue that Simmel advances a kind of social pluralism in emphasizing that modern societies offer a plurality of cultural spheres for individual self-actualization, attributing different degrees of independence to them. *Section 3* engages with Simmel’s concept of socialism and individualism by outlining what he sees as their social principles and tracing why they fail to satisfy human needs properly when taken to the extreme. In *section 4*, I turn to Simmel’s *Sociology* (1908), arguing that it points to a pluralist economic order in which small socialist and democratic cooperatives are established within an overall liberal market economy. I read this suggestion as a possible response to the issues which Simmel associates with both socialism and extreme individualism. I submit that such a middle path carries the best promise to fulfill Simmel’s idea of a productive friction between opposites in the practical realm without dissolving them into a higher unity—a Hegelian resolution he resists. My modest aim is to reconstruct plausible arguments from some of his main works as well as relevant articles without claiming that these are the only solutions Simmel ponders. Since he was not a system-builder, he explores different avenues for responding to the issues of modernity he critically analyzed so convincingly. Yet I believe that his vision of combining socialism and individualism in a pluralist economic order is of special interest today.

***2. The effects of the money economy: Simmel’s social pluralism***

The preface to *PM* emphasizes the scope of its argument in distinction from a purely economic analysis. Simmel argues that the phenomenon of money calls for a philosophical examination, since the constitution of economic value is paradigmatic for the human attitude towards the world. While grounded in subjective desire and thus having a psychological footing, the economic value of objects is only constituted by the social interaction of exchange. Simmel believes that objects become related to each other through a process of exchange that determines their objective value. In the first part of *PM,* he develops these basic assumptions into a comprehensive theory of value which won’t concern us any further here.[[6]](#footnote-6) For my argument, it’s only important that he considers the economic realm as a prime example of the processes of sociation from which a distinctively human world emerges. Simmel goes so far as to define the human as the “exchanging animal” (Simmel, *Philosophy of Money*, 291), emphasizing an ethical aspect of this social practice: exchange presupposes “restraint of direct subjective desire” and “mutual acknowledgement” (Simmel, *Philosophy of Money*, 291), creating a reciprocal relationship both parties can benefit from equally. This reciprocal relationship stands in contrast to one-sided forms of changing ownership such as robbery or gifting by a balancing effect.

The second part of the *Philosophy of Money* traces the social, psychological, and cultural effects of the modern economic order. Simmel shows how modern life is shaped by the social forms the monetary system enables. He regards the shift from in-kind obligations to the abstract form of money payments as an economic development which transforms social life fundamentally. On the most basic level, money replaces a specific service or product and thus objectifies economic relationships by detaching the obligation from the personal performance of the debtor. The unpersonal character of money transactions facilities the social differentiation between the subjective realm of the person and its functional role in the economic context (Simmel, *Philosophy of Money*, 283-7). The modern division of labor is the most sophisticated manifestation of this social development, since the separation of tasks demands highly specialized contributions from workers which engage only a specific aspect of their personal capacity (Simmel, *Philosophy of Money*, 473; *Sociology*, 209-11). Consequently, the objective organization of industrial production results in more mutual dependence between the participants of a work process—they are like cogs in a machine at the assembly line—as well as more dependence on others and on society as a whole.[[7]](#footnote-7) Yet Simmel stresses that this kind of dependence is different from the personal bonds of pre-modern times, since it is purely functional. He argues that functional dependence allows for more flexibility, since it releases the dependent from the attachment to a specific provider, contrasting the choice impersonal services offer with the irreplaceability of personal relationships (Simmel, *Philosophy of Money*, 298). The modern money economy is thus characterized by a diametrical development: while the objectification of economic relationships generates more functional dependence on the services of others, the personality of the individual is released from its social bonds in the economic realm. Generalizing these social tendencies, Simmel concludes that, in modernity, “all the material contents of life become increasingly objective and impersonal, so that the remainder that cannot be reified becomes all the more personal, all the more the indisputable property of the self.” (Simmel, *Philosophy of Money*, 474)[[8]](#footnote-8) Given this overall assessment, it’s not surprising that he sees the modern money economy providing the resources for both a more complex organization of the objective forms of culture and processes of individualization which can be experienced as an increase of freedom.

Simmel regards freedom not as “a pure inner condition of an isolated subject” (Simmel, *Philosophy of Money*, 299) but as a social relationship which is only gradually different from obligation. Contrasting wage labor with personal forms of bondage such as slavery, he defines the independence from the subjective will of others as the basic experience of social freedom (*Philosophy of Money*, 299-300). The money economy has thus a liberating effect, since it creates the space for individual development by releasing the personality from its social obligation. Simmel even suggests that, turned into objective structures, professional hierarchies can lose their psychological edge, since they don’t subject the entire personality but only the part of the individual which goes into fulfilling its functional role (Simmel, *Philosophy of Money*, 336-40). The looser demands of social contexts shaped by money are contrasted with close-knit communities which engage the entire personality, creating a common life of its members. Love serves as an example of a social relationship in which the partners live for each other and, according to Simmel, in their pursuit of intertwined goals “what the individual keeps in reserve, beyond the developments and activities directed toward the other, can approach a threshold of nothing” (Simmel, *Sociology*, 46; *Philosophy of Money*, 347-8).[[9]](#footnote-9) Social relationships shaped by money, on the other hand, are defined by a certain “heartlessness” (Simmel, *Philosophy of Money*, 347), since their instrumental character doesn’t call for personal attachment.

Note, however, that Simmel believes that modern individuals participate in different social circles whose inner structure can vary significantly. The development of social spheres which possess an independent logic is another kind of differentiation he considers a hallmark of modernity brought about by the money economy (Simmel, *Philosophy of Money*, 343-347). While Simmel diagnoses a general tension between the subjective demands of the individual and the objective demands of the community, modern societies offer a plurality of contexts with varying degrees of each which can, at least in principle, satisfy different social needs. We might want to have a different degree of independence from our partner, our friends, our employer, our colleagues, political allies, or our fellow citizens. These social spheres also have cultural significance: they develop into the objective forms of culture such as economy, law, politics, science or, art through which individuals can actualize themselves. Simmel argues that freedom manifests in a self-determined process of shaping external objects which also cultivates the individual. The cultural contents of the social spheres are the most important resource for the cultivating work of the individual which develops its capacities in appropriating them.[[10]](#footnote-10) We thus see Simmel advancing a broad concept of freedom: He regards a certain kind of “self-ownership” (Simmel, *Philosophie des Geldes*, 418; my trans.; see *Soziologie*, 262) as prerequisite of the possibility to develop one’s capacities according to their immanent potential in shaping external objects (Simmel, *Philosophy of Money*, 465; “Metropolis”, 182).

Simmel dedicates a lot of space to exploring the conflicts that arise from the asymmetrical development of subjective cultural needs and objective cultural demands in modernity. Since modern societies are shaped by the objectifying force of money, the cultural forms tend to outgrow the subjective capacities of the individuals. Simmel explains the difficulty of subjective cultivation in modernity by the effects of the division of labor which he sees structuring most cultural domains.[[11]](#footnote-11) The downside of performing a specialized task that engages only a small amount of subjective energy is that such a partial involvement doesn’t develop the entire personality of the producer (Simmel, *Philosophy of Money*, 458-60). Moreover, integrating the contributions of many specialized producers, the product turns into an objective reality that exceeds the capacities of each of them. Modern alienation thus consists, first and foremost, in the cultural dominance of objectivity over subjectivity (Simmel, *Philosophy of Money*, 453-4, 464; 472-3; “Metropolis”). Yet Simmel also points to the possibility of the available objective forms confining individual development, citing the institution of marriage which inhibits the flourishing of modern women in the private realm as an example (Simmel, *Philosophy of Money*, 468-70).

Simmel’s reflections on the social effects of the money economy are relevant, since they pave the way for a plausible alternative to both economic individualism and Honneth’s social concept of freedom. In contrast to the notion of an atomistic self that is prior to and separate from the influence of social ties, he emphasizes the social and relative character of freedom (see Martinelli, “Freedom: An Open Debate”, 280). By acknowledging that self-actualization must be mediated by objective forms Simmel also omits a purely negative concept of freedom. Yet he restricts Honneth’s more ambitious concept of an intentional pursuit of shared goals as a presupposition of self-realization to the domain of personal relationships in which the independence of an individual can be reduced to a minimum. Simmel acknowledges different kinds of social relationships as experiences of freedom. We can thus read him as advocating a broader understanding of freedom and a more differentiated concept of modern societies, embracing, what I want to call, its social pluralism. While Honneth (*Freedom’s Right*) develops a tripartite conception of contemporary freedom, its legal and moral iterations are characterized as deficient and have to be overcome by the principle of social freedom. He distinguishes only three spheres—personal relationships, economy, and politics—in which the same ideal of social freedom should be institutionalized as well as mediate them to create an organic whole (Honneth, *Idea of Socialism*, 90-93). In contrast to this Hegelian vision, Simmel considers more social spheres as relevant for the self-actualization of modern individuals, attributing different degrees of independence to them. Applied across the board, the thick notion of cooperative solidarity appears too narrow for the drive to individual distinction modern societies can give space to. For Simmel, different social spheres call for different kinds of embeddedness to contribute to the full development of individuals—an important aspect of social reality which is, however, often neglected in current political theory, as Herzog (*Inventing the Market*, 83) shows. Simmel thus acknowledges how complex and diverse the relationship between individual and community becomes in modern societies, undercutting a one-sided emphasis on each of them by emphasizing their tension—an attitude that also guides his reflections on socialism and individualism to which I turn now.

***3. Socialism and individualism as ideological principles of modern life***

The money economy has, according to Simmel, an ambivalent effect on individuals. By enabling the division of labor, it liberates the individual from the narrow bonds which subject its entire personality to social demands. Yet, on the other hand, money creates an objective culture which only calls for a functional contribution by each individual, devouring the space for personal distinction in ever-growing complex systems in which all roles are replaceable. From the perspective of the individual, money is thus both a differentiating and a levelling force (Simmel, *Philosophy of Money*, 347-9, 465-6, 474-5; “Metropolis”).

Simmel argues that this ambivalent social impact of the new economic order was conceptualized by the ideology of egalitarian individualism which captured the minds of 18th-century thinkers such as Kant or Fichte, culminating in the battle cry of the French Revolution *Liberté, égalité, fraternité* (Simmel, “Formen des Individualismus”, 49; “Metropolis”, 184-5; *Fundamental Problems*, 64-73) These doctrines develop individuality as the general form of each human, reconciling freedom and equality, albeit only abstractly. Simmel characterizes this kind of individualism as “quantitative”, since, as Arthur Bueno (“Forms of In-dividuality”, 413) puts it nicely, each “human being is conceived as possessing the same abstract nature as any other and thereby as a commensurable or interchangeable element, different from others only in a ‘numerical’ sense.” While quantitative individualism captures the natural potential of each human to be free, it doesn’t grasp the actual exercise of freedom. Identifying self-cultivation with the striving for a personal distinction that reflects the uniqueness of an individual, Simmel assumes a conflict between freedom and equality (Simmel, *Fundamental Problems*, 65-67; see “Über sociale Differenzierung”, 200-201; “Formen des Individualismus”, 49; “Metropolis”, 184-5). He speculates that the revolutionary’s call for fraternity was meant to bridge the tension between the conflicting tendencies of freedom and equality—a moral attempt to keep the antagonistic psychological drives which both can flourish under the economic conditions of modernity in check. Consequently, Simmel suggests that egalitarian individualism dissolves into two competing principles during the 19th-century which explore the social opportunities of the modern economic order: socialism on the one hand (a), and qualitative individualism on the other hand (b). In the following, I trace his critical discussion of both the social potentials and limits of these ideological principles.[[12]](#footnote-12)

a) *Socialism*:

While Simmel appreciates the liberation of the individual in modern societies, he also has a keen eye for the negative effects of the competitive contexts the money economy has created. He considers the egalitarian ideal of socialism as a critical response to the atomization of individuals which deprives them of communal support, pitting them against each other and, hence, driving the return of social inequality, throwing too many into misery and suffering (Simmel, “Women’s Congress”, 271; *Philosophy of Money*, 347-48; “Tendencies”, 184-185). Rejecting that the new social hierarchy has natural foundations, socialism demands a just distribution of contributions and rewards. Emphasizing that social inequality is experienced as “degradation and oppression”, Simmel identifies the “psychological power” (Simmel, *Sociology*, 209) of socialism in its mobilization of “vague communistic instincts” (Simmel, “Tendencies”, 172; *Philosophy of Money*, 348; *Fundamental Problems*, 79) which invoke the tight bonds of ancient communities. In contrast to its atavistic emotional footing, the actual vision of socialism, as Simmel sees it, is, firmly grounded in the objectifying tendency of modernity. A just order should be achieved by a completely rational organization of society which prioritizes the functional nexus of the whole over its individual members. A centralized coordination of the production process would replace the anarchy of competition to ensure “intertwining and complementarity” (Simmel, *Soziologie*, 338; my trans.) as the principles of social interaction. Simmel thus imagines socialism as a planned economy in which supply and demand are allocated rationally by calculation. By objectifying “every action of social importance”, the satisfaction of needs “would result not so much from the specific abilities of the individual but rather from an organization of work” (Simmel, *Sociology*, 297). Taken to its extreme, such a social system, Simmel submits, would remove the personal element from all economic interactions, increasing the mutual dependence of all participants by objectifying their relationships. Hence, individuals would receive social recognition by fulfilling their functional role in the harmonious whole.

For Simmel, the socialist ideal depends on the objectifying character of the money economy, mobilizing its levelling effect for achieving social equality. It’s thus not surprising that he identifies a “formal affinity” between the “money economy” and “socialism, at least […] an extreme state socialism” (Simmel, *Philosophy of Money*, 297; trans. mod.). Moreover, the institution of money also makes a completely fair calculation of economic value imaginable. Simmel discusses the idea of “unequal prices” which take account of “the overall state of the economy, the many-sided forces of supply and demand, the fluctuating productivity of people and objects as price determining factors” (Simmel, *Philosophy of Money*, 318). Since an individual’s capacity to pay would feed into the price formation, prices would be flexible, i.e. consumers would pay different prices for the same product because of their subjective circumstances. These “unequal prices” have “recently been declared”, Simmel reports without identifying by whom, “a general remedy in social policy which would possess the advantages of socialism without its shortcomings” (Simmel, *Philosophy of Money* 319), yet his discussion points us to his core reservations against socialism. By considering an individual’s capacity to pay, unequal prices, as Dodd (“Perfect Money”, 163-67) shows, represents the ideal of relative equality in the economic realm, thus illustrating socialism without the levelling of individual differences. Yet Simmel denies the actual possibility of such a price formation, despite citing examples that go in this direction such as income dependent fees for medical treatments or flexible taxes. Dodd points to an empirical hindrance for calculating unequal prices from Simmel’s perspective, arguing that the necessary information about individual conditions of consumption and production is hardly accessible. His comparison of such a system with the “‘machine dream’ of a perfectly rational, centrally coordinated system of prices that featured in the socialist calculation debate” indicates a deeper reason for the unfeasibility of unequal prices Dodd (“Perfect Money”, 166) doesn’t consider. In his *Sociology*, Simmel rejects central planning with the “Austrian” argument that individual needs are too contingent and irrational to be predictable, implicating that we simply cannot know the individual circumstances sufficiently to consider them in an economic calculation (Simmel, *Soziologie*, 64 f.).[[13]](#footnote-13) Put differently, the problem is not only a lack of access to this highly peculiar information but the lack of its very existence. Individual distinctiveness cannot be dissolved into universal knowledge.

This argument brings us to the kind of criticism Simmel levels against socialism throughout his career. On the deepest level, he questions whether social equality is an achievable goal, insisting on the natural differences between individuals which make them “*genuine unequals*”, as Dodd (“Perfect Money”, 164) puts it. For Simmel these individual differences always strive for a social expression, thus preventing leveling efforts from being completely successful. The narrative of the short fairy tale “Roses: A Social Hypothesis”, published in the avantgarde journal *Die Jugend* [The Youth] in 1897, brings this point home nicely. Set in a fictious community where everybody owns a piece of land which bore as much as they need, the unequal distribution of the possibility to grow roses leads to a social revolution. While the subsequent redistribution of land enables everyone to grow roses, the different success in making them flourish-because of a “luckier hand”, “more sun”, or “a more successful graft”--, ignites “the same hatred and envy” (Simmel, “Rose: A Social Hypothesis”, 51) as before, leading to yet another upheaval. The story illustrates that the elimination of individual differences is a “Sisyphean pursuit” (Simmel, Roses, 51) and describes a version of the widely acknowledged Tocqueville effect: since our identities rely on discerning ourselves from others—a psychological assertation that has been empirically confirmed (see, e.g., Bellet, “McMansion Effect”; Bourdieu, *Distinction*)—, minor differences are felt as strongly as major ones after a short period of adaptation. Simmel levels this argument, in his early treatise “On Social Differentiation” (1890), against both socialists and their critics to demonstrate that absolute equality is unattainable, even when collective property is introduced (Simmel, “Über sociale Differenzierung”, 235-36; see also “Rose: A Social Hypothesis”, 47; “Metropolis”, 174-76; *Fundamental Problems*, 73-6; cf. Treiber, “Sozialismus, Sozialdemokratie, soziale Frage”, 517-8; 525-6).[[14]](#footnote-14) Moreover, he explicitly rejects the feasibility of relative equality in the social realm, arguing that a fair distribution of functional roles according to the qualification of each individual is impossible, since there are always less higher positions available than individuals suited for them, assuming that professional hierarchies are a technical requirement of modern work processes (Simmel, *Fundamental Problems*, 76-7; *Sociology*, 202-3).

To sum up, the idea of socialism epitomizes the human pursuit of equality which Simmel regards as “in the highest degree worthy of recognition and of the greatest sympathy“ (Simmel, “Tendencies”, 184; see “Women’s Congress”, 271) under the social conditions of the 19th century. Yet he believes that individual distinction is, at least, as important to the human condition, rendering the socialist focus on objective demands an insufficient response to the complex requirements of a modern society which undermines the actualization of freedom (Simmel, “Über sociale Differenzierung”, 200; “Philosophy of Fashion”, 186-87; *Fundamental Problems*, 73-4). It’s thus not surprising that Simmel sees a radical individualism responding to the rise of socialism.

*b) Qualitative individualism*

The diagnostic piece “Tendencies in German Life and Thought Since 1870”, which was published in American magazine *International Monthly* in 1902, portrays Nietzsche as spearheading the emergence of extreme “individualists who see in the freedom and development of the single personality, indeed in the aristocratic rule of the strong over the weak, the final meaning of all social government” (Simmel, “Tendencies”, 177). This individualism is strikingly different from its Enlightenment predecessor, since it insists on the distinct character of each individual, emphasizing the uniqueness and inequality of everyone. Shifting the locus of value from the center to the elements, a completely different vision of society than socialism emerges, revolving around the “personal initiative” and “spontaneously evoked powers” (Simmel *Sociology*, 269) of antagonistic individuals. It’s through competition that the peculiarity of individuals develops (see, e.g., Simmel, “Bemerkungen zu sozialethischen Problemen”, 20, 31; *Sociology*, 273). Depending on “independent efforts” (Sociology, 273), the “*competitive form* of production” remains “rhapsodic” (Simmel, *Sociology*, 271) and flexible to accommodate the arbitrariness of chance as well as the “fluctuations in needs, energies and moods” (Simmel, *Philosophy of Money*, 499). In allowing “every element to develop independently according to its own circumstances” (Simmel, *Philosophy of Money*, 499), such a social form facilitates a maximum of personal freedom, at least for the individuals who are capable of exploiting their advantages. Simmel regards private property as such a means of exploitation, characterizing it as “more than the expression of individual differences; it multiplies them; it intensifies them to the point, to put it radically, where at one pole of the society a maximum of freedom has developed, and at the other, a minimum” (Simmel, *Fundamental Problems*, 66).

It's thus not surprising that Simmel considers aristocracy as the appropriate political form of qualitative individualism. He emphasizes that the levelling force of modern economy, epitomized by the “smelting-furnace of socialism” (Simmel, “Tendencies”, 177-8), has made a transformation imaginable which purges society from all arbitrary hierarchies, paving the way for a social order which represents the “actual inequality” (Simmel, *Sociology*, 220) of individuals. While Simmel acknowledges this “just and enlightened individualism” (Simmel, “Tendencies”, 177) as a logical ideal, he, ultimately, remains skeptical whether a “rule of the best” is feasible. In his *Sociology*, he submits that no method to determine the truly best has been developed so far—and, given the disproportionality between the number of available higher positions and suited individuals we encountered already, it’s unlikely that such a method could succeed under any circumstances. Simmel also points to the negative psychological consequences of social hierarchies which make the subordinates feel degraded, depriving them of experiencing their freedom, and often corrupt the superiors by pride (Simmel, *Sociology*, 220, 209). Consequently, the supporters of “extreme individualism” are characterized as utopians who “are accustomed to deal with ideals of a purely abstract possibility, and hence not to attach sufficient importance […] to the difficulties involved in the concrete details of their plans” (Simmel, “Tendencies”, 178).[[15]](#footnote-15)

The differentiating force of modern economy also has direct downsides. Money dissolves the personal ties that bind us together, isolating the individual from organic communities and the mutual responsibilities that come with them—a criticism Marglin (*Dismal Science*) also levels against economic individualism today. The dominance of instrumental relationships prevents the development of deeper attachments to each other and thus causes the, already cited, “heartlessness” of “our social culture” (*Philosophy of Money*, 347; see also “Metropolis”, 175). Under such circumstances the individual’s claim to freedom remain imaginary. Cut adrift from communal ties, the self is prone to become “hypertrophic”, rendering it susceptible to despair, since it expects too much from the world. Simmel contends that “individualistic ages” can spur the subjective enthusiasm of people so much that they easily fall, after a brief optimistic upturn, into the downward spiral of pessimism (Simmel, “Socialismus und Pessimismus”, 559, my trans.).[[16]](#footnote-16)

We see that, taken to the extreme, both socialism and individualism would bring about social forms which don’t offer individuals an appropriate context to actualize themselves. While the first curtails the opportunities for individual distinction too much, the second uproots the individual, alienating it from social reality. Both extremes thus fail to properly integrate individual freedom into the social whole without undermining it. Yet Simmel emphasizes that neither of these principles is absolute, rejecting an exclusive commitment to one of them as a “self-justifying goal and final authoritative word” (Simmel, *Sociology*, 270; cf. Treiber, “Sozialismus, Sozialdemokratie, soziale Frage”, 519). By considering socialism and individualism as social means to achieve “the material goals of happiness and of culture, of justice and of perfection”, Simmel offers a pragmatic perspective from which we can see them as antagonistic poles which teach us about the different requirements of a fulfilled life (Simmel, *Sociology*, 270, trans. mod.; see also 209-10; *Philosophy of Money*, 337-8).

***4. Balancing the social extremes: Simmel’s economic pluralism***

We have seen so far that Simmel explores the tensions between individual and community, examining how social forms accommodate the demands for attachment and independence, equality and distinction—or fail to do so. Moreover, he shows that the basic conflict of sociation is deepened by modern economy, since the institution of money is both a levelling and differentiating force which affects all realms of social life, slowly submitting them to the economic form. The growing dominance of economic relationships renders it all the more necessary to respond to the key challenge of modern societies within the realm of economy to enable the social pluralism Simmel embraces (see section 2). In his *Sociology*, he advances an argument which explains why socialism has worked in smaller communities within an overall liberal market so far, pointing to the Familistère de Guise which had two thousand members in the 1890s as an empirical example.[[17]](#footnote-17) Since the discussion aims at proving the feasibility of the sociological method by applying it to different social phenomena (Simmel, *Sociology*, 54), I submit that it can be expanded to explore whether this approach justifies a more comprehensive proposal of a pluralist economic order which responds to the issues of the social extremes I discussed in section 3. The following thus traces Simmel’s sociological (a) and economic arguments (b) for the social advantages of economic pluralism and shows their convergence with the political argument (c) for a democratic alternation of positions of power, which is developed in another chapter of his *Sociology*. The emerging vision of democratic socialist cooperatives within a liberal market economy can be read, I contend, as an immanent solution to the problems of modern society, since the contrasting demands of communal attachment and individual distinction are balanced by the different economic forms. Both aspects are necessary conditions for the actualization of individual freedom.

*a) The sociological argument*

In his short article “Socialismus und Pessimismus”[Socialism and Pessimism] (1900), Simmel submits that lowering the stakes is an effective way to prevent an individual’s plunge into despair because of disappointed expectations—one of the key dangers of extreme individualism. The socialist levelling of subjective demands is thus a sensible approach to curb the enthusiasm of individuals sufficiently. By aiming at a fair distribution of burden and gratification socialist arrangements restrain what an individual can gain for itself in distinction from others. Simmel argues that such a balancing of service and reward “can be readily realized in a small group and, what is clearly just as important, be reviewed and monitored by individuals. What each would endure for the whole and how the whole compensates each are implicit in one another, so that agreements and settlements are readily produced.” (Simmel, *Sociology*, 53) Yet he also suggests that a socialist organization of economy cannot exceed a certain number of participants, since there is a pragmatic limit to compare individual contributions and remunerations adequately—as the case of unequal prices has shown. The larger a social group is, the more individual differentiation is necessary to keep it united by a “definitive division of labor” (Simmel, *Sociology*, 53) which increases the specialization of functions to the extreme. Moreover, the relationships between members of a large social group become more abstract, making it difficult to actualize the collaborative spirit of intertwining and complementary purposes.[[18]](#footnote-18) In remaining small, socialist cooperatives offer the kind of social cohesion the individualist tendency of modern economy undermines. By keeping the relationship to the whole traceable, the immanent danger of alienation socialism faces because of its reliance on the objectifying tendency of modernity is kept in check too (see Simmel, *Sociology*, 60-62).

*b) The economic argument*

Remember that the impossibility to predict individual needs is, according to Simmel, a major impediment for the feasibility of a socialist economy which he identifies with central planning. In his *Sociology*, this argument justifies the view that, under modern conditions of individual freedom, socialism only works in small groups, since individual demand can only be met when the rationally calculated supply of socialist production is amplified by an overall market economy. Anticipating an “Austrian” argument for the superiority of the market again, Simmel insists that humans being what they are produce a lot of waste, rejecting the possibility of complete purposiveness on a large scale and, hence, the total efficiency of an economic system (Simmel, *Soziologie*, 65).[[19]](#footnote-19) For “satisfying possibilities of life” (Simmel, *Soziologie*, 65-6; my trans.) useless goods and activities have to be available, especially when it comes to the cultural aspirations of modern individuals and their actualization of freedom (Simmel, “Steinthal”, 201-2).

*c) The political argument*

We can find a similar attempt to balance the contrasting intuitions of socialism and individualism Simmel’s proposal for modified professional hierarchies that preserve their efficiency while mitigating their negative psychological effects by alternating positions of power. In the chapter about “Domination and Subordination”, Simmel cites Proudhon’s anarchist pursuit of abolishing hierarchies altogether to “re-ground all order and all cohesion on the unmediated interaction among free, coordinated individuals” (Simmel, *Sociology*, 211), adding, however: “this coordination is to be achieved perhaps by a continuity of domination and subordination when precisely it alternates: an ideal constitution, in which A is superior to B in a relationship or in a time, but in another relationship or another time B is superior to A. The organizational value of domination and subordination would thereby be conceded while its oppression, one-sidedness, and injustice would be abolished.” (Simmel, *Sociology*, 211) He regards the democratic organization of groups as the actualization of this view, also referring to an example of workplace democracy. A small worker’s cooperative in which the foreman is elected fulfills the requirement of alternation, since while the workers “are subordinate to the one chosen in the work of the enterprise, they are dominant with regard to its general direction and results” (Simmel, *Sociology*, 211). Moreover, a frequent change of leadership is easy in such a less differentiated social context, establishing a “chronological alternation” too which represents the ideal that “everyone gets the greatest possibility for a turn” (Simmel, *Sociology*, 211)—for Simmel a feature of all “definitive democracies” (Simmel, *Soziologie*, 264; my trans.). Note that this democratic solution to the problem of professional hierarchies is derived from the specific characteristics of modern societies which objectify social forms, hence removing the personal element of power, although not completely.

***5. Conclusion***

We live in times of an increasing polarization in which the margins of the political spectrum begin to dominate our social imagination again. While the neoliberal iteration of the capitalist project suggests an extreme individualism as the normative default position, the devastating impact of the globalized economy on many has reignited the pursuit of egalitarian alternatives, often of a socialist stripe. In this constellation, Simmel’s social theory of modernity can be a useful resource to undercut the return of the old battle between opposite economic systems. I have argued that two kinds of pluralism can be derived from his conceptualization of the social effects of the money economy. In contrast to one-size-fits-all concepts of freedom, he embraces a social pluralism which acknowledges a plurality of cultural spheres as relevant for the self-actualization of modern individuals, attributing different combinations of independence and embeddedness to them. Moreover, Simmel gives us the vision of a pluralist economy in which democratic worker’s cooperatives are combined with an overall liberal market to satisfy both the longing for community and the strive for individual distinction.

Of course, Simmel’s moderate proposals leave open many questions, especially from today’s perspective: How can we push back against the economization of all social spheres, allowing for thicker communities in some of them? How much of the economy should be organized in worker’s cooperatives and how should private companies be transformed into them? Is it feasible to introduce workplace democracy in large multi-national companies? My reconstruction of some of Simmel’s arguments doesn’t, however, aim at unearthing a Simmelian recipe for curing all of our social maladies. Rather, I intend to show that his thoughtful consideration of social options derived from the specific configuration of the modern money economy can open our imagination to social paths not taken yet. It’s this explorative spirit which distinguishes Simmel’s approach from the kind of dogmatism which shapes many philosophical, political, and economic debates alike.

**Acknowledgements**

For critical comments and helpful suggestions, I am indebted to Lisa Herzog, Thimo Heisenberg, Austin Noonan, Stefan Sciaraffa, Igor Shoikhedbrod, and Tim-Florian Steinbach, as well as to an audience at McMaster University. This work was supported by a Connection Grant of SSHRC, Canada (nr. 611-2021-0241).

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1. See also Honneth, *Freedom’s Right*. [↑](#footnote-ref-1)
2. When possible, I refer to recent English translations of Simmel’s works. When no translation is available or the existing translations don’t capture the literal meaning of his highly peculiar prose well, I will refer to the German original und use my own translation. [↑](#footnote-ref-2)
3. Laidler and Rowe (“Review”) argue that Simmel’s work is attractive to modern economists, yet this suggestion has not been taken up. An exception is Flotow, *Geld, Wirtschaft und Gesellschaft*. Laidler and Rowe (“Review”) see a similarity of Simmel’s approach to “what is nowadays called ‘Austrian’ economics”, yet Natàlia Cantó Milà (*Value*, 59-65) emphasizes his debt to Gustav Schmoller, the main protagonist of the opposed Historical School. Tracing the influences of contemporary economics on Simmel’s thought who doesn’t disclose his sources properly is beyond the scope of this paper. [↑](#footnote-ref-3)
4. For recent work on different aspects of Simmel’s philosophical relativism see, e.g., Pyyhtinen, *Simmel and the ‘Social’*; Goodstein, *Georg* *Simmel*; Amat, Relativism, 2021; Kusch, Die Verteidigung des Relativismus, 2020. [↑](#footnote-ref-4)
5. Simmel defines the notion of perfect money as “logically not impossible” (*Philosophy of Money*, 319; trans. mod.) and, thus, utopian. Gessner (*Schatz im Acker*, 149 f.) argues that the social aprioris from the *Sociology* should be understood as ideal types, not as material utopias. [↑](#footnote-ref-5)
6. For Simmel’s theory of value see, e.g., Cantó Milà, *Value*; Schlitte, *Macht*. [↑](#footnote-ref-6)
7. As examples of dependence on others Simmel(*Philosophy of Money*, 295-8) mentions the need for machines and devices; and of society as whole the need for public infrastructure. [↑](#footnote-ref-7)
8. For the breadth of Simmel’s discussion of the division of labor see Müller, “Wie ist Individualität möglich?”. [↑](#footnote-ref-8)
9. For the difference between the liberal idea of “overlapping” and the socialist idea of “intertwined” goals see Honneth, *Idea of Socialism*, 18-19. Honneth refers to the early Marx’ use of love as model of the thicker concept of social freedom. While Simmel acknowledges this kind of social relationship, he wants to restrict it to the personal domain, as I will show below. [↑](#footnote-ref-9)
10. I lack the space to explore his concept of culture. For its significance see Gessner, *Schatz im Acker*; Schlitte, *Macht*. [↑](#footnote-ref-10)
11. Simmel’s (*Philosophy of Money*, 458-68) key example is labor in the narrow sense, but he sees similar developments in science, consumption, housing, war, fashion, and stylization. Art is an important exception. [↑](#footnote-ref-11)
12. While I am aware that socialism and individualism can be defined in very different ways, I restrict myself to tracing Simmel’s concepts for clarifying his argument. For his genealogy of modern individualism see also Pyyhtinen,*Simmel and the ‘Social’*, 135-40. [↑](#footnote-ref-12)
13. Schmidtz and Boettke (“Hayek”) argue that Hayek’s most fundamental point in favor of the liberal price mechanism is not the lack of access to the information that would be necessary for central planning but that this kind of information does not exist in the first place. See especially Hayek’s (“Use of Knowledge”) argument for situated knowledge enabled by the price mechanism. [↑](#footnote-ref-13)
14. Simmel also discusses the eudemonistic consequences of socialism, highlighting similarities with the psychological foundations of pessimism, since both aim at an equilibrium of pleasure and pain—the former as social ideal, i.e. their fair distribution among members of a community, the latter as the best state available in a world not built for happiness. While his attempt to bring together two key debates of his time is intriguing, it’s beyond the scope of this paper to consider Simmel’s original contribution to the debate about pessimism. For an overview see Hartung “Pessimismus”. [↑](#footnote-ref-14)
15. This criticism is explicitly levelled against the contemporary “individualists by conviction” who “at the same time belong to the social-democratic party, because they regard socialism as the necessary transition stage to a just and enlightened individualism” (Simmel, “Tendencies”, 177). It’s thus unlikely that this position represents Simmel’s own, as Moebius (“Political Thought”) and Köhnke (*Der junge* *Simmel*, 316) suggest. [↑](#footnote-ref-15)
16. Simmel’s reflections on the impasses of modern individualism have also been taken up by Honneth (“Individualization”). For a contextualization of this reception in the development of Critical Theory see Mele, “Critical Theory”. [↑](#footnote-ref-16)
17. Founded in 1859 by Jean-Baptiste Godin and transformed into a cooperative in 1880, the Fourier-inspired Familistere de Guise was a forerunner of industrial democracy and eventually existed until 1968. Its *Social Palace* provided comfortable housing, cooperative stores, free education from the nursery to apprenticeships, and plenty of recreational as well as cultural opportunities (Lallement, “Experiment”). [↑](#footnote-ref-17)
18. For the correlation of the enlargement of a group and the individualization of its members see Simmel Bemerkungen; *Philosophy of Money*, 347-50; *Sociology*, chapter 2. Examples of close-knit communities with a high degree of equality include the guilds of the Middle Ages and the “aristocratic communism” of the ancient polis. [↑](#footnote-ref-18)
19. Hayek (“Use of Knowledge”, 100-01) argues that adjustments prompted by the price mechanism are never “‘perfect’” but that it steers fallible producers in the right direction. Complete efficiency is thus a false expectation. [↑](#footnote-ref-19)