Money and Fictions
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To Helge Malmgren,
who once upon a time read Marx, who wrote:
“A commodity appears, at first sight,
a very trivial thing, and easily understood.
Its analysis shows that it is, in reality, a very queer thing,
abounding in metaphysical subtleties
and theological niceties.”

Man’s exchange of products and commodities has, in the course
of time, taken many forms. There is first a line which stretches
from simple barter via extended barter with money-like things
to gold as money. There is then the development from money wholly
backed by gold via money fractionally backed by gold to modern non-
convertible paper money. Recently, we have witnessed the emergence of
widespread use of credit cards, debit cards, and cash cards. Twenty years
ago, I made some comments on the ontology of money and claimed that
“Money is, it is worth repeating even today, a more noteworthy invention
than most philosophers have realized.”† Today, I would like to add that the
same is true of credit cards and similar instruments. In this paper, I will try
to make an analysis of both money and cards using the approach to the on-
tology of social reality that was inaugurated by John Searle in his seminal

* K. Marx, Capital vol. 1, part I, chapter one, section 4, first paragraph.
‡ Another attempt of mine to improve on Searle’s ontology of social reality is the paper
“How Philosophy and Science may Interact. John Searle and Hernando De Soto – A
Case Study”, in D. Mark et al. (eds.), The Mystery of Capital and the New Philosophy of Social Re-
ality (forthcoming).
According to Searle, the primary formula for the logical structure of institutional social facts is

\[(1) \text{X counts in C as Y.}\]

Searle himself writes “X counts as Y in C”, but some of the things that I will say come out better if the clause “in C” is put in the middle of the formula.

Money fits the formula nicely. A Swedish one crown coin is a piece of metal (X) that *counts in* Sweden and in international business (C) as one Swedish crown (Y). X is a variable which can have only material entities as values, be they objects, continuants, events, processes, occurrences, or states of affairs, but sometimes it is a variable for material individuals and sometimes for kinds of material individuals. The formula allows for “this piece X counts as Y” as well as “pieces of kind X count as Y”. Y is a variable that — as I have interpreted Searle† — can take as values only entities that are constituted by and in intentional states; in particular, entities that can only exist in language and in perception. I take it that the two main forms of the primary formula are: (i) “the material entity X is described in C as Y” and (ii) “the material entity X is perceived in C as Y”. In Sweden, we both describe and perceive — with far-reaching consequences — specific pieces of metal and paper as money. In a mind-independent world, the same pieces would have much more limited effects. The clause “in C” is said to be short for “in the context C”, but since Y is a variable for entities that have to be constituted

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* Searle, *The Construction of Social Reality*, New York: The Free Press 1995, p. 28. Note that this is not a formula for social facts in general. In Searle’s terminology, institutional facts make up only a subset of all social facts. In my opinion, institutional facts can, in their turn, be divided into formal-legal institutional facts and other institutional facts.

by intentional states, this clause is better read: “in the collective intentionality C”.

At first, Searle applied his formula indiscriminately to ordinary money and credit cards, but after criticism from Barry Smith he changed his view. Searle now says:

On at least one point it seems to me that he [Barry Smith] is right, and the account I gave in my book is mistaken. I say that one form that money takes is magnetic traces on computer disks, and another form is credit cards. Strictly speaking, neither of these is money; rather both are different representations of money. The credit card can be used in a way that is in many respects functionally equivalent to money, but even so it is not itself money. It is a fascinating project to work out the role of these different sorts of representations of institutional facts, and I hope at some time to do it.†

I agree with both Smith and Searle. There is a distinction between being money and being a representation of money that can function as money, which one cannot bypass in an ontology of social reality. Since I have not had the patience to wait for Searle to work out the ontological consequences of this distinction, I have embarked on the enterprise myself.‡ So far, two interesting results have emerged:

‡ Ibid. p. 307.
§ Smith has done work in this direction, see his Searle and De Soto: The New Ontology of the Social World, in D. Mark et al. (eds.), The Mystery of Capital and the New Philosophy of Social Reality (forthcoming). We seem to agree on some points and disagree on some.
(a) Searle’s general framework from The Construction of Social Reality can be amended to take account of credit cards, debit cards, cash cards and similar social entities.

(b) Although both Smith and Searle have written on fictional intentionality, each gives in his own way a characterization of fictional intentionality that fits badly with the role they rightly afford it in modern economic transactions.

From Speech Acts and onwards, Searle has used chess in order to explain the distinction between constitutive and regulative rules.* Taking this distinction for granted, I will put the example of chess to other uses. The structure of this paper is: First chess, then money, and, after that, fictional intentionality in general.

1. Real chess, account chess, blind chess, and correspondence chess
Of course, Searle’s primary formula fits chess perfectly. The different pieces of wood, ivory, plastic, or whatever, are the material entities that ‘X’ refers to. Each of them can be described by saying “This is a queen”, “This is a king”, “This is a pawn”, and so on, in the context of playing chess. When a game is going on, the pieces in question really are, in social reality, what they are counted as. One piece is a queen, another is a king, and so on. Where the beginner has to remind himself silently of things like “Now, this piece is a queen; she can move in straight lines; even diagonally”, the experienced player simply perceives the piece in question as a queen. Everything else is for the latter contained in what Searle calls the “pre-intentional or nonintentional Background of abilities”.†

Searle’s formula admits of iteration in the sense that Y, in its turn, can be counted as something, i.e., we can also have

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(2) \( Y \), which only exist as \( Y(X) \), counts in \( C \) as \( W \), where \( Y(X) \) is shorthand for “\( X \) counts as \( Y \)” in the first formula, and \( W \) is a new variable that can, just like \( Y \), take as values only entities that are constituted by intentional states. The formula should be read: \( Y \), which only exist as \( X \) counted as \( Y \), counts in \( C \) as \( W \).

The new formula is a formula for second-order institutional facts. It can easily be applied to chess, since each piece has been assigned a number corresponding to its “relative value” within the game, e.g., nine for queens and one for pawns. We get statements like the following: “The queen counts as having the relative value nine”.

Somewhere in chess history, some players felt a need to analyze their games after they had played them. How to do this? We know the answer. By means of a simple coordinate system, with eight values named by letters in one direction and eight values named by numbers in the perpendicular direction. In this way all the sixty-four squares are given names containing one letter and one number, e.g., \( a1 \), \( b5 \), and \( h8 \). Then, by shortening the ordinary names (Q for queen, K for king, etc., but nothing for pawns), one can represent both positions (“\( Qd3 \)” and moves (“\( Qd3-f5 \)” on a paper or something else; one column for the black pieces and one for the white. These simple but ingenious devices, the so-called algebraic notation, makes it possible easily to record every game, replay it afterwards, and re-think all the moves one wants to reconsider.

When such a notation is accepted, a new kind of institutional fact has emerged. However, in order to capture its ontological structure, Searle’s primary formula has to be complemented by another one. The logical structure of the institutionalized chess notation is

\[ Z \text{ counts in } C \text{ as a representation of } Y(X), \]

where \( Z \) is a variable for material entities; in the case at hand, a variable for graphical marks. Putting in some definite values, we can get statements such as the following: “The pure graphical mark ‘Q’ counts as a representation of
an institutional object, the chess queen”, and “The pure graphical mark ‘d3’ counts as a representation of a chess board square”.

This new “representation formula” ("Z counts in C as a representation of Y(X)") cannot possibly be reduced to the primary formula ("X counts in C as Y") or to iterations thereof. Why? Because in the primary formula, and in its iterations, there is only one variable for material entities, X, but in the representation formula there are two variables for material entities, X and Z. Of course, the formula (3) allows also for representations of pure material entities, i.e., “Z counts in C as a representation of X”.

When the algebraic notation has become established, there is not only a new kind of institutional fact – descriptions of chess games – there is a new possibility as well. Instead of playing with the ordinary pieces on an ordinary board, it is now possible to play chess merely by writing the positions and the moves down. Since such games are played only with written accounts of the moves, I will call them “account chess”. (Other possible names could be “paper-and-pencil chess”, “notation chess” or “symbol chess”; there seems to be no technical term around.) Players who want to play account chess have to be very imaginative, because they have to create for themselves, in relation to every move, an overview of the positions of all the pieces. Not an easy task. But some chess players are capable of even more. They combine an extremely good imaginative power with an extremely good memory. Instead of writing the moves down, they just tell each other the moves they make and remember them. Such people are able to play blind chess.

* In an unpublished paper, “Institutional Reality and Representation (Some Thoughts after Prague)”, Searle distinguishes between two kinds of representations, “thinking-as representations” and “semantic representations”, the former corresponds to the primary formula and the latter to my representation formula. In my view, however, the term “thinking-as representations” is not a good choice. When an X is counted as a Y, this X is presented, rather than represented, as a Y. Therefore, I will continue to speak about “the representation formula” without any qualifications of the concept of “representation”.

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In order to capture what is specific to account chess and blind chess, neither of the formulae for institutional facts presented will do. Still another formula is needed:

\[ (4) \text{Z counts in C as a representation of } Y(X), \text{ where there is no X.} \]

Examples of statements which conform to this formula are

- “The pure graphical mark ‘Q’ (Z) counts as a representation of a chess queen (Y(X)), where there is no piece of matter (X) that is the queen”;
- “The pure graphical mark ‘d3’ (Z) counts as a representation of a chess board square (Y(X)), where there is no piece of matter (X) that is the square”.

In formula \((4)\), we have what Smith in relation to Searle’s formula calls a “free-standing Y-term”, i.e., we have an entity Y which, superficially seen, ought to exist as a material entity Y(X), but there is no such material entity X, and one knows this. Y has become a variable ranging over what are often called fictional objects. In account chess, the graphical marks represent fictional chess pieces on a fictional chess board; in blind chess mere utterances and memories are doing the same. Despite playing only by means of fictions, a winner and a loser or a draw emerges.

A fictional object is a particular that has neither a spatiotemporal nor a Platonic existence. Whatever is to be said about the true ontological status of fictional objects, obviously we often speak and act as if there were such enduring identifiable and re-identifiable fictional particulars. Therefore, I will call formula \((4)\) “the fiction formula”. Applied to one of Searle’s examples, \(^*\) it says:

\[^*\] Searle, Expression and Meaning, Cambridge: Cambridge University Press 1979, chapter 3
• “The graphical mark ‘Sherlock Holmes’ (Z) counts for the book readers (in C) as a representation of a London detective (Y(X)), where there is no real body (X) that is the body of this detective”.

Of course, in contradistinction to formula (4), the following formula makes no sense:

• X counts in C as Y but there is no X.

In the last formula there is nothing that denotes a material entity, but in the fiction formula (4) there is a variable, Z, whose values are material entities. Normally, the values of Z are utterances (conceived as pure sound patterns) or written marks (conceived as pure graphical patterns). Even though the Y-term in formula (4) can, from a materialist point of view, be said to be free-standing, the Z-term cannot be similarly characterized. Put simply, without acts of speaking or writing, there are no fictional social objects.*

In order to take account of the whole of the chess world, Searle’s primary formula for the logical structure of institutional facts has to be complemented (not just iterated) by at least two other such formulae; each of which can, in its own way, be iterated. A complete ontology of social reality will need at least the following six formulae, where X and Z are variables for material entities, and Y and W are variables for entities that have to be constituted by intentional states:

(1) The Primary Formula: X counts in C as Y=Y(X);
(2) The Iterated Primary Formula: Y, which only exist as Y(X), counts in C as W;

(“The logical status of fictional discourse”).

* In dreams and hallucinations there are fictional private objects.
(3) The Representation Formula: Z counts in C as a representation of Y(X);
(4) The Iterated Representation Formula: Z₂ counts as a representation of Z₁, which counts as a representation of Y(X);
(5) The Fiction Formula: Z counts in C as a representation of Y(X) where there is no X (= Z counts as a representation of the fiction Y);
(6) The Iterated Fiction Formula: Z₂ counts as a representation of the fiction Z₁, which counts as a representation of the fiction Y.

The iterated representation formula (4) will be used later in a remark on credit and debit cards, and the iterated fiction formula (5) is needed in order to account for the fact that in many novels the fictional persons are reading novels about other fictional persons. In the formulae (1), (2), and (5) only one material entity is involved, but in the representation formula (3) and in the iterated fiction formula (6) there are two; the formula (4) has three variables (Z₁, Z₂, and X) for material entities.

It is important for the primary formula that X is a variable only for material entities, and that Y is a variable for entities that can only be constituted by and in intentional states. If all such restrictions on the variables are withdrawn, then we get the next formula, which I will call the determinable formula:

(0) The Determinable Formula: X counts in C as Y.

All the formulae (1) to (6) can be regarded as different specifications of formula (0). For instance, we get the primary formula by laying down the restrictions that X is a variable only for material entities and Y is a variable only for entities constituted by intentional states; we get the iterated primary formula if X is substituted by Y(X) and Y by W; we get the representation formula if X is substituted by Z and Y by ‘a representation of Y(X)’; and we get the fiction formula if X is substituted by Z and Y by ‘a representation of Y(X)’ where there is no X.
The distinction between “X counts in C as Y” as the primary and as the determinable formula cannot be found in any work by Searle himself. Yet it is necessary to introduce such a distinction if one wants to solve the problems raised by credit cards and other similar phenomena. Now and then, Searle writes as if he is intending only the determinable formula,” but he also writes as if all the determinate forms can be derived by mere iteration of “X counts in C as Y”." However, by merely iterating “X counts in C as Y” it is impossible to get the representation and the fiction formulae with their clause “counts as a representation”.

According to the exposition of chess given so far, we have on the one hand games with real chess pieces on a real board together with (perhaps) representations of them in the algebraic notation, and on the other hand we have games with fictional pieces on a fictional board played either in the algebraic notation or merely by means of speech acts and memory. However, let me bring in even so-called correspondence chess. In this kind of chess, the players are mailing each other the moves and, normally, each player has a board of his own where he makes all the moves. That is, one and the same game and all the chess pieces are simultaneously materialized on two numerically different boards; boards which may even be qualitatively different. Assume now that a piece $X_A$ is counted by player A as the black king (Y) on his board, and that a piece $X_B$ is counted by player B as the black king (Y) on his board. Here, one might say that $Y(X_A) = Y(X_B)$, but this does not of course imply (and no one thinks so) that $X_A = X_B$. Nonetheless, this identity means more than that both $Y(X_A)$ and $Y(X_B)$ are instances of the ge-

* For instance, he has written that “For me the formula $X$ counts as $Y$ in $C$ is intended as a useful mnemonic to remind us that institutional facts only exists because people are prepared to regard things or treat them as having a certain status and with that status a function that they cannot perform solely in virtue of their physical structure” (Smith and Searle, “The Construction of Social Reality: An Exchange”, in D. Koepsell & L. Moss (eds.) John Searle’s Ideas About Social Reality: Extensions, Criticisms and Reconstructions, Oxford: Blackwell 2003, p. 301.

† For instance, *The Construction of Social Reality* contains a paragraph entitled “the structure “X counts as Y in C” can be iterated” (p. 80).
generic universal black king, since this king is instantiated everywhere a chess game going on. The generic black king of chess seems to be able to exist in three different modes. The corresponding Searle-logical structures then look like this:

- **Ordinary chess**: The material thing $X$ (and only $X$) counts as the Black King.
- **Correspondence chess**: The two material things $X_A$ and $X_B$ count as the same Black King.
- **Blind chess**: In our speech acts 'black king' counts as a representation of the Black King although there is no material thing ($X$) that is the Black King.

In ordinary chess there is a *material* social reality, and in blind chess there is a *fictional* social reality. But in correspondence chess there is a *semi-material* (or semi-fictional) social reality. In what follows, this last kind of social reality will be left out of account; I will focus only on fictional social reality.

2. **Real money, account money, and blind money**

The formulae used in the analysis of chess can, as I will show next, be transferred to the world of money. However, since money differs from chess in that money is backed by the power of some money-issuing authority, Searle’s primary formula needs here to be specified by means of a formula that he himself has made explicit as follows:

(7) **The Formula for Conventional Power**: We accept $(S$ has power $(S$ does $A))$.

For instance (at the time when this is being written), the citizens of Sweden accept that the Swedish government has the power to issue and certify

Swedish currency. At bottom, it is because of this fact that the institutional object Swedish money exists. If, at some time in the future, the Swedish currency is exchanged for the Euro currency, then the Swedish citizens must have accepted another authority.

The formula for conventional power (7) can be derived from the primary formula (1) as follows. First, let in “X counts in C as Y” the values of X be human organisms and the value of Y be person. In this way we get a representation of the institutional fact that some human organisms count as persons; with the symbolism earlier introduced, this fact can be symbolized by Y(X). Second, let us give one specific and institutionally powerful person Y(X,) the name S. We can then, third, use the iterated primary formula and write “S counts in C as having power”, which also can be re-formulated and specified as “In the context C, S counts as having power, in particular, power to do A”. Fourth, let the context (C) be “We”, and we get formula (7): “We accept (S has power (S does A))”.

Before I continue my discussion of money, I would like to point out that chess playing does not conform to the formula for conventional power. Normally, there is no power relation between two chess players in their roles as chess players. Rather, they simply trust that each of them will play sincerely. For no real reason, Searle claims that “There is exactly one primitive logical operation by which institutional reality is created and constituted”, and this is the operation described by the formula for conventional power. I think the following structure is equally basic:


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Money has many overlapping functions. To name the most important ones: It is used as a means for exchanging other things than money; it is used as a means of saving; and it is used as means of evaluating other things. I will focus exclusively on the exchange and saving functions.

In a traditional monetary society with traditional bank accounts, these accounts represent money. Since one thing can be represented in many different ways, several distinct but functionally equivalent types of accounts may exist; for instance, the bank may have a computer account and a client may have a traditional bank book. That should be no problem for an ontology of social reality. Therefore, let us now think of just one kind of old-fashioned private bank books. In this book, there are (i) numbers that represent money that has been deposited into the account, (ii) numbers that represent money that has been withdrawn from the account, and (iii) numbers that represent savings. Here, it holds true that:

- The graphical signs called numbers, $Z$, count in $C$ as representations of sums of money, $Y(X)$.

A traditional bank book with all its numbers was, just like a real game of chess reported in the algebraic notation, something that counted as a representation of something else. But, as the algebraic chess notation bore within itself the possibility of starting to play mere account chess, so the traditional bank book bore within itself a similar possibility. For instance, if one person, Carl, owed another, Anders, 100 crowns, then it didn’t matter much whether Carl handed over 100 crowns in cash to Anders, or whether Carl went to the bank and handed over two slips of paper, one withdrawing 100 crowns from his own account, and one depositing 100 crowns into an account that belonged to Anders. When simple exchanges like that between Carl and Anders became generalized and put into systematic use by the bank itself (supported by new legal enactments decided upon by the responsible
government), then credit cards, debit cards, and cash cards started their careers as substitutes for money. Instead of material money transactions (compare: material chess moves) we now often have transactions by means of mere accounts of money (compare: moves in account chess). The latter kind of transactions is made in terms of a very special kind of fictional object, account money. What since long is called “deposit money” and “checking-account money” can be regarded as species of account money. Such money can exist by means of both book-entries and computer databases.

Money “in the form of credit cards” is, just as both Smith and Searle say, not literally money but a representation of money that can substitute real money in economic transactions. However, even more needs to be said. Cash cards and checks are representations of money, i.e., they fit formula (3), but credit and debit cards are representations of representations of money and fit formula (4). The numbers on a credit card represent “magnetic traces on computer disks”, which, in their turn, represent a certain amount of money. In what follows, however, the differences between simple and iterated representations will be disregarded.

At bottom, all cards rely on conventional power:

- We accept (the bank has power (the bank allows and takes responsibility for credit cards, debit cards, and cash cards transactions)).

Obviously, it is in principle possible to abandon money altogether and force (allow) everybody to use only cards. This would be like forcing all chess players to play only account chess. Probably, it would mean that everybody would have to have a little machine by means of which transactions could be made and recorded, but there is no reason to discuss such practical matters in this paper. If somewhere in the future such a change will take place, we would get:
• computer records, \( Z \), that are counted as representations of money, \( Y(X) \), where there are no things, \( X \), that are counted as money.

In such an economy, there would then be only “free-standing money-terms”. But still, there would somewhere have to be something real that could be exchanged by means of the transactions made in terms of \( Z \). Both in economies which use real money and in those which use only account money, there must be \( X \)s that count as exchangeable real goods and/or \( X \)s that count as exchangeable real services. From the fact that one or several terms can be free-standing, one cannot draw the conclusion that all the terms can be free-standing. Such a conclusion commits the fallacy of composition.

In the perspective of my analogy between account chess and account money, a new question comes naturally: Is there in economic social reality even something analogous to blind chess? Is there “blind money”? Let’s see.

Real chess is played with enduring pieces on an enduring board, whereas account chess is played with enduring symbols on enduring pieces of paper. In blind chess nothing visible endures. Every move, or every corresponding speech act, is, so to speak, a non-enduring product.” This has at least three implications. First, there are no material indicators by means of which it is intersubjectively possible to control how the pieces are placed when a move is to be made. Second, only by means of memory is it possible to play, i.e., the memories of the moves have to endure. Third, the players have to trust each other.

In fact, now and then there arises within very small groups a group-internal currency that might be called blind money. There are situations such as the following. A couple living together has chosen to have two somewhat distinct economies, one for each of them. When they are on holiday with their children, sometimes the man pays for the whole family, and sometimes the woman does. When the holiday is over, they sit down and make, on the basis of memory, a rough estimate of what each of them has paid. If the woman has paid, say, 500 crowns more than the man, than he gives her this sum. They rely on memory, and they trust each other.

In order to have blind money in the whole of society, everybody would have to connect all their economic transactions only by means of memory and trust. This seems inconceivable. Large-scale economic transactions require something that endures outside the memory of people, be it pieces of metal, pieces of paper, marks on paper, marks on plastic cards, or magnetic traces on computer disks.

3. John Searle and Barry Smith on fictional intentionality
Today’s monetary societies can be likened to chess games where parts of the games are played as account chess and parts of them are played as real chess. It might be tempting to call only transactions with real money real transactions, and so to call transactions by means of mere symbols for money symbolic transactions, but such a temptation must be resisted. Transactions with account money are real economic transactions which sooner or later are connected to exchanges of real products or services, and moves in account chess and blind chess are real chess moves which can end up by making real persons winners and losers.

This brings us to the philosophy of fictional objects. Just as in art, literature, stage plays, and movies, there are fictional persons, account chess and blind chess are played with fictional pieces, and economic transactions by means of payment cards are made with fictional money. There are of course still essential differences between fictional persons, fictional chess pieces, and fictional money, but these differences are not the topic of this paper. The aim here is to show that even if nothing else proves that fictional ob-
jects can be genuine parts of institutional social reality, at least the existence of account money proves it. Of course, fictional money in the sense of account money must not be conflated with fictional money in the sense of *money in fictions*. In novels, both real money and account money can appear.

Neither Searle nor Smith believes that there are any fictional objects at all, and, to a certain extent, I agree. However, I think that neither Searle nor Smith has, so far, given a really adequate picture of fictional intentionality. In one sense, there are no fictional objects. That is, fictional objects do not have the kind of *autonomous* existence that spatiotemporal entities and Platonic entities (if such there are) have. Fictional objects are for their peculiar mode of existence wholly dependent on certain kinds of intentional states, but they cannot be identified with a collection of such states. They have to be ascribed some kind of *heteronomous* existence. *In the ordinary sense of ‘to exist’, there are only intentional states with a specific kind of directedness — directedness at fictions (fictional intentionality) — in which fictional objects are identified and re-identified. There is neither a real nor a Platonic Sherlock Holmes, but there are intentional states directed at a particular fictional object, Sherlock Holmes. When we are discussing Sherlock Holmes, we are not discussing as if there is a real person, Sherlock Holmes; we are discussing as if there is a fictional person, Sherlock Holmes.*

* My view of fictional objects is very close to that put forward by Roman Ingarden (who calls them “purely intentional objects”); see *The Literary Work of Art* (Evanston: Northwestern University Press 1973). However, I will not try to interpret, defend, and develop Ingarden’s analysis here. Let it only be said that I have taken the terms “autonomous” and “heteronomous” existence from Ingarden (ibid. p. 122). In the otherwise very good book *Fiction and Metaphysics* (Cambridge: Cambridge University Press 1999), Amie L. Thomasson misses this important distinction and thus does not discuss Ingarden’s view that fictional objects exists in another *mode of being* than spatiotemporal (“real”) and Platonic (“ideal”) entities do. In passing, I would also here like to state that I regard David Lewis’s analysis of fictional objects — as objects existing actually in possible worlds — as completely mistaken; see his “Truth in Fiction”, reprinted in Lewis, *Philosophical Papers* vol. 1, Oxford: Oxford University Press 1983.
Searle has put forward his views on fictional objects in relation to fictions in literature, whereas Smith has put forward his views in relation to fictions in art. None of them has really discussed fictions in chess playing and fictions in economic transactions.†

In the third chapter of *Expression and Meaning*, “The Logical Status of Fictitious Discourse”, Searle concisely highlights several features that he regards as essential to fictional speech acts. He lists four conclusions (italics mine, I):

1. “the author of a work of fiction *pretends* to perform a series of illocutionary acts”;}*\[†\]
2. “the identifying criterion for whether or not a text is a work of fiction must necessarily lie in the illocutionary intentions of the author”;}*\[‡\]
3. “the *pretended* illocutions which constitute a work of fiction are made possible by the existence of a set of conventions which suspend the normal operations of the rules relating illocutionary acts and the world”;§
4. “the *pretended* performances of illocutionary acts which constitute the writing of a work of fiction consist in actually performing utterance acts with the intention of . . . suspend[ing] the normal illocutionary commitments of the utterances.””}*

* This is now longer true of Smith; see his *Searle and De Soto: The New Ontology of the Social World*, in D. Mark et al. (eds.), *The Mystery of Capital and the New Philosophy of Social Reality* (forthcoming), but I will not discuss this as yet unpublished paper here.
* Searle, *Expression and Meaning*, p. 68.
As Searle says himself: “[to a person] who did not understand the separate conventions of fiction, it would seem that fiction is merely lying”. Although I agree with most of the things that Searle says about fictional discourse, I find his use of the concept of “pretend” seriously misleading. True, he distinguishes between two senses of “pretend”:

If I pretend to be Nixon in order to fool the Secret Service into letting me into the White House, I am pretending in the first sense; if I pretend to be Nixon as part of a game of charades, it is pretending in the second sense. Now in the fictional use of words, it is pretending in the second sense which is in question.†

In relation to the very last sentence, I maintain “No, it is not”. A game of charades is not like a fictional story and nor is it like a game of account chess or blind chess. When someone in a charade pretends to be Nixon he represents a real person. But a truly fictional character represents no real person. Therefore, it is misleading to say: “A fictional story is a pretended representation of a state of affairs”.‡ Nothing at all is pretended. To consciously pretend to oneself is just as logically impossible as it is consciously to lie to oneself.

Searle’s mistake comes out clearly if one applies his conclusions 1 and 3 about fictional discourse (see earlier list) to account chess. I guess Searle would not like to make claims like these:

1. the players of a game of account chess only pretend to perform a series of chess moves;

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* Searle, Expression and Meaning, p. 67.
† Searle, Expression and Meaning, p. 65.
‡ Searle, Expression and Meaning, p. 69.
3. the pretended moves which constitute a game of account chess are made possible by the existence of a set of conventions which suspend the normal rules for what counts as a chess move.

People who play account chess or blind chess are not pretending to play chess. They are playing chess, even though they are playing without chess pieces and a chess board. Searle’s mistake comes out even more clearly if one applies his formulations about fictional discourse to account money:

1. the user of a credit or a debit card only pretends to perform a series of economic transactions;
2. the pretended economic transactions which constitute payments by means of cards are made possible by the existence of a set of conventions which suspend the normal rules for what counts as a payment.

When we are using credit and debit cards, we are not pretending to make economic transactions. We are making such transactions, even though we make them with a kind of fictions, account money. Searle’s paper on fictional discourse was published 1979. Today, it ought in some respects to be rewritten, as I am sure Searle would agree. In his book *Rationality in Action* (2001), he stresses the fact that “just about every speech act involves a commitment of some kind or other”.* This statement implies that even speech acts about fictional objects normally create public commitments. Of course, in my opinion, (i) to speak about a fictional person in a book, (ii) to make a move with a fictional chess piece in a game of blind chess, and (iii) to pay something by means of account money create three wildly different kinds of commitments. Nonetheless, there are re-identifiable fictional objects in all three cases.

* Searle, *Rationality of Action*, p. 147; the mentioned elaboration of his earlier view takes place on pp. 172-186.
In the fifth chapter of his book *Austrian Philosophy. The Legacy of Franz Brentano*, “On Art and Its Objects”, Smith gives a concise overview of both the Austrian and the phenomenological discussion of “the phantasy modification”, i.e., of fictional intentionality. Here comes a central paragraph:

The early Husserl, too, defended a type of modification theory, arguing that acts may or may not have the feature *existence postulating*. Modified acts are however distinguished for Husserl, at least in certain passages, not by the fact that there are special (‘non-existent’) objects to which they are directed, but by the fact that they *lack objects entirely*: a fictional object is not a special kind of object, any more than an averted war is a special kind of war. Thus the structure of modified acts is not, in contrast to that of their normal, unmodified counterparts, in any sense relational. It is rather to be understood in terms of special internal qualities which the given acts possess. Certainly we find it convenient to avail ourselves of talk of ‘fictional’ or ‘intentional’ objects in order to describe such qualities, but this fact has no ontological significance whatsoever, …*

Like Searle, Smith has been tempted to employ the concept of “pretending” in order to explain the phantasy modification involved in certain intentional states. But he resists: “Is to imagine something ... to pretend to oneself that one is perceiving? An account along these lines would be too crude, since it is not clear that one can coherently ‘pretend to oneself’ at all” † So far so good. Nonetheless, just like Searle, Smith hesitates in front of a simple acceptance of the fact that, apart from presentational and representational intentionality, there is a third *sui generis* kind of intentional phenomena, fic-

tional intentionality. Instead, he calls this kind of intentionality “sham” intentionality. Two quotations:

What we have is, rather, a modified presentation, which stands to a presentation in the strict sense in something like the relation of a sham to a genuine . . .

The sham presentation is thereby cut loose from the constraints reality itself would normally impose.†

In my opinion, to call acts of imagining fictional entities cases of “sham intentionality” is no better than to call speech acts in fictional discourse “pretended speech acts”. Obviously, account money is not sham money, and no one calls moves in blind chess sham moves. Having noted this, I think one realizes that there is something odd even in calling imaginations “sham” perceptions. When paper money was introduced, it seems to have been the case that some people regarded it as pretended money or sham money, i.e., not as genuine (metal) money. Searle’s and Smith’s reactions to the existence of fictional intentionality seem to me to be of a somewhat similar kind. As I will explain in the next section, there is something to their reaction, but this was also once the case in the negative reaction towards paper money. Originally, the metal (gold, silver, copper) pieces in question, but not the corresponding paper pieces, had some value independently of the value stamped on them. Today there is not much of such a difference.

4. Fictional intentionality and genuine intentionality

The fiction formula, (5) “Z counts in C as a representation of Y(X) where there is no X”, cannot possibly be reduced to a variant of the representation formula, (3) “Z counts in C as a representation of Y(X)”; nor can this latter

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† B. Smith, Austrian Philosophy. The Legacy of Franz Brentano, p. 143.

† B. Smith, Austrian Philosophy. The Legacy of Franz Brentano, p. 144.
formula be reduced to a variant of the primary formula, (i) “X counts in C
as Y”. These formulae describe the structure of three distinct and equally
genuine kinds of institutional reality. I will call the corresponding objects fic-
tional institutional objects, representational institutional objects, and primary institutional
objects,* respectively. However, if the concept of “genuine” is stretched in such
a way that “x is more genuine than y” means that x is more ontologically in-
dependent than y, then one can claim that the corresponding objects are not
equally genuine. Fictional objects are existentially dependent on representa-
tional objects (but not vice versa), and representational objects are existen-
tially dependent on primary objects (but not vice versa). Fictional institutional objects are one-sidedly existentially dependent on (and in that sense
less genuine than) representational institutional objects, and the latter are
one-sidedly existentially dependent on primary institutional objects. There
is, I will show, a dependence hierarchy that looks as follows (the arrow ‘ ↓ ‘
will be used to symbolize a broad sense of one-sided existential dependence):

Fictional institutional facts
↓
Representational institutional facts
↓
Primitive institutional facts

How to prove this hierarchy claim? Let me start with the relation between
representational and primitive objects.

Each representational institutional object has as one of its constituents a
case of collective intentionality, and such a case of intentionality has, in turn,
as its constituents several individual representational intentional states (or
acts) belonging to all the persons that make up the collective in question.
Whether an individual such intentional state – e.g., hearing an assertion or

* Iterations of the primary formula can be said to describe second-order primary institu-
tional facts, third-order primary institutional facts, and so on.
seeing a picture – is satisfied or not (Searle’s terminology), i.e., whether an assertion is true or false and whether a picture is depicting something or not, cannot normally be discovered from within the representation itself. It is an external affair. However, in another way the distinction between being satisfied and being unsatisfied is also of relevance to the internal structure of representations.

In every representational intentional state something is presented as being a satisfied representation. Every assertion necessarily presents itself as being a true assertion, as Searle has stressed, too.† Surely, the empiricist (Humean) philosophy of language learning contains a grain of truth. Some concepts seem not to be possible to understand fully if they are not preceded by, or are simultaneous with, a corresponding kind of perception. A man born blind cannot possibly have a complete understanding of color words. But what is required in order for us to be able to learn that a speech act is an assertion? How can we learn that it is presenting itself as being a true assertion? In my opinion, if one has never experienced both an assertion and its external truthmaker (the fact or object that makes the assertion true) and experienced them in the right sort of relation, it is impossible to understand a speech act as being an assertion. A lemma of this view is the commonsensical wisdom that in order to teach children to speak, one has to talk about entities that they can perceive.

If these empiricist reflections are true, then there can simply be no assertions at all unless there are or have been some true assertions. Even though in each particular case no assertion is existentially dependent on its truthmaker, there is a kind of collective dependence.‡ Each assertion is dependent

† I am here disregarding both logical and performative tautologies and contradictions, as well as other peculiar speech acts. Such utterances are discussed in Johansson, “Performatives and Antiperformatives”, Linguistics and Philosophy vol. 26, pp. 661-702 (2003).
for its existence on the fact that all assertions collectively have to contain some (but no specific) true assertions. And what in this respect goes for assertions goes for representations in general, if only “true” is exchanged for “satisfied”. We get:

Representational intentional states  
(assertions)  
↓  
What is represented by some  
representational intentional state  
(truthmakers)

A consequence of this dependence is that there can be no unsatisfied representational intentional states if there are no satisfied such states:

Unsatisfied representational intentional states  
(false assertions)  
↓  
Some satisfied representational intentional state  
(true assertions)

Fictional intentional states are generically distinct from unsatisfied representational intentional states, even though both kinds of states have in common the fact that there is nothing real outside the states themselves that corresponds to the states. Like all representational states, unsatisfied representational intentional states present themselves as being satisfied. Every fictional intentional state, on the other hand, presents itself as being, so to speak, beyond normal questions of satisfaction and unsatisfaction. This is part of the definition of fictional intentionality. I would now like to ask how we can learn that there are fictional discourses at all. Again, I think that a kind of empiricist answer can be given. The key to the problem is the similarity between fictional assertions and real but false assertions, namely the fact that there is nothing in the spatiotemporal world or a Platonic realm that corre-
spond to these assertions. When we realize that an assertion is false, we can be said to have met in our experience an assertion that lacks a truthmaker. That is, we have experienced intentionality and directedness that is not directed at something existing. After that, but not before, we can consciously make and understand speech acts that are not even meant to be about something existing. Fictional intentionality can come into existence.

Briefly and generally put, my claim is that it is impossible to understand and to create fictional intentional states unless one has earlier met at least one unsatisfied representational intentional state. But, of course, there can be unsatisfied representational intentional states even if there are no fictional intentional states. We now get:

Fictional intentional states
(assertions about fictions)

\[ \downarrow \]

Some unsatisfied representational intentional state
(false assertions)

Relating the displayed dependencies to each other, and simplifying a bit, we get the next schema for ontological dependencies. Applied to assertions, the presented hierarchy means that there is a necessary order in language learning. Perception is both logically and chronologically prior to true assertions; true assertions are prior to false assertions; and false assertions are prior to fictional discourse.
Fictional intentional states  
(assertions about fictions) 

↓

Unsatisfied representational intentional states  
(false assertions) 

↓

Satisfied representational intentional state  
(true assertions) 

↓

What is represented  
(truthmakers)

Moving back to dependencies between different kinds of institutional objects, the hierarchy for intentional states implies the following order of “genuineness” for institutional objects:

Fictional institutional objects  

↓

Representational institutional objects  

↓

Primitive institutional objects

In order for fictional institutional objects such as account money to exist, there has to be both some representational institutional objects and some primitive institutional objects. Institutional reality can contain fictional objects, and, for sure, modern institutional reality contains a huge number of such objects, but institutional social reality cannot possibly – as social constructionists claim – be fictions all the way down.

5. Concluding remarks: the ontology of money and the ontology of fictional objects I hope to have shown two things. First, a Searle-inspired ontology of modern monetary reality requires the introduction of at least four new formulae for the logical structure of institutional social facts, the representation for-
mulae (3 and 4) and the fiction formulae (5 and 6), respectively. In my comments, I have left, as Searle himself has, the pre-history of money out of account. In order to fit also barter and proto-money into Searlean formulae for institutional facts, I think that still another formula that I have introduced, the informal trust formula (8), has to be used, too, but I will not try to work out such an analysis here.

Second, my analysis of fictional chess pieces and fictional money, informed by my reflections on language learning, makes it clear that fictional intentionality can constitute part of but not the whole of institutional social reality. There can be “free-standing chess pieces” and there can be “free-standing money”, but the whole of institutional reality cannot be free-standing.

From The Construction of Social Reality and onwards, Searle has stressed “The Primacy of Social Acts over Social Objects.” In the primitive formula “X counts in C as Y”, it is collective acts of “counting as Y” that create the institutional object Y(X). Without such acts there can be no institutional objects at all. This view ought to make it easy for Searle and all Searle-inspired philosophers to accept even fictional objects as social objects. In the fiction formula, “Z counts in C as a representation of Y(X) where there is no X”, it is of course beyond all doubt that the social acts in question are logically prior to the corresponding social objects. Note, though, that fictional social objects cannot be removed just because they are fictions. It is impossible to play account chess and blind chess without re-identifiable fictional chess pieces. At bottom, all institutional reality may be said to be constituted by deontic power relations and trust relations between human agents. Nonetheless, there can be no institutional reality if there are no enduring social objects whatsoever. The thesis of the primacy of social acts over social objects must not be taken to imply that there could be a social reality wholly without social objects.

* Searle, The Construction of Social Reality, p. 36.
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