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INTRODUCTION

Money will not manage itself.

—WALTER BAGEHOT, *LOMBARD STREET* (1873)¹

DURING TIMES OF TRANQUILITY, it can be hard to perceive what we have come to take for granted. The commonplace becomes invisible. “Sometimes what is most familiar,” Hanna Pitkin reminds us in a different context, “can be as difficult to perceive accurately as what is wholly missing.”² Money is one such elusive institution. But its invisibility is not inevitable. It is itself a fragile political construct and one that has a history. The closing decades of the twentieth century bestowed us with a legacy of money as a seemingly depoliticized lever of scarcity. Both the global financial crisis of 2008 and the monetary response to COVID-19 have by now unraveled this illusion of money as neutral and apolitical. It is once more possible to appreciate the neglected political face of money that had previously been rendered invisible. Even more, as we are engulfed by climate catastrophe and incessantly growing wealth inequalities, it has become ever more urgent to recover and articulate money’s lost political promise. Money has once again been revealed as a construct of political power and thus—as I argue in this book—a central problem of political theory.³

In the course of this book I reconstruct a number of political theories of money that both build on each other and diverge from one another in crucial respects. As we will see, these layers, and the choices they afford, continue to form the material of our own tacit monetary imagination. Disentangling them, clarifying their conceptual shape, and sharpening their political implications involves an exercise of historical reconstruction but also a constant act of self-clarification. Most fundamentally, what emerges from this genealogy are two twin insights. First, money is a foundational institution of democratic self-rule. I denote this democratic aspiration throughout the book by referring to money’s role as “political currency” (on which more in the next section). This is perhaps the most alien and

fragile aspect of money but it is also the one that stands in greatest need of recovery. Second, and closely related, most of the time money does not rise to the level of “political currency.” It all too easily can appear as naturalized or depoliticized. But this is a sleight of hand that disguises the political ramifications of the power to create money.

By reconstructing debates about the politics of money, I not only hope to recover money as a neglected site of political thought and a potential institution of democratic self-rule but also offer an account of how the politics of money came to be eclipsed in the first place. The book thus traces two parallel movements: the periodic reassertion of a political awareness of money especially at times of crisis; and a historical reconstruction of the thinkers and debates that contributed to the eclipse of the politics of money. As a study of how things become invisible, this book constitutes an attempt to understand how and why the political dimension of money became obscured—without ever fully disappearing.



We live in a moment of monetary interregnum. The myth of neutral money beyond politics is dead, but in the words of the economic historian Adam Tooze, “a fully political money that dares to speak its name has not yet been born.”⁴ This book unpacks this complex political predicament of contemporary capitalist monetary regimes and sketches a number of possible responses to it. To understand both the possibilities of “money power” and the binds it imposes, I turn to the tools of political theory. Despite the centrality of money in, and between, our polities, we currently lack the language to articulate these fundamental questions of democratic monetary rule, let alone to answer them. Money’s political dimension has become impossible to ignore, but our vocabulary for discussing the function and purpose of money is impoverished and inert. One of my motivations is thus to contribute to overcoming this linguistic impasse.⁵ Political theory and the history of political thought can help us to recover and craft a language capable of articulating the power of money and its pitfalls in democratic terms.

Central bankers find themselves today inadvertently cast into the limelight as their discretionary ability to create money became impossible to hide or deny. But we struggle to discuss the underlying political choices in democratic terms. Pressed to explain whether the \$85 billion bailout of the insurance giant AIG in March 2009 put taxpayers’ money at risk, Federal Reserve chairman Ben Bernanke famously described the sublimity of

conjuring money out of thin air: the Federal Reserve had simply credited AIG's account with nine zeroes. No congressional approval was needed, nor any difficult arguments about taxes. "We simply use the computer," Bernanke explained to the blank stare of the CBS journalist.⁶

But if the crises of the past decade alerted us to an unexpected degree of technocratic discretion in a system that was supposed to be without alternatives, they at the same time rapidly undermined any presumption that states could exercise monetary sovereignty free from all restraints. As central banks sought to govern the international credit system, most found themselves entangled in a vast and arcane global financial structure that was, at least in part, beyond their direct control. The political authorities that wield the power to make money found themselves hamstrung in their ability to govern the new money.⁷ It is not just the Federal Reserve that can create money out of thin air; the state has delegated this practice of magic for the most part to private banks.⁸ This reliance on private credit money shapes the state profoundly from within. And nonetheless, despite the fact that most money today is created as bank credit, despite the fact that it circulates around the world as capital, money remains ultimately tethered to the states that guarantee it.⁹ A tacit hierarchy structures the pyramid of modern money, both domestically and internationally, depending on how widely and easily a certain credit claim is accepted. At the very top of the hierarchy continues to stand money backed by the state and its central bank.

At least in Europe and the US, until recently these underlying questions concerning the politics of money remained largely beyond public debate. This is no longer the case. Money has at last reentered political debate. This is a welcome change that also reflects tireless activism—intellectual and political—by various civil society groups in the decade since the global financial crisis. With their former mystique punctured, central banks have finally begun to explain the way money works. The regained recognition of the politics of money has at the same time reopened fundamental debates about the nature of money and its proper relationship to politics. This does not mean that the end of the neoliberal mystique of neutral money has given way to more democratic forms of money power. In many ways, the COVID-induced shock revealed the exact opposite.¹⁰ And nonetheless a window for democratic debate has been opened that did not exist before. We are consequently once more witnessing struggles over the monetary imagination that range from the full-employment demands underwritten by proponents of Modern Monetary Theory (MMT) all the way to visions of private cryptocurrencies beyond the state. As Antonio Gramsci already

observed in the interwar years, during the interregnum when old thinking is no longer believed but the new cannot be born, “morbid phenomena of the most varied kind come to pass.”¹¹ Nothing could be more true for the world of electronic money. Nor is it at all clear what a more democratic money could actually look like for a financially integrated capitalist world economy.¹²

Political theorists have a crucial role to play in these debates over the future of money. They can help to conceptualize the ambiguous place of money in democratic politics and offer a multitude of conceptual tools for exploring the possible meaning of justice and democracy under the peculiar monetary order that is financial capitalism. If money has turned out to be more political than many had come to assume, this still leaves open what kind of politics will shape it. Political theory can also provide much-needed historical orientation that helps us to better understand our own precarious moment of interregnum and possible democratic paths out of it. In this book I consequently turn to the history of political thought to explore the foundations, promises, and limitations of the politics of money.

Between Trust and Violence

It is a surprising and telltale fact that in most contemporary economics textbooks—both those published before and after the financial crisis—the status of money is ambiguous. It is both essential and irrelevant.¹³ When our savvy forebears picked some (usually shiny) commodity to mediate in exchange, we are told, they enabled us to move from barter to market exchange. This is the essential precondition for any modern economy. But money appears here merely as a neutral veil behind which real economic transactions occur.¹⁴ Money merely greases the wheels of commerce. Politics and the state are nowhere seen in this picture.

This account of money is best read as a “just so” story. Taken at face value, it is deeply mistaken—as conceptually misleading as it is ahistorical.¹⁵ Nowhere in the world have anthropologists or historians ever been able to find examples of barter economies.¹⁶ What they found instead were sophisticated social systems of credit.¹⁷ Practices that may have looked like barter in fact presupposed an implicit unit of account and an invisible system of credit. Nor is money, inversely, simply a piece of metal, coin, shell, or note. To be sure, physical tokens are often used to record or discharge debts; but to mistake the token for money is, as Keynes once quipped, like “confusing a theatre ticket with the performance.”¹⁸ Rather than being a

commodity of convenience, money is a technology of credit. As a social relation, it exists prior to the market.¹⁹

There is another widespread, and arguably more plausible, “just so” story about the origin of money that inverts the anemic economic account of monetary neutrality. In this alternative story, money emerges not out of commerce but force: money is whatever one is forced to pay in taxes in order to avoid being requisitioned at the point of a gun (or rather sword). To avoid punishment for failing to pay taxes citizens need to obtain the government’s currency. Rather than emerging out of equal exchange, money here instead measures the tax debts imposed under the threat of violence. The state is, in other words, in the unique position of issuing a currency that it can then force its citizens to use. In this “chartalist” account (from *charta*, the Latin word for token), taxes exist because they allowed ancient rulers to create a demand for their own tokens.²⁰

In their conscious disagreement with one another, both of the above “just so” stories have more in common than they care to admit. Both are implicitly driven by certain ideological commitments, and both are meant to promote a particular understanding of money. Both also make sweeping historical claims. Indeed, in (rightly) seeking to displace the myth of barter, chartalism risks swapping one transhistorical assumption for another.²¹ Despite their theoretical juxtaposition, the two stories end up mirroring each other. Where politics is entirely absent in the barter account, it appears as an undifferentiated mass of tax power in the chartalist account. Where the state is missing in the economics textbook, in chartalism it is presupposed as fully formed. Crucially, both accounts end up sidestepping a richer political theory of money that is not reducible to commerce or force but suspended between them. My aim is not to propose yet another origin story. Instead, I hope to make explicit the underlying political stakes by laying out broader debates over the political theory of money. Deploying the tools of political theory, we can derive a more capacious understanding of money’s political role and purpose. We can also better understand the political work that divergent conjectural histories of money perform.

Modern money is indeed a legal creature that cannot be understood without reference to political power and authority, including the threat of force. But money also hangs by a thin thread of trust and collective belief that can be revoked at a stroke. By helping to constitute and perpetuate social values and relationships, money is not just derivative of political power, it is also inherently a source of power.²² Money has a political life of

its own with a rich performative and communicative dimension. Tellingly, discussions of money in the history of political thought were often structured through complex analogies to law and civic speech. Money is not reducible then to either trade or taxes. Instead, it is an ambivalent political project suspended between trust and violence.²³ This means first of all that the idea of money beyond either trust or politics—a fiction peddled by cryptocurrencies and fintech—is a dangerous delusion that disguises a power grab. But nor is money merely a neutral tool of the fiscal state. Money is best understood as a fragile project of political language and it is this predicament that renders it both uniquely promising and challenging for democratic politics.

Crucially, these political possibilities and responsibilities go beyond legal tender narrowly understood and extend to modern credit money created by banks. Even where the state has become entwined with private capital markets, the state's money sits at the very top of the hierarchy of money, both domestically and internationally.²⁴ Even where it has delegated the provision of credit to banks, the modern state claims a monopoly on what Max Weber called the constitutional monetary order (*Geldverfassung*).²⁵ At the intersection of state currencies and private credit, central banks stand today as peculiar institutions of public-private money creation with an uncertain constitutional status.²⁶ As the legal historian Christine Desan has pointed out in her influential constitutional approach to money, while we commonly speak of “monetary regimes,” we rarely consider their normative and political dimension—something we habitually do with other sets of constitutional institutions.²⁷ Like legal constitutions, monetary systems are both sites of distribution and debate. Modern money cannot escape fundamental questions of power and democratic governance.

Political Currency

While I work broadly from a credit conception of money, in the course of the book I introduce a normative conceptual distinction of my own: what I call money as “political currency.”²⁸ Political currency, as I define it, does *not* refer to cash or legal tender. Instead, I use “currency” in a metaphorical sense to refer to money as a tool of democratic self-government, an idea whose genealogy I trace throughout the book. As a political theorist, I am concerned with the legitimacy of institutions. One account for understanding legitimacy—for example, the legitimacy of a particular law—is to stress the way in which an institution is not externally imposed from above

but authored by those affected by it. This is the basic democratic idea of government of the people, by the people, for the people. All too often monetary systems are merely assessed based on whether they achieve certain outcomes, such as, for example, price stability; in the language of political science, they are assessed based on their output legitimacy. This is no doubt an important, indeed crucial dimension of legitimacy. But it is only one. From the perspective of political theory, a system that is legitimate because it genuinely stands to benefit everyone in a lasting sense is best achieved by giving those affected a say in the matter.

“Political currency” marks, then, a normative aspiration. But it is at the same time not entirely divorced from the history of money. Even where they ultimately failed, monetary innovations—from ancient Greek coinage to eighteenth-century paper money—time and time again sought to reorient money toward the idea of “political currency” by reconceiving of the monetary system to ensure that it would serve the citizenry rather than the other way around. To speak of money as “political currency” acts from this perspective as a reminder of the political possibilities of money and the ways in which political communities not only lay claim to govern the money circulating in them but also rely on money to govern themselves more justly.

That money has political dimensions is of course rarely denied outright. After all, most states continue to issue their own currency. But designating money as “political” more often than not means little more than pointing out that monetary policy has distributive implications and is therefore contested. A country’s monetary policy and choice of currency are of course subject to intense political contestation due to their broad effects on the distribution of wealth and power.²⁹ This is a crucial aspect, one that has long preoccupied scholars of political economy as well as, more recently, normative political theorists.³⁰ But this still falls short of what I mean by the politics of money.

When I speak of the politics of money, I have a more fundamental sense of politics in mind. First, all political communities require tools of reciprocity to achieve civic relations among citizens.³¹ Money is one such tool alongside law and civic speech. As such, money can help to create and maintain the preconditions for politics, especially democratic politics. Not coincidentally (as we will see below), the monetization of the ancient Greek world went hand in hand with the rise of the polis. Second, money is an essential tool for the formulation and pursuit of justice. Control over the monetary standard entails more than just whether the value of money will be stable; it also affects the very ability of political communities to

define social value, distribute resources, and enact compensations, fines, and reparations. This aspect acquires a particular importance in the case of democratic regimes. Third, money is a political institution based on forms of collective imagination that connect the present to the past and the future. Arguably more than any other modern institution, ideas and expectations are foundational to the way money operates. Our monetary institutions have shaped our ideas about money, irrespectively of whether these ideas are “right” or “wrong.” Indeed, whether a particular conception of money is “correct” depends itself on our collective beliefs.³² These three dimensions that describe the political-institutional qualities of money can be recovered from the history of political thought. This book offers a first attempt at doing so.



In reconstructing historical debates over the political theory of money, I emphasize throughout their layered quality. These theories did not emerge in isolation from one another; each consciously revisited prior moments of crisis, but also prior foundational texts. Locke and Marx both grappled deeply with Aristotle’s treatment of money. Fichte, Marx, and Keynes engaged closely with Locke’s argument during the coinage debates of the 1690s. The monetary controversies during the Napoleonic Wars loomed large for Proudhon and Marx, but they also still cast their shadow over Keynes and interwar debates over the gold standard. Nor were the resulting responses timeless proposals; each sought to respond to their own specific moment of crisis and each used history to locate their own peculiar position in the midst of crisis. I am in the first instance similarly interested in providing orientation by taking stock of how the conceptual tools we employ to understand the politics of money were shaped by past struggles and inevitably continue to reflect these in a fragmented manner.

This genealogical exercise allows us at the same time to produce a map that can be used to capture divergent political visions of the politics of money. Despite their historical differences, the reconstructed positions of Locke, Fichte, Marx, and Keynes form an eerie prefiguration of our current moment. There is first of all the basso continuo of the Lockean orthodoxy of “sound money,” which considers money to be too important politically to be left to discretionary—let alone democratic—decision-making. In critical response to this Lockean politics of monetary depoliticization, Fichte, Proudhon, Marx, and Keynes outlined a matrix of possibilities that continues to frame debates about money and politics. The

Fichte's notion of a well-ordered national state system based on monetary sovereignty continues to shape demands for a more activist approach to public finance, not least based on the insights of MMT. Proudhonist demands for popular monetary reform to republicanize credit or subject it to decentralized control have resurfaced in debates over financial citizenship and the public provision of credit. All the while, Marx's disillusioned insistence that money is in the end indissolubly associated with a power which is not that of the state but that of private capital has similarly proven hard to shake off in light of capital's extraordinary ability to benefit from even the greatest disasters. Finally, Keynes's attempt to reconcile monetary autonomy with international coordination through the founding moment of a new global monetary regime continues to shape the outer limit of our monetary imagination. Taken together, these options provide us with a grid for mapping some of the—partially divergent, partially complementary—political responses available to us.

Tracing these layered responses also helps us to understand how the political theory of money could come to be obscured over time. Both Locke and Marx had pointed in their own ways to the limits of the politics of money—one affirmatively, one critically. In the hands of their disciples, these delimitations came to take on lives of their own. Their original political quality was all too easily lost and over time they contributed to the gradual obfuscation of money as a topic of political thought. As a result, both the Lockean and the Marxist positions fed—as mirror images of one another—into a symmetrical liberal and left neglect of the politics of money that rendered it long invisible and that continues to exercise its sway over us.

Keynes battled against these elisions of the politics of money, both in its liberal and its Marxist variant. Yet he shared at the same time elements of all of the earlier responses and consciously sought to respond to the resulting predicament. It is for this reason that he can serve as a sympathetic, though not entirely disinterested, guide to the various options offered by Locke, Fichte, and Marx. Against those who presented money as a spontaneous order brought about by the natural forces of the market, Keynes stressed its political preconditions. Against those who shrugged at the unequal burdens of adjustment imposed by the gold standard, he sought to tie money to social justice. Like Fichte, Keynes moreover stressed that modern money was in a number of direct and indirect ways ultimately tied to the state. Yet Keynes was simultaneously distinctly aware of the technical and political limits of monetary politics. He shared with Locke a commitment to economic depoliticization and with Marx an

appreciation for the underlying logic of capital and financial markets; but for Keynes, depoliticization did not preclude an awareness of the political foundations of economic life. Instead, depoliticization precisely required the ability to repoliticize when necessary. As a result, he argued for the need to bring money under deliberate and politically legitimate control by removing it from the naturalistic illusion that obscured its political foundations. Keynes was at the same time aware of the futility of solely relying on monetary reform or better monetary management. Instead, he sketched the limit conditions under which monetary policy would cease to be effective and more direct forms of socialization, in particular of investment, would be necessary.

Through Keynes we thus encounter one way—there are numerous others—to navigate the options sketched by Locke, Fichte, and Marx. My hope is that mapping the various options will provide some orientation to political theorists who have been hesitant to enter the seemingly perilous terrain of the politics of money. But I also hope that such a map or grid will allow us to think more creatively, more dialectically in Albert Hirschman's sense, about the tacit relations between the various options and the ways in which they are not mutually exclusive choices but also overlap, each capturing a different element.³³ The grid invites us to explore productive contradictions by reestablishing contact between different ideological formations.

Layers of Crises

Instead of such a layered genealogy, the history of monetary thought is often read as the clash between two competing theoretical camps: orthodox theories of commodity money and heterodox theories of credit money.³⁴ The former—closely associated with the above economics-textbook account—regard money primarily as an exchangeable commodity of convenience.³⁵ Heterodox accounts, by contrast, see money primarily as a way of recording credit claims. Money is here a “nominalist” system for naming things.³⁶ Distinguishing between orthodox and heterodox accounts has obvious classificatory benefits and it can provide an initial handle on a vast history of monetary thought. But much is also lost in this process of bifurcation. To begin with, many historical authors fail to fit neatly in one of the two categories. In the course of our investigation we will encounter several such instances, most notably in the case of Marx. In addition, a bifurcation between two opposing camps gives a misleading impression of homogeneity within each. There are crucial differences, for

example, between the economics-textbook account for which the entire topic of money is a neuralgic blind spot and the committed defenses of monetary orthodoxy by Austrian School economists or interwar central bankers. Similarly within the heterodox camp, it would be a mistake to reduce nominalism to only the chartalist state theory of money.³⁷ The broad tent of credit can accommodate radically different conceptions of money.

There is another, more subtle conceptual drawback. Any classificatory scheme between orthodox and heterodox theories revolves around divergent accounts of the *nature* of money. But this is only one dimension of debate, or rather only one way to look at money. What it misses is the way in which disagreements about the nature of money often reflect underlying political disagreements about the *purpose* of money. Indeed, even a shared understanding of the nature of money can translate into radically different political uses depending on one's conception of the state, freedom, or justice. In this book I read debates within the history of monetary thought instead as based on divergent *political* theories of money.

What is ultimately lost in the bifurcation between orthodox and heterodox accounts is a crisis-driven narrative that recovers existing conceptions of money as themselves products of various political struggles over the purpose of money. Instead of constructing a static choice between two or more divergent conceptions of the nature of money, I here cut into the geological metaphorical ground on which we are standing to locate discrete layers of monetary politics, to trace connections between them, and to provide a sense of how prior responses conditioned and elicited later ones. My geological probe is at the same time necessarily selective and itself constrained by the very ground on which I happen to stand. It does not claim to be exhaustive, nor indeed to offer a comprehensive continuous history of money. Instead, what ultimately holds Aristotle, Fichte, Marx, and Keynes together are footnotes—those wormholes through which we can travel between crises.



Both the orthodox and the heterodox positions mentioned above are often traced back to Aristotle, whose engagement with money in the *Politics* and the *Nicomachean Ethics* formed the starting point for a hundred generations of scholars.³⁸ While modern readers of Aristotle—at least since the eighteenth century—have tended to stress passages that appear to portray him as an early commodity theorist, I argue in the first chapter that

Aristotle instead provided an early articulation of the political conventionalism of money and as such was an early theorist of money as “political currency.” This was an insight that attended the emergence of coined money in the Mediterranean world since the sixth century BC. While money had existed for millennia, the first coins in the Eastern Mediterranean coincided with the emergence of the Greek polis.³⁹ The proliferation of coinage went hand in hand with a new conception of the political community and it gave money a new political dimension closely tied to the notion of self-governance.

In the opening book of his *Politics*, Aristotle speculated that precious metals had come to be used as money in response to the inconveniences of long-distance trade.⁴⁰ This is the passage that is usually cited to support readings of Aristotle as a commodity theorist of money. But he immediately contrasted this view with a second one that posited money as “wholly conventional, not natural at all.”⁴¹ Where the *Politics* appeared to link money to metal, his *Nicomachean Ethics* presented an account of coinage as a civic institution of reciprocity. By attending to the political meaning of currency (*nomisma*) and in disentangling it from Aristotle’s critique of wealth accumulation, we can shed light on his seemingly contradictory account. For Aristotle, as for the Athenians in particular, currency was not only a means of commercial exchange but also a pillar of the specifically political community and a crucial tool of justice.⁴² Placing money at the heart of politics has far-reaching consequences. The idea of money as political currency poses foundational questions of what characterizes a political community, what allows citizens to relate to one another as citizens, and what enables them to make collective decisions of value and justice. In Aristotle’s idealized analysis, currency formed a political institution of reciprocity and justice.

Much of this original aspiration was disappointed and eclipsed over time. But Aristotelian monetary nominalism nonetheless had far-reaching repercussions and left its mark on Roman law, scholastic thought, and early modern legal practice.⁴³ Retracing Aristotle’s argument in his *Ethics* during the second half of the thirteenth century, Thomas Aquinas affirmed that money originated by “a kind of agreement among men.”⁴⁴ It was not a measure by nature but by law and convention (*nomos*). This was widely interpreted to mean that the value of money flowed from the discretionary power of the sovereign. Yet this royal prerogative at the same time imposed a strict duty on the sovereign to keep the standard of value stable.⁴⁵ Throughout ancient, medieval, and early modern Western political thought, currency was considered a constitutive political institution

marked by this crucial ambiguity. Was money conventional in the sense of a social institution that gradually arose over time or could the sovereign change it at will? Who owned the money—the sovereign or the people?

We can witness the political and philosophical struggles over these questions come to the fore in periodic moments of crisis. In the midst of a great wave of French debasements during the fourteenth century, Nicolas Oresme counseled that while alteration of the currency—*mutacio monetarum*—may at times be inevitable, it ought to be undertaken only under eminent necessity or if it were to the obvious benefit of all.⁴⁶ While conceding that the duty to mint coins was the monarch's, he maintained it was the community that exercised the right to control money's value.⁴⁷ Like Oresme, much commentary continued to be torn between legal nominalism (often tracing itself back to Aristotle) and an insistence on the limits of justified debasements. The relation of money to the political community posed a thorny set of puzzles that was only further compounded by the rise of the early modern state and an unprecedented inflow of bullion from the New World driven by colonial expansion. In the context of early modern religious war, these debates reached a new fever pitch even though they remained stuck in the same impasse. In his *Six Books of the Commonwealth* (1576), for example, the French jurist Jean Bodin explained that the right of coining money was not just analogous but “of the same nature as law.”⁴⁸ The right to coin money (*nummus*) was as much a mark of sovereignty as the right to give law (*nomos*). But invoking the principles of Roman law, Bodin at the same time issued a stern moral stricture against debasements in a series of pointed interventions.⁴⁹ While the right of coinage was a sovereign prerogative, the prince could not alter the weight of coins at will—neither the welfare of his subjects, nor that of strangers trading with him and his subjects could be violated.

Recognizing early modern money's role as a powerful tool of rule thus went hand in hand with an acknowledgment of profound limitations on how such an institution could be shaped. If sovereigns could pride themselves on their royal prerogative to be able to make money, they also faced a reality in which that right was curtailed, morally and practically.⁵⁰ Coinage was sovereign, yet its reach was decidedly constrained by the parallel existence of more and more sophisticated international banking networks.⁵¹ This meant that medieval and early modern money existed in a bifurcated system.⁵² Nominalist currencies and debt systems administered by rulers were accompanied by various informal credit systems for small-scale local transactions, as well as bills of exchange and promissory notes (often denoted in precious metals as units of account) for merchant

transactions beyond the realm of the ruler.⁵³ Money would soon leave behind this patchwork of partially overlapping currencies and credit networks and step into a more recognizable realm of modern money.

Constitutional Project and Fictitious Commodity

The tension between an ever more powerful state with its own currency and a patchwork of local credit and international specie came to a head in the seventeenth century. Whereas there had been two parallel monetary systems across Europe for much of the Middle Ages—a nominalist one for local and domestic transactions, a commodity-denominated one for transactions with foreigners—in the late seventeenth century the two became entwined. The old bifurcated system began to take on a radically different shape in England, and what has become known as the Financial Revolution was in the first place an upheaval in the way in which money was created and, in turn, understood.⁵⁴ Most importantly, modern capitalist money combines and entwines the two previously distinct monetary systems of state money and private monies. Capitalist money is in this sense characterized by the monetization of private debts through a banking system that is in turn backed by the state.⁵⁵ Relatedly, whereas states had previously charged for the minting of metal into coins, they now paid interest on public debt.⁵⁶ This placed the state at the heart of the monetary system while at the same time obscuring that centrality and binding the state's invisible hands.

Put in terms of political theory, the modern state essentially came to rely on private actors to provide the public good of money. Modern money, even in the form of bank loans or deposits, is at the same time never fully private but ultimately guaranteed by the central bank as the supervisor of the banking system. A purely private financial system, just as much as purely private money, is by necessity a fiction—even where that fiction is seemingly a necessity of the modern financial regime.⁵⁷ The hierarchy of capitalist money, like money itself, remains ultimately a creature of the law.⁵⁸ Capitalism must thus be considered a unique epoch in the history of money. Indeed, capitalism is in an important sense defined by a peculiar form of money creation: public and private credit are deeply entwined—with often paradoxical and illusory effects.⁵⁹

This new system began to be forged in a moment of crisis in the closing decade of the seventeenth century.⁶⁰ One particularly influential reconceptualization that reshaped the politics of money and became itself foundational was that advanced by John Locke (who forms the subject of

chapter 2). Instead of having to mobilize moral strictures against discretionary debasements, Locke set out to derive a novel conclusion from the old Aristotelian premises. Locke famously described the monetary contract as a tacit, prepolitical agreement of all mankind, thereby seemingly placing money outside of political control. This unspoken bond between all humans was furthermore said to have given license to the inequalities that inevitably followed commercial development.⁶¹ In his view, the cosmopolitan nature of the tacit compact of metal money entailed a duty to maintain monetary stability, while supporting the expansion of overseas trade and even colonial settlement. Consequently, for Locke monetary justice meant first and foremost a duty to guard the inviolability of metal money that was also a covenant of trust between the sovereign and his subjects. In the background of Locke's intervention stood a new fiscal constitution that made taxation dependent on representation.⁶² But this only further highlighted the awkward constitutional role of monetary power. Irrespective of whether it was left in the hands of the sovereign or placed into the lap of Parliament, the power to create money would seem to render the fiscal constitution moot. To avoid such monetary excesses, the point now was to check monetary power and disentangle it as much as possible from the fiscal state. This was one way of closing off the great turmoil of the seventeenth century and redefining the relation between sovereignty and money.

But it was at most a temporary solution. The development of capitalism and the rise of the fiscal-military state built on public debt in the eighteenth century soon found its expression in proposals for paper money that tested Locke's orthodoxy. The age of revolutions and the British suspension of gold during the Napoleonic Wars became another laboratory for discussion of monetary, commercial, and fiscal order. This produced intense debate in Britain and France, but also in the war-torn German lands. The author who pushed this furthest was Johann Gottlieb Fichte, who distanced himself from Locke's assertion of a tacit universal assent to metal money and instead drew a close analogy between money and the social contract (explored in chapter 3).⁶³ Where Locke had sought to place money outside of the direct political control of the commonwealth, Fichte argued that currency had to facilitate the same demands of rationality and coordinated autonomy that underpinned the social contract.⁶⁴ Monetary justice implied not only the enforcement of private contracts but also the realization of civic equality and the right to work. Economic justice hinged on radically altering the monetary system.

Fichte's radical proposal was stillborn. Instead, global capitalism took off and the age of commercial revolution between the 1820s and the

1870s sparked a new phase of debate. Although Britain returned to the gold standard after the Congress of Vienna and the end of the Suspension Period, there was nonetheless no single hegemonic monetary order. Calls for credit reform became in this context a recurring socialist demand, in particular in France where Pierre-Joseph Proudhon pursued the establishment of a People's Bank in the course of the 1848 revolution.⁶⁵ Even the *Communist Manifesto* demanded the centralized provision of credit and the founding of a national bank.⁶⁶

Yet Marx, during the decade following publication of the *Manifesto*, developed an extended critique of the promises of monetary reform (reconstructed in chapter 4).⁶⁷ Against Proudhon, he argued that proposals for credit reform mistook cause for effect. Rather than introducing a contradiction, money merely mirrored a prior one since under capitalism money merely embodied all the tensions of capitalist exchange. Proudhon peddled, in Marx's words, dangerous "money nonsense."⁶⁸ In his own analysis Marx cautioned both against Proudhonist credit reforms and against Fichte's vision of malleable national fiat currencies. Instead he pointed toward the intimate link between the capitalist mode of production and the development of new forms of credit money.⁶⁹ To reform money without touching the productive system was a contradiction in terms. As "crystallized labor power," money as capital did not obey the word of the state but instead spoke "the language of commodities."⁷⁰ Under capitalism, the public good and social relation of money had been transformed into a fictitious commodity, as Karl Polanyi put it in *The Great Transformation*.⁷¹ But for Marx, this fictitious quality was not simply a false belief or a kind of illusion to be overcome. It was a real aspect of the way in which under capitalism the social relation of money had come to be commodified. As the "necessary form of appearance" of value, money did not straightforwardly bend to political will.⁷² Global capital—even when dressed in national garbs as state-issued currency—was decidedly less malleable than Fichte or Proudhon envisioned.



What are we to make of this peculiarly Janus-faced character of modern money as both malleable constitutional project and crystallized private commodity? If money is a constitutional undertaking, as Desan has persuasively insisted, what kind of constitution is it?⁷³ What kind of constitution should it be? What kind of constitution could it be? Locke, Fichte, and Keynes all appreciated modern money's significance as a constitutional

project, but each had a distinct conception of the nature and purpose of that constitution. I read their disagreements here consequently as expressions of divergent *political* theories of money based in particular on divergent understandings of the ultimate purpose and nature of the state. The following chapters trace, then, an interlocking set of analogies between money and speech, and between the bond of currency and the social contract. In reconstructing these debates I further extend the vocabulary of political theory and the scope of the history of political thought into ostensibly economic matters. This is more urgent than ever in our own moment of disorientation. Such an extension has in turn the power to challenge our existing conceptions of language, trust, and the social contract. To recast credit creation as based on an implicit social contract also allows us to interrogate existing conceptions of contractualism, dispense with overly static understandings, and enrich our political vocabulary in the process. Societies are not created in a single moment; they are built, over time, by complex relationships of trust and reciprocity.⁷⁴ They are built on promissory notes, on collateral, on credit. Conversely money is underpinned by social trust: “habit congealed through repetition into faith,” as the historian Rebecca Spang has put it.⁷⁵

This emphasis on trust and credit, as well as the dangers of breaking those ties might be taken in the first instance as tying the politics of money to conservatism. Just as Locke derived from his emphasis on trust an uncompromising need to secure the inviolability of property and the unalterability of coin’s metal value, the classic defense of the gold standard perpetuated that project into the twentieth century as an anchor against the gyrations of an increasingly unpredictable politics, be it in the form of new democratic demands or efforts at armament by nationalist governments during the interwar years. The promise of sound money became the mantra for a nostalgic search for lost stability. Already Locke’s narrative of monetary fragility had been held together—like Hobbes’s state—by tales of trauma. In the second half of the twentieth century, central banks themselves became the master spinners of such stories of fear and fragility.⁷⁶

But this conservative construction of the politics of monetary trust as too fragile for democratic politics is only one of many options opened up to us by modernity. As critics of Locke pointed out, keeping promises at any cost spells the end of trust. To insist with Shylock on getting repaid, even in an equal pound of fair flesh if necessary, is a sure path to disaster. Formulating an alternative position more suitable to a democratic age is what gives such central significance to Keynes (to whom I turn in chapter 5). Responding to those who insisted on the sacredness of the gold standard

during the interwar years, Keynes argued that where sacrifices had grown so unbalanced the result would be class war—the twentieth-century version of civil war. It was thus the duty of responsible statecraft and a precondition for the functioning of democratic politics to ensure a more just distribution of burdens. Devising more or less roundabout methods for achieving this balancing is the political project of Keynes’s monetary thought. Monetary trust then does not simply imply the enforcement of existing contracts but the realization of a more fundamental, and more equitable, social contract that requires a sharing of sacrifices and benefits. As the political theorist Danielle Allen has put it, democratic society demands that the loser can trust that his or her loss is transient and not a persistent feature of society.⁷⁷ In a democratic society monetary trust must be tied to a negotiation over justice. The absolute defense of price stability implies either a repression of democracy or a social hegemony so complete that the problem of justice is no longer posed.

Depoliticization as De-Democratization

If these arguments about money as a central political institution appear unfamiliar, one reason is that political theory has recently tended to sidestep them. Even historians of political thought have more often than not handed money to the history of economic thought for safekeeping. Money constitutes in this sense a privileged case for studying the politics of depoliticization of the economy.⁷⁸ There are few ostensibly economic institutions that experience a mystification and naturalization as complete as money. Part of this simultaneous centrality and invisibility of the politics of money derives no doubt from money’s peculiar relation to the modern distinction between politics and economics. Narratives of the separation of economics and politics are a long-standing—perhaps even constitutive—feature of modern political thought. Yet money does not fit neatly into such delineations. Precisely for that reason, it can serve as a rewarding object of study.

Despite its seeming political invisibility during periods of calm, money remains tightly tied to politics and the state. As we will see throughout, monetary depoliticization is not an innocent description of the world but always a political strategy itself. I consequently take care to speak of a *politics* of monetary depoliticization. Politics does not disappear; it changes shape and is modulated. Money cannot be removed from politics but only be “encased” against democracy.⁷⁹ This means that much of what passes as the depoliticization of money is a sleight of hand that would be more

accurately described as the de-democratization of money. Unsurprisingly, this antidemocratic politics is rarely spelled out openly. After all, doing so would likely be counterproductive in the realm of democratic politics. But occasionally the underlying sentiment is blurted out, either inadvertently or as a sign of complacency. Perhaps the most famous such instance involves the influential monetary economist Rudi Dornbusch pronouncing in 2000 with spectacular bluntness that “democratic money is bad money.”⁸⁰

The seeming antipolitics of neutral money should then not be taken at face value but is instead best understood as a peculiarly modern antidemocratic politics of monetary depoliticization.⁸¹ By recovering discussions of money in the history of political thought, we can as a first step crack the false pretense of naturalization and defamiliarize what has become too familiar. Who gets to create money and who gets to decide who gets to create money reflect themselves the contingent outcomes of political struggles. They are not theoretical givens or structural necessities.⁸² But from studying the past we can also learn to better understand the appeal of different political strategies of depoliticization that themselves emerged as weapons in such struggles. Depoliticization, even as a peculiar kind of politics of its own, is deeply real. That means critiques of depoliticization risk being limited by a failure to take appearances seriously. This is fatal in the case of money. Money is a metaphor that demands to be taken literally. Like language, money does not merely represent reality but constitutes it.⁸³ Even where the political side of money is often shrouded in myth or disavows itself, these appearances are as powerful as they are deceptive. What is lost in either ignoring or giving in to the illusion is an appreciation of the ambiguous political status of money and the way in which it constitutes itself the plane on which divergent conceptions of democracy are locked into a struggle with one another.

As I argue in the concluding sixth chapter, political theory has in this sense itself been implicated in the most recent wave of monetary depoliticization since the collapse of the Bretton Woods system in the 1970s. Over the past forty years, momentous changes in the politics of money have radically reshaped societies and polities. These decades, which witnessed a renaissance of theories of justice in the academy, now also stand for the gradual erosion of the welfarist institutions and policies advocated by many of those very theorists.⁸⁴ The rise of liberal theories of social justice coincided with the acceptance of permanent unemployment, new forms of financialization, and widening income and wealth disparities—often along markedly racialized lines. The radical reshaping of the monetary order

and monetary policy since the 1970s has been crucial to all three dimensions of this silent revolution.⁸⁵

Political theorists have since become vocal critics of the ways in which money's corrosive effect can corrupt civic norms and political institutions. Confronted with the economic developments of the past decades, they developed powerful arguments against commodification and lamented what the philosopher Jürgen Habermas dubbed the "colonization of the lifeworld."⁸⁶ In the hope of pushing money back into its place, political theorists repeatedly drew lines in the sand, each soon to be erased by the next wave of financialization and commodification. The implicit flip side of this defensive posture is rarely considered. In attempting to contain the political reach of money, political theorists often unwittingly accepted the premise that money is merely economic in the first place, thereby equating it with commodification and immunizing the disinflationary depoliticization of money against critique.⁸⁷

This is doubly tragic because it forestalled an alternative money modernity. What happened in the 1970s was not so much a passive fading away of Keynes's original vision but rather its forcible suppression by a truly violent process of depoliticization. Precisely at the moment at which Keynes's clear-sighted vision of a different politics of money became most relevant again, it was denied. We have still not been able to respond to his challenge of how to conceive of an adequate democratic politics of capitalism and how to reconcile the pull of financial globalization with the ideal of legitimate self-government. The bitter irony of our own current moment in the early twenty-first century is that we find ourselves back in the Keynesian conversation but with only a partial understanding of his monetary thought and on a ground shaped by supercharged financial capitalism that seems to leave little room for democracy or indeed experimentation.



Overcoming the current impoverishment of our political language concerning questions of monetary rule and justice requires as a first step rendering money power visible again. Instead of pitting money against democracy, we will have to craft alternative visions for a more democratic politics of money and articulate a better democratic language of money power. This will be an economic as much as a political challenge. It will have to entail new work in monetary economics as well as renewed thought about the deep interactions between politics and economics. But

if I am right, the vocabulary and institutional imagination of political theory are much needed in the realm of these monetary debates. Only by bringing political theory into questions of money will we be able to live up to this challenge in our current moment of interregnum.

While I write as a political theorist, I hope that my reconstructions and arguments also resonate with those already thinking about money from other vantage points. This includes those who are already looking for a better language to articulate underlying questions of legitimacy and justice, but I also hope to reach those who might not yet realize that they are indeed in need of such conceptual resources. Whether we acknowledge it or not, money is a conduit of power. An adequate understanding of the effects of monetary policy and of proposals for monetary reform require an articulation of questions of power, rule, and justice. Today, this is most immediately the case for central banks. Despite their powerful status, central banks—and the private banks they supervise—exist in a peculiar constitutional blind spot of our polities. The mantle of neutrality with which central bankers used to shroud their actions has been revealed as a convenient myth.⁸⁸ Old narratives and templates have run their course. As we step into a world of rapid technological change and climate catastrophe, the global politics of money is up for grabs—perhaps more than ever before.

This does not mean that money is malleable in any straightforward sense. Indeed, it can easily seem as if money works most effectively precisely when it can be taken for granted, when it is unthought and its social construction hidden from view.⁸⁹ The indispensable but fragile social fiction of money as a commodity is essential to capitalism and nonetheless constantly at risk from its own tendencies toward commodification on the one hand and depoliticization on the other. Money is always more than a simple tool. We never simply make money. Money also makes us. It is within this tension that the politics of money plays out.

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