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Reconciling two concepts of money: Karl Marx and Tony Lawson

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There are two fundamental theories of the nature of money: the commodity theory and the credit theory. These theories, with their contrasting core emphases on a commodity or on debt, are widely recognised as being wholly incompatible. However, we argue that the core emphases at least are reconcilable in determining a more sustainable way of conceptualising money. We demonstrate, first, the fatal problems of the two conceptions of money, and the necessity of reconciling their contrasting core emphases to address the puzzle of money. Second, we find another theoretical tradition represented by Karl Marx and Tony Lawson that provides methods to achieve the desired reconciliation. Marx applies duality analysis to the nature of money, and Lawson draws on social positioning theory. This paper can aid scholars in better understanding the nature of money.

Key words: Money, Commodity theory, Credit theory, Marx, Lawson, Duality, History, Social positioning
JEL classifications: B10, E40, P00

1. Introduction

Over the last three centuries, economists have been puzzled by a fundamental question: what is money? John Law (1720, quoted in Vickers, 1995, p. 49) observes that 'there are good reasons to think that the nature of money is not rightly understood'. Marx (1904, p. 73) cites the view of William Ewart Gladstone that 'not even love has made so many fools of men as the pondering over the nature of money'. Similarly, Schumpeter ([1954] 2006, p. 276) observes that 'there is no denying that views on money are as difficult to describe as are shifting clouds'. Across several centuries, scholars have sought to explore this issue, which remains controversial in monetary economics today. Similar to John Law, Ingham (2004, p. 5) remarks that the nature of money is still not well understood. Indeed, the arguments on this topic, such as those given by Wray (2012), Searle (2016), Lawson (2016, 2018), Ingham (2004, 2018) and

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Mellor (2010, 2019), show that theoreticians have continually focussed on questions surrounding the nature of money.

In general terms, there is a consensus that there are two concepts of money, which are encapsulated by commodity theory and credit theory. The best and most frequently quoted synthesis (Ellis, 1934, p. 3; Ingham, 2004, p. 6; Lawson, 2016) of the two comes from Schumpeter ([1917] 1956, p. 163): 'There are only two theories of money worthy of that name: the commodity theory and the claim theory'. The former views certain commodities, such as gold and silver, as essential to understanding money, while the latter focuses on the role of credit/debt (Ingham, 2004, p. 16; Braun, 2016; Lawson, 2016; Huber, 2017, p. 35; Derpmann, 2018; Mellor, 2019, p. 10).

Traditionally, most economists have implied that these two concepts of money are incompatible; for example, Schumpeter ([1917] 1956, p. 163) asserts that 'the basic ideas of these two theories are not compatible, although in very many cases they lead to the same results'. Ingham (2018) agrees explicitly with Schumpeter's opinion since the distinction between the theories expresses 'a deeper opposition between two quite different social ontologies—the real bone of contention'. While many scholars have long declared that the two theories are incompatible, this claim has never been thoroughly justified and must be explored further. However, Lawson (2022A, p. 30) argues that an explanation is required as to why the two theories are regarded as incompatible. In addition, according to Marx's framework, the claim that the two theories are mutually incompatible is deconstructed (Weber, 2019). The minds of these two scholars, Karl Marx and Tony Lawson, likely shed light on the possibility of reconciling two concepts of money.

The commodity theory supposes that money is, in some sense, a commodity itself and that money's nature is the nature of that commodity. The credit theory supposes that money has always been and could only be credit, and money's nature is the nature of credit (Lawson, 2022A, pp. 30–1). In this sense, the two theories are incompatible. However, the concern of the former with commodities and of the latter with credit can still be reconciled, since commodities and credit have both been essentially involved in the constitution of money. This means that the two concepts of money can be reconciled in a looser sense of the term, as being different instances of one general theory, for which Marx and Lawson offer their respective options.

This article seeks to demonstrate the necessity of reconciling these two theories of money by analysing the shortcomings of each. In so doing, we aim to demonstrate that an alternative form of monetary analysis, one that reconciles the two concepts of money, is both convincing and realistic. The tradition of defining the nature of money as both a commodity and a credit relation is analysed in the following section. The discussion focuses on the ideas of two writers, Karl Marx and Tony Lawson, to show how these two concepts of money can be reconciled in general theoretical frameworks. The methods of reconciliation are also explored at the social ontological level. As discussed below, Marx and Lawson adopt different theories to analyse the nature of money, but 'Marx's account resembles the way Tony Lawson analyses money' (Derpmann, 2018, p. 8), and there is an intrinsic theoretical connection that links them.

To this end, the text is structured as follows. The necessity and possibility of the reconciliation of both concepts of money are elaborated in Section 2. Karl Marx is examined in Section 3, and his duality analysis of the nature of money offers the first alternative to popular belief. Tony Lawson, who is influenced to some extent by Karl Marx, is discussed in Section 4 to explicitly show that the commodity and credit theories are similar from the point of view of his positioning theory of money, which offers a general explanation. Finally, theoretical connections between the two scholars are considered in Section 5 to highlight how they both emphasise social relations and historical dimensions. In our view, this reconciliation analysis is crucial to improve the current understanding of the nature of money.

2. Why does the reconciliation of the two concepts of money matter?

The two existing theories of the nature of money are unconvincing, entailing the need to reconcile them. The commodity theory of money is referred to as Metallism, and credit theory is referred to as Cartalism by Schumpeter ([1954] 2006, p. 274). Goodhart (2003), similarly but without a direct connection, categorises these two concepts of money as Metallist and Chartalist, or the M and C theories, and Lange (2020, p. 77) categorises them as realist and nominalist, both of which have a long history and many proponents.

The 'implicit mainstream view' (Smithin, 2003), which is the orthodox economic theory (Ingham, 2004), holds that the central constitution of money is as a commodity used as a medium of exchange to eliminate the inconvenience of bartering. The main thinkers here include Locke ([1691] 1823), Petty ([1695] 1899), Hume ([1777] 1987), Catillon ([1755] 2015), Smith ([1776] 1976), Jevons (1875), Menger (1892), von Mises ([1921] 1981), Alchian (1977) and other famous economists.

On the other hand, the heterodox argument asserts that the nature of money consists of credit and that its basic function is as a unit of account and credit payment. This position is advanced by Keynes ([1930] 1971), Innes (1913), Knapp ([1905] 1924), post-Keynesians and proponents of the Modern Money Theory (Ingham, 2004, p. 16; Lawson, 2016). Table A1 summarises the main points of difference between the two theories (Skidelsky, 2018, p. 39).

The dilemma of the commodity theory of money is threefold. First, money is not a commodity; the characteristics of money are quite different from those of a commodity. As Clower (1967, p. 5) famously remarks, 'Money buys goods and goods buy money; but goods do not buy goods'. In the orthodox economic view, money is the most exchangeable commodity and arises spontaneously from barter exchanges to prevent the 'inconveniences of double coincidence'. However, money changes the nature of exchange: 'A money transaction differs from barter in that the burden of trust is removed from the participants in the actual transaction and placed on a third party—the issuer of money' (Ingham, 2004, p. 72).

Second, commodity theory lacks historical support. Evidence from archaeology and anthropology shows that money's initial role as a means of payment, for wergild, bride price and religious occasions, probably predated money's role as a medium of exchange (Goodhart, 2003, p. 5). It is a product of modern ideology that money originates in the evolution of the private sector market. Commodity theory is also ineffective for explaining and predicting reality. A possible rationale for this is that 'its criterion for acceptability has become simply whether its assumptions are logically consistent, not whether they are grounded in historical reality' (Hudson, 2004, p. 118).

Third, the commodity theory of money makes it difficult to place money within a general equilibrium model, which is one of the reasons why modern economics cannot predict financial crises or illuminate what happens in the real world. The Walrasian auctioneer offers a way to coordinate activities in a market economy without the need for additional agency, so it is hardly surprising that models that easily solve problems of coordination and information eliminate the need for medium and agency. Smithin (2003, p. 21) summarises this: 'models based explicitly or implicitly on Walrasian "micro foundations" therefore have no real role for money to play (Hahn, 1983; Rogers, 1989; Laidler, 1990)'. Furthermore, the difficult 'integration of money into value theory', which has been a central focus of Modern Money Theory (Benetti, 2004, p. 65; Cartelier, 2018, p. 15), provides further evidence for these challenges.

On the other hand, the credit theory of money also has shortcomings. For instance, the distinction between credit and money is not easy to make, and even if it can be done, 'its application to concrete systems of payment is sometimes difficult' (Cartelier, 2018, p. 115). According to credit theory, money is credit and credit alone: 'All money is someone's promise to pay; but to pay what?' (Hicks, 1977, p. 61). If a commodity is not the answer, only another promise can follow, which can ultimately be converted into a promise from the central state. This might work in a redistribution economy where the state plays a central role but not in a market economy or in a reciprocity exchange. Historical evidence makes credit theory more realistic, but it remains fundamentally weak regarding formal theory, which prevents it from gaining significant academic influence.

Such unilateral monetary analyses, whether focussed on material dimensions, as in the commodity theory of money or focussed on social relations, as in the credit theory of money, will eventually reach an impasse. Marx describes the puzzle of modern economists' monetary analyses as follows:

> The modern economists who sneer at the illusions of the monetary system, betray the same illusion as soon as they have to deal with higher economic forms, as, e.g., capital. It breaks forth in their confession of naive surprise, when what they have just thought to have defined with great difficulty as a thing suddenly appears as a social relation and then reappears to tease them again as a thing, before they have barely managed to define it as a social relation. (Marx, 1904, p. 31)

In brief, the commodity theory of money, based on deductive methodologies and mathematics, lacks institutional detail, whereas the credit theory of money, which offers greater historical empiricism, needs improvement in its formal paradigm. Despite the hard work of many writers and scholars, the current state of monetary theory is still far from satisfactory.

The nature of money is complicated, producing long-standing enigmas and paradoxes in monetary theory. 'Money should not be seen simply as a useful instrument; it has a dual nature', which means that it has both 'infrastructural' power and 'despotic' power (Ingham, 2004, p. 4). Simmel (2004, p. 175) also highlights 'the dual nature of money, as a concrete and valued substance and, at the same time, as something that owes its significance to the complete dissolution of substance into motion and function'. Other observers also point to the dual nature of money. Guttmann (2003) recognises the contradictory dual nature of money as both a public good and a private commodity; Ülgen (2013, p. 182) focuses on the ambivalence of money, 'a social coordination method and means of private action'; and Woodruff (2013) identifies the dual nature of money as a medium of exchange and means of payment. The monetary system is also twofold because of the ambivalence of money (Ülgen, 2021, p. 155). The duality analysis of social processes can be traced to Marx, as discussed in the next section. Money has two sides: it is both a token and a commodity, a product of both the state and the market. Just as Hart (1986, p. 637) asserts,

> Most economic theories of money focus on one extreme to the exclusion of the other. The current ideological debate between Keynesians and monetarists leads to unnecessarily wide swings in public policy. It is time for anthropologists too to abandon our predilection for polarised argument when making a comparative study of institutions such as money.

The traditional commodity theory of money is usually traced back to Aristotle's *Politics*, where the philosopher defines money as 'a useful commodity' (Aristotle, 1932, p. 43). However, he also supports the view that regarding *Ethics*, money 'exists not by nature but by convention (nomos), and it is in our power to change its value and render it worthless' (Aristotle, 2000, p. 90). Similarly, Aquinas sees money as both embodied in silver coins and as a creature of human law (Wittreck, 2016, p. 61). Unfortunately, this way of viewing money has not been adopted by most modern scholars. By expanding our gaze, we can transcend the ancient methodological controversy between logistics and history. The question of money is not only analytical but also historical.

> We are asking that the two senses of implication, empirical and logical, should be brought together. … Can that be done? There is plenty of experience, in science (and even in economics) to show that it can. (Hicks, 1979, p. 29)

There is a great need to reconcile the two understandings of money, which could eliminate the shortcomings of each and make the combined theory far more convincing. The issue is complex, even paradoxical and it cannot be addressed through polarised views and methodologies. As Sir John Hicks observes,

> Truth is many-sided. Any uniform presentation could only be a photograph from one angle; by changing my approach, I hope that I have achieved something more stereoscopic. (Hicks, 1967, p. v)

This statement is also valid for the reconciliation of the two theories of the nature of money. In the next sections, we examine Karl Marx and Tony Lawson's *prima facie* alternative conceptions of money and offer ideas on how to bridge them.

3. Karl Marx: a duality analysis of the nature of money

It is generally believed that Marx supports the commodity theory of money because his monetary analysis begins with money as a commodity. However, this is rather misleading; it is more likely that 'in a sense Marx's theory of money is neither a commodity nor a nominalist theory of money' (Nelson, 1999, p. 4). Marx discusses the two concepts of money explicitly and criticises them in his monetary theory, 'refuting any "nominalist", as well as "realist" theory of money' (Lange, 2020, p. 77).

Marx profoundly critiques the idea that money is a commodity (Levine, 1983, p. 27) and traces the commodity theory of money back to the seventeenth century. According to Marx ([1867] 1976, p. 186),

> The discovery that money is a commodity had already been taken; but this was merely the first step, and nothing more.

Although Marx associates money with a commodity, it cannot be precisely equated with goods, forming the paradox at the centre of the commodity theory of money and the orthodox monetary analysis.

As Hahn (1983, p. 1) notes, Marx's principal concern with the commodity theory of money is that it leaves no actual room for money. The specific property of a monetary transaction is ignored as if purchase and sale are the same, thereby eliding the possibility for two independent moments of circulation and, similarly, origins of crises. As Marx ([1867] 1976, p. 186) affirms,

> The difficulty lies not in comprehending that money is a commodity, but in discovering how, why and by what means a commodity becomes money.

The objective of understanding money lies not only in physical goods but also in human relationships in society.

While neo-Ricardians have interpreted his work as advocating the credit theory of money (Nelson, 1999, p. 162), it is nevertheless crucial to note that Marx objects to that notion (Nelson, 2005). Money, on the one hand, is different from a commodity; on the other hand, Marx observes, it also differs from credit, and he uses Alfred Darimon's definition to exemplify the latter, 'namely that he completely identifies monetary turnover with credit, which is economically wrong' (Marx, [1857] 1973, p. 123). Marx outlines the key points of credit theory and notes that its error is to separate the essence of money from the product of humans:

> The fact that money can, in certain functions, be replaced by mere symbols of itself, gave rise to another mistaken notion, that it is itself a mere symbol. Nevertheless, this error did contain the suspicion that the money-form of the thing is external to the thing itself, being simply the form of appearance of human relations hidden behind it. (Marx, [1867] 1976, p. 185)

Following this rationale, both the social characteristics of material objects and the material characteristics of the social process are mere symbols produced arbitrarily by human reflection. One strand of the credit theory of money comes from the state theory of money, which attempts to attribute the value of money to the national will or to communal trust (Ingham, 2004, pp. 39–47). Nevertheless, a similar view has long been criticised in monetary theory as 'it is the sovereigns who in all ages have been subject to economic conditions, but they have never dictated laws to them' (Marx, 1937, p. 70).

However, human relations cannot exist without being expressed somehow, including in physical goods. Atomist methods of observing social processes make the invisible relations of production take on material shape, which also shapes the riddle of money.

> The special difficulty in grasping money in its fully developed character as money—a difficulty which political economy attempts to evade by forgetting now one, now another aspect, and by appealing to one aspect when confronted with another—is that a social relation, a definite relation between individuals, here appears as a metal, a stone, as a purely physical, external thing which can be found, as such, in nature, and which is indistinguishable in form from its natural existence. (Marx, [1857] 1973, p. 239)

According to Marx, a duality analysis that combines social relations and natural existence is necessary to fully understand the nature of money. Money comes from the process of externalising the duality of a commodity, which comprises use-value and value. As Marx ([1867] 1976, p. 181) writes,

> The need to give an external expression to this opposition for the purposes of commercial intercourse produces the drive towards an independent form of value, which finds neither rest nor peace until an independent form has been achieved by the differentiation of commodities into commodities and money.

Society's actions divide commodities into two parts and turn a specific commodity into a universal equivalent, which then represents the values of all other commodities. Moreover, as Marx ([1867] 1976, pp. 180–1) claims,

> The natural form of this commodity thereby becomes the socially recognized equivalent form. Through the agency of the social process, it becomes the specific social function of the commodity which has been set apart to be the universal equivalent. It thus becomes—money.

The natural and value forms of a commodity combine in the dual nature of money. Money is a commodity, but not a commodity *per se*. On the one hand, money is gold, silver or a commodity; on the other hand, it is a social relationship or universal equivalent. The essence of money is a commodity that serves as a general equivalent, the result of a commodity's duality being differentiated and its exchange value or value being externalised.

It is noteworthy that the forms of money Marx discusses are confined to the commodity of money. In this context, Marx (1904, p. 74) argues that 'the forms which belong to a higher stage of production, as e.g., credit money will not be discussed here. For the sake of simplicity, gold is assumed throughout as the money commodity'. When considering the context of credit money, a duality analysis of money provides a feasible method for reconciling the two concepts.

The philosophy behind these monetary theories points to further reasons why the two concepts can be reconciled. Marx's duality thought process forms part of his dialectical analysis, based on Georg Wilhelm Hegel's opinion:

> How does reason manage to affirm itself, to pose itself in a definite category? That is the business of reason itself and of its apologists. … But once it has managed to pose itself as a thesis, this thesis, this thought, opposed to itself, splits up into two contradictory thoughts—the positive and the negative, the yes and no. The struggle between these two antagonistic elements comprised in the antithesis constitutes the dialectical movement. The yes becoming no, the no becoming yes, the yes becoming both yes and no, the no becoming both no and yes, the contraries balance, neutralize, paralyze each other. (Marx, 1937, p. 91)

Via a duality analysis and the dialectic movement, simple categories form the group, series and entire systems of thought. The duality method holds that a research object has two characteristics in the social realm: natural attributes and social attributes. Marx's duality theory, based on the logico-historical method, observes, first, that history is history recognised. Just as all natural things must be formed, humans have their own formation process, which is history.

Marx's duality theory also finds that logic and history, the abstract and the concrete, natural attributes and social attributes are unified in the realm of practice. Duality thought entails the theoretical refinement of the fundamental characteristics of human economic activity, especially the capitalist production process. In the process of human production, a 'thing' constantly obtains and superimposes new social forms, and the theories of logic continuously acquire new historical connotations and significance. In terms of theoretical research methods, duality thought can be used to resolve the deviation between the logical method and the historical method. Marx's duality thought is not only a form of economic analysis but also a philosophical idea.

This method of duality analysis is applied to economic categories, which have two characteristics: the general, that is, an abstract and social quality and the particular, that is, a concrete and natural quality. These two aspects of labour determine the dual nature of commodities, which then diversifies into the forms of commodity and money. As Marx ([1867] 1976, p. 138) puts it,

> However, they are only commodities because they have a dual nature, because they are at the same time objects of utility and bearers of value. Therefore, they only appear as commodities,

or have the form of commodities, insofar as they possess a double form, i.e. natural form and value form.

The value form is just the point of departure for Marx's monetary analysis. In the shift from commodity to money, money is the advanced form of value, one combined with the material nature of commodities or metals. According to Marx ([1867] 1976, p. 162),

> The advance consists only in that the form of direct and universal exchangeability, in other words the universal equivalent form, has now by social custom finally become entwined with the specific natural form of the commodity gold.

When applied to labour and commodities, duality analysis reveals the nature of money, which is also used to argue for the nature of capital—Marx's core conception.

Marx's monetary theory is incomplete, perhaps because he does not actually intend to develop a monetary theory since capital, rather than money, is his concern. However, Marx's analysis of money is an important step that he takes to explore the nature and function of capital. This partly explains why there are some problems with his monetary theory, such as the transformation problem (Dostaler, 1982; Foley, 1982; Moseley, 2000) and the lack of reconciliation between the theories of value and money. The objective of Marx's duality theory of money and value does not rest in money or value but in his analytical method. It also applies to other social categories, such as labour, commodity and capital. It offers possible ways to approach the problems mentioned above and, more importantly, to reconcile the two concepts of money.

4. Tony Lawson: a positioning theory of money

Lawson is consistent with Marx in objecting to the concepts in both monetary theories. Lawson (2016, p. 989) recognises the points made by Marx and asserts,

> An aspect of it all that seemingly figures less, but which is significant given my own perspective and concerns, is that, in developing these various arguments and analyses, Marx never equates any commodity per se with money.

In this sense, Lawson and Marx agree in their critiques of the commodity theory of money. Lawson (2019A, 2019B, 2022B) also discusses a few problems regarding the credit theory of money, focussing especially on Innes's theory and Wray's Modern Monetary Theory (MMT). The claim that money is debt is erroneous because 'if, as Wray supposes, currency is really a form of debt/credit, it ought to be enforceable/redeemable in something other than itself' (Lawson, 2019B, p. 117).

The focal points of the credit theory of money and MMT can be summarised in two-component theses: all credit is money and credit alone is money (Lawson, 2019A, p. 170; 2019B, p. 110; 2022B, p. 14). The first presumes that all debtors are trustworthy and all debt is good, which, according to Lawson, merely ignores the majority of challenges faced by any modern monetary system. Lawson (2019A, p. 174) insists,

> I repeat, an obligation does not imply the ability to pay or honesty in transactions. Similarly, a right to satisfaction does not amount to an expectation or trust in debtors to choose, or to be able, to do that which, according to Innes, custom suggests they ought.

As an excellent example of the credit theory of money, MMT states that money is a form of government debt and presumes that individuals of a community recognise money, such as banknotes, as their government's credit. The second relevant thesis specifies that only credit can serve as money, meaning that the power of money uniquely stems from credit, which is difficult to defend (Lawson, 2019A, p. 180). Nevertheless, neither the government nor community members realise and accept the credit nature of money, as the theory asserts. In contrast, the veracity of the commodity theory of money is disputable.

For Lawson, the two theories are more similar than distinct, both describing the nature of money in properties of particular money items. It is only in this sense that Schumpeter's assessment of incompatibility between the two theories works (Lawson and Morgan, 2021B, p. 216; Lawson, 2022A, p. 31).

> Indeed, from the point of view of social positioning theory, money qua a positioned form of debt/credit and money qua a positioned form of commodity are of the same nature, which is given by their organizing structure. Different occupants of the money position do not ground incompatible theories of money but bear on how successful a money is when formed by their positioning. (Lawson and Morgan, 2021B, p. 216)

What Lawson proposes is a positioning theory of money, suggesting that money is a positioned phenomenon. He makes it clear that,

> A successfully functioning money is in place, once and where a community positions an appropriate specific item or kind of thing to serve as a general means of payment and store of purchasing power (denominated, of course, in the accepted unit of value). Money is that so-positioned item or kind of thing. (Lawson, 2018, p. 851)

Community acceptance establishes the possibility that different kinds of artefacts can be positioned, although typically, only one type of material is used as money at any time. The position and the 'stuff' that is positioned are the core of this general theory of the nature of money. Furthermore,

> It is through the creation of the position of money with associated rights and obligations governing the use of its occupant, and the allocation of an appropriate kind of thing to this position, that money itself is constituted. (Lawson, 2019A, p. 168)

The occupant, or material, of money is governed by social relations, such as settling the payment of purchasing.

Positioning is fundamental and essential to the constitution of money, which should be greatly emphasised. The characteristics of the positioned stuff *qua* money are different from those of the stuff itself, especially considering the power embodied in its role as a general debt discharger, which all community members accept. According to Lawson (2016, p. 969), 'the very act of positioning can induce stability, and therefore engender trust, in whatever is socially positioned'. In contrast, the type of thing being properly positioned must still be of a special material nature to induce the type of trust needed to constitute money.

> The property of being both trust-inducing and sustaining, then, or so I maintain, is a basic requirement of a kind of thing if, with positioning, it is to serve as a successful money, and specifically to possess generalized purchasing power. (Lawson, 2019A, p. 161)

The positioning theory of money, as Lawson states, is also a concrete instance of the theory of social positioning, according to which the social positioning process forms the objects and relations in society:

In the social case constitutive social relations are always involved, where these emerge through individual processes of social positioning. The account I propose of the way it all comes together can, I think, be reasonably termed a theory of social positioning. (Lawson, 2019A, p. 12)

This social phenomenon includes two parts: the social position and the occupant in that position.

The place or site etc. is a social position, and the person or entity allocated to it is the position occupant. Social positioning is a term for both steps or principles combined, each presupposing, and oriented to, the other. (Lawson, 2019A, p. 12)

The process of positioning always depends on a tangible social context, since 'many phenomena of social reality are best understood by investigating how they have come to be positioned as they are, with all that this entails' (Lawson, 2019A, p. 113).

Social reality may entail human beings and artefacts. A social relation usually expresses the interaction of people who occupy different social positions, which are connected to each other by the rights and obligations of their community. Regarding this connection, Lawson (2019A, p. 57) expresses the view that,

[A] social relation just is (or is first and foremost) an accepted set of rights and obligations holding between, and connecting, two or more positions or occupants of positions.

In contrast, the rights and obligations relating to social reality are eventually carried out by socially positioned individuals. The functioning efficacy of any community 'depends upon the physical capacities of positioned individuals to carry through specific tasks associated with the positions occupied' (Lawson, 2019A, p. 16).

The social position and the occupant of the position are equally important and interact with each other to fulfil the rights and obligations of social reality. This logic also applies to the social positioning of artefacts. The capacities of the positioned materials extend after they are assigned a position. Money is a typical instance of such materials.

The positioning theory of money presupposes an ontology called transcendental realism, elaborated by Lawson (1994) as an alternative theory to empirical realism. According to transcendental realism, the methodological debates between induction and deduction that relate only to surface phenomena cannot move a subject forward.

It is important to recognize then that the essential mode of inference presupposed by the transcendental realist perspective is neither induction nor deduction but one that can be styled retroduction or abduction or 'as if reasoning'. (Lawson, 1994, p. 264)

Science aims to illuminate the conditions, structures or mechanisms responsible for surface phenomena, not the observed events. The transcendental realist ontology focuses on the social realm, in which structures and mechanisms depend on human agency. Social structures are more than agent conceptions because individual conceptions also play a crucial role in them. More importantly, social structures always have a material dimension, which is explicitly reflected in the positioning theory of money. Lawson's ontology of money, which is examined by Peacock (2017), offers a more acceptable reformulation of credit theory than that of commodity theory.

Regarding the positioning theory of money, although the position and the stuff-positioned work together to serve the function of money, the role of positioning becomes more fundamental and essential when applying the theory. Lawson is not the only thinker who does this. For example, Simmel (2004, p. 198) asserts that 'only to the extent that the material element recedes does money become real money'. However, the result of neglecting the stuff and the material part is the construction of a general theory that lacks historical details. Social positioning is important, but it is only the first step. What is more important is why this particular stuff can be positioned and how it is positioned in relation to a particular social position. As Ingham (2018, p. 839) criticises,

> Starting from a conception of 'social positioning' which does not discriminate clearly between material and social phenomena inhibits an appreciation that the two theories profess distinct and incompatible ontologies of value in general and in its monetary incarnation.

Therefore, Ingham (2018) asserts that the two theories of money are incompatible, arguing that a 'prior' value is needed for the positioning theory of money to reconcile them as they have different ontologies of value: intrinsic value and abstract value. We agree with the opinion of the positioning theory of money on this problem but not with its conclusion. The social position and the stuff-positioned interact to constitute money. The former represents abstract value and the latter is associated with intrinsic value, so it is possible to reconcile the two theories in the framework of the positioning theory of money.

5. The theoretical connection between the two scholars

The concept of social relations is a keystone for Marx to truly understand social phenomena and social reality. Economic categories, such as labour, money and capital, can be fully channelled in the context of social relations. Marx ([1857] 1973, p. 712) states that,

> When we consider bourgeois society in the long view and as a whole, then the final result of the process of social production always appears as the society itself, i.e. the human being itself in its social relations.

Social relations exist in the process of movement and appear as a vanishing moment, according to Marx. All kinds of social reality produce and reproduce themselves in mutual relationships. Social relations, in contrast to natural property, also play a main role in the duality of money:

> As a value, the commodity is an equivalent; as an equivalent, all its natural properties are extinguished; it no longer takes up a special, qualitative relationship toward the other commodities; but is rather the general measure as well as the general representative, the general medium of exchange of all other commodities. As value, it is money. (Marx, [1857] 1973, p. 141)

Based on the development of the value form, a commodity mutates into a social relation of the general equivalent and becomes money.

Lawson's thought is similar to that of Marx regarding the social dimension of monetary theory:

> One of the few contributors who systematically does in effect differentiate the positioned thing and the thing positioned is Marx, and in many ways Marx's theory of social relations and social positioning theory overlap. (Lawson and Morgan, 2021B, p. 230)

Social context is a key factor for fully understanding the meaning of social categories, 'whose existence depends necessarily on human beings and their interactions'

(Lawson, 2016, p. 963). For Lawson, commodity and money are, as components of market exchange created by way of relevant processes of positioning, related to each other.

Moreover, Lawson and Marx essentially concur with each other in their social dimension analyses. For Lawson, although the metal gold is non-social when positioned as a commodity, it is, qua a commodity, social. Therefore, in Lawson's terms, when the commodity gold is further positioned as money, it becomes a social phenomenon, a commodity, that converts into another social phenomenon, money. The positioning process is fundamentally about social relations. To position anything, (here, a commodity as money) is to render its use subject to the rights and obligations of community members. However, each right is matched with an obligation, and each right and obligation pair constitutes a social relation. Therefore, to position a commodity as money is to render its uses or powers qua money subject to social relations. The key difference between Lawson and Marx is what drives their theories. Marx focuses on money, including its history, while Lawson begins with a general theory of social ontology and then applies it to money.

Marx and Lawson emphasise the need to combine logical and historical analysis. A logical and historical thread extends through Marx's monetary analysis (Lapavitsas, 1994, p. 449). Social positioning and social ontology must be analysed to discern the historical context; hence, social positioning theory is deeply related to the historical dimension. Lawson's thesis is that 'although my basic orientation is one in social ontology, the analysis that follows is not, and could not be, one that is thereby somehow other than situated in, and concerned to a significant degree with, history' (Lawson, 2016, p. 962). All social material depends on human beings and their interactions, and all social stuff takes a specific cultural form.

However, Marx and Lawson confront history differently. For Lawson, historical theory does not require a history of how something evolves. For Marx, it is wrong to study the economic categories in the sequence of history, and his theory of history does not emphasise the sequential progress of history but rather the combination of history and the logic of modern, developed society. He argues that,

> It would therefore be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modem bourgeois society, which is precisely the opposite of that which seems to be their natural order or which corresponds to historical development. (Marx, [1857] 1973, p. 107)

Moreover, moving beyond his logical analysis of money, Marx emphasises the historical dimension of monetary theory:

> Various forms of money may correspond better to social production in various stages; one form may remedy evils against which another is powerless; but none of them, as long as they remain forms of money, and as long as money remains an essential relation of production, is capable of overcoming the contradictions inherent in the money relation, and can instead only hope to reproduce these contradictions in one or another form. (Marx, [1857] 1973, p. 123)

The historical dimension is a key factor in understanding the nature of money, concerning which Lawson agrees with Marx:

> The question of the nature of money is pursued drawing on results generated in the field of social ontology as well as on observations from history. (Lawson, 2016, p. 961)

Combining social positioning and historical insights on the development of money is fundamental to understanding money correctly. This is the most fitting way to comprehend the nature of money and the historical factors that play an essential role in understanding the two theories of money.

> Hence in turning to examine the credit and commodity theories of money, I will be maintaining that whatever the historical experience, the position Money and that which historically has been positioned as money are separate and, unless grounds are provided to suppose otherwise, the positioning of some X as money is/was a matter of historical contingency. (Lawson, 2016, pp. 974–5)

Concrete accounts are necessary to fully understand the emergent form of social realities, and 'everything social, to repeat, is in human history' (Lawson, 2016, p. 965).

Furthermore, the factor of time must be added to a theoretical analysis to emphasise society's dynamic development. Marx focuses on movement and 'uses the term "moment" to refer to what in a system at rest would be called "element" or "factor". For him, the term carries the senses both of "period of time" and of "force of a moving mass"' (Nicolaus, 1973, p. 29). According to Marx, things that appear to be at rest are actually in motion:

> It is only the surface, and displays only the 'one-sided immediate unity' of the process beneath, but it is an objective 'moment' of the whole and must be included in its concept. (Nicolaus, 1973, p. 30)

Intense contradiction, rather than one-sided unity, is the reality of the social process and it must be evaluated to appropriately understand the nature of money, which is also a type of social institution.

In summary, the theoretical thoughts of these two contributors are more similar than they might appear, particularly their key thoughts and methodologies relating to monetary theory. Lawson explicitly expresses the possibility of and method for reconciling the two theories of money, while Marx does this in a more obscure way.

The positioning theory Lawson proposes is similar or intrinsically related to Marx's duality analysis, which Lawson uses to reconcile the two concepts of money. Lawson (2016, p. 989) acknowledges,

> Marx, then, or so I am suggesting, in effect separates money qua positioned commodity from the commodity per se that happens to be positioned as money.

Lawson often quotes Marx to convey similarities of aspects of social positioning theory of money with Marx's own money assessments and analysis. Although the positioning process lies at the core of Lawson's theory, the capacity of the occupant of the position is a precondition for the monetary system, and these two necessary parts presuppose each other. Regarding Marx's argument, Lawson correctly states: 'He does not confuse money, as a positioned commodity, with the commodity itself. Rather, a commodity, on being positioned as money, must and inevitably does assume "a form of social existence separated from the natural existence of the commodity" (Lawson, 2016, p. 991; Marx, [1857] 1973, p. 145)'. Clearly, Lawson addresses both the particular character of money and Marx's foundational analysis.

Another point of similarity between the two is the processual nature of their approach. Marx emphasises the social process and function in the duality analysis of money. Through the social process, the social function of a commodity becomes the universal equivalent, and the commodity becomes money. According to Lawson, social reality is always in process, and the monetary analysis needs the introduction of community positioning process to deal with the puzzles (Lawson and Morgan, 2021A; Lawson, 2022A).

Whatever the case, positions and processes of positioning are central to all community being. (Lawson, 2022A, p. 21)

Through the processes of positioning, a distinction is made in that the positioned items get properties that the items positioned do not. Such is the difference between money and commodity or credit.

Furthermore, they both focus on the importance of the value form for the process of monetary analysis. According to Lawson, the form of value is presumably related to the function of money because value is necessary to measure or ground the means of payment. As he claims,

The inference I draw, then, and so the contention I intend to advance and explore, is that the property that must be possessed of any item or stuff, prior to it being, and in order for it to be appropriately, positioned as money (where it is), just is that it is a reliable form of value. (Lawson, 2016, p. 967)

A form of value is also important for Marx's analysis of the evolution from commodity to money, and Lawson (2016, p. 988) obviously knows this:

This is taken from Capital volume I. But, of course, it is held throughout that money is a form of value. Thus, in volume III, for example, we find: 'But what is money? Money is not a thing, but a definite form of value, hence, value is again presupposed'. (Marx, 1947B, p. 863)

In this sense, the duality of money signifies the natural form of a commodity and the value form of a social reality, and the social positioning process instils the value needed to transform an item into money.

Additionally, both thinkers agree that the characteristics of social phenomena are manifold. Marx highlights how things can be researched from many angles.

Every useful thing is a whole composed of many properties; it can, therefore, be useful in various ways. (Marx, [1867] 1976, p. 125)

For Lawson, social positioning theory means that social phenomena are positioned with different functions in diverse social contexts and are many sided. We can identify two points regarding the nature of money from the manifold uses of things. First, the nature of objects and measures of commodities are multifarious. Second, any analysis of the diversity of money entails a historical methodology, a point on which Marx and Lawson agree.

6. Concluding discussion

Often, discussions of the two concepts of money are grounded in other, more influential debates, such as the Metallist–Chartalist debates, real analysis–monetary analysis debates and Monetarist–Keynesian debates. According to popular belief, the two concepts of money are incompatible, but we demonstrate that this is not very precise, and we argue that the core emphases at least are reconcilable in determining a more sustainable way of conceptualising money.

A general theory of money supposes both commodities and credit have been involved in the constitution of money, as typified by the works of Karl Marx and Tony Lawson, accommodates the two concepts and provides a way to reconcile them ontologically. This article has focussed on these two thinkers' ideas. Marx's monetary opinion adopts a duality analysis of money, arguing that money, as a social category, has both social and natural properties. However, Lawson offers the social positioning theory of money to reconcile these two concepts of money.

According to Marx, money comprises both a material and a social form, which could be commodities and credit respectively, as special cases. His duality analysis of money is grounded in historical materialism, maintains his 'logico-historical' method and provides a foundation for the reconciliation of the two concepts at the ontological level. Although Max Weber proposes 'ideal types' that are both conceptual and historical to overcome the analytical problem (Ingham, 2018, p. 849), he does not apply them to an analysis of money.

In contrast, as mentioned above, Lawson's social positioning theory of money views the two theories of money as specific instances, and 'can accommodate the assessments that both commodities and debt have been involved in money constitution' (Lawson, 2022B, p. 9). The two theories of money erroneously reduce the nature of money to that of a money thing, either commodity or credit, which is socially positioned to become money. Lawson's theory is based on transcendental realism, which criticises the limitations of methods of induction and deduction that claim reality is constituted by atomistic events and emphasises that structures and their modes of activity govern surface phenomena. Compared with the two concepts of money, social positioning theory analyses the social structure, mechanism and condition by which money exists.

There are interesting parallels between the two thinkers' theories. Lawson highlights the interaction of the social position and occupant in social positioning, which is very similar to Marx's duality analysis by stressing social property and physical function. Furthermore, they both underline the vital role of social relations and historical conditions.

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Appendix

Table A1. *A comparison of the commodity and credit theories of money: a summary*

	Commodity theory	Credit theory
Origin of money	Barter	Creditor
Nature of money	Commodities	Tokens of credit
Value	Intrinsic/Objective	Political/Social
Theory of money	Exogenous	Endogenous
Use of money	Transactions	Transactions/Store of value
Favours	The creditor	The debtor
Epistemology	Risk	Uncertainty