

# The Currency of Politics:

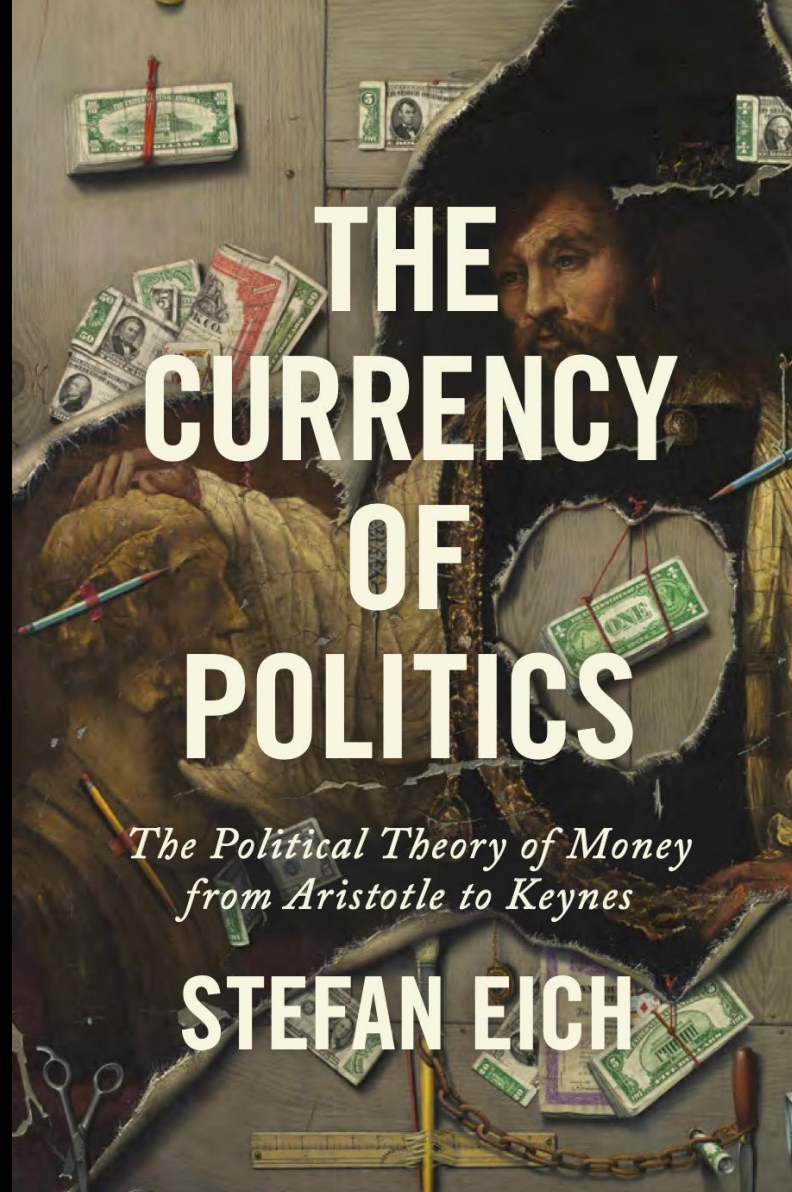
## The Political Theory of Money from Aristotle to Keynes

Stefan Eich

Georgetown University  
Institute for Advanced Study (IAS)  
[sstefan.eich@georgetown.edu](mailto:sstefan.eich@georgetown.edu)

**Z/Yen**

February 7, 2023



The Currency of Politics:  
The Political Theory of Money from Aristotle to Keynes  
(Princeton University Press, 2022)

# The Currency of Politics

1. The Map

2. The Political Theory of Money

3. Interregnum

# Poll

## Do we live in a monetary interregnum?

1. No, everything is going swimmingly
2. Yes, the existing model of central banking/global monetary system seems to be in crisis
3. Maybe, it's only possible to know retrospectively

# Interregnum

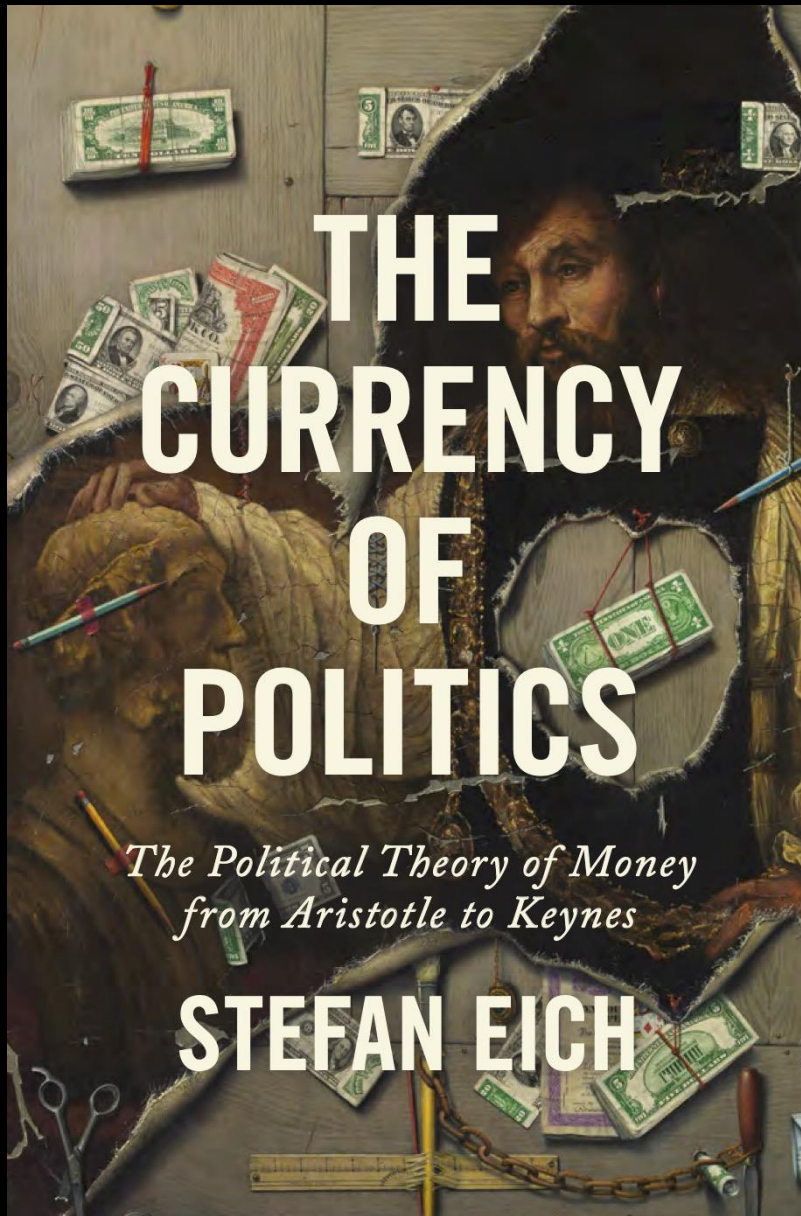
- We live in a moment of monetary **interregnum**
  - Adam Tooze: The **myth of neutral money** beyond politics is dead, but “a fully political money that dares to speak its name has not yet been born.”
    - Inflation debate, weaponized Interdependence, ...
- But our **political vocabulary** for discussing the possibilities, purpose, and limitations for the politics of money is impoverished and inert

# The Currency of Politics

1. The Map

2. Political Theory of Money

3. Interregnum



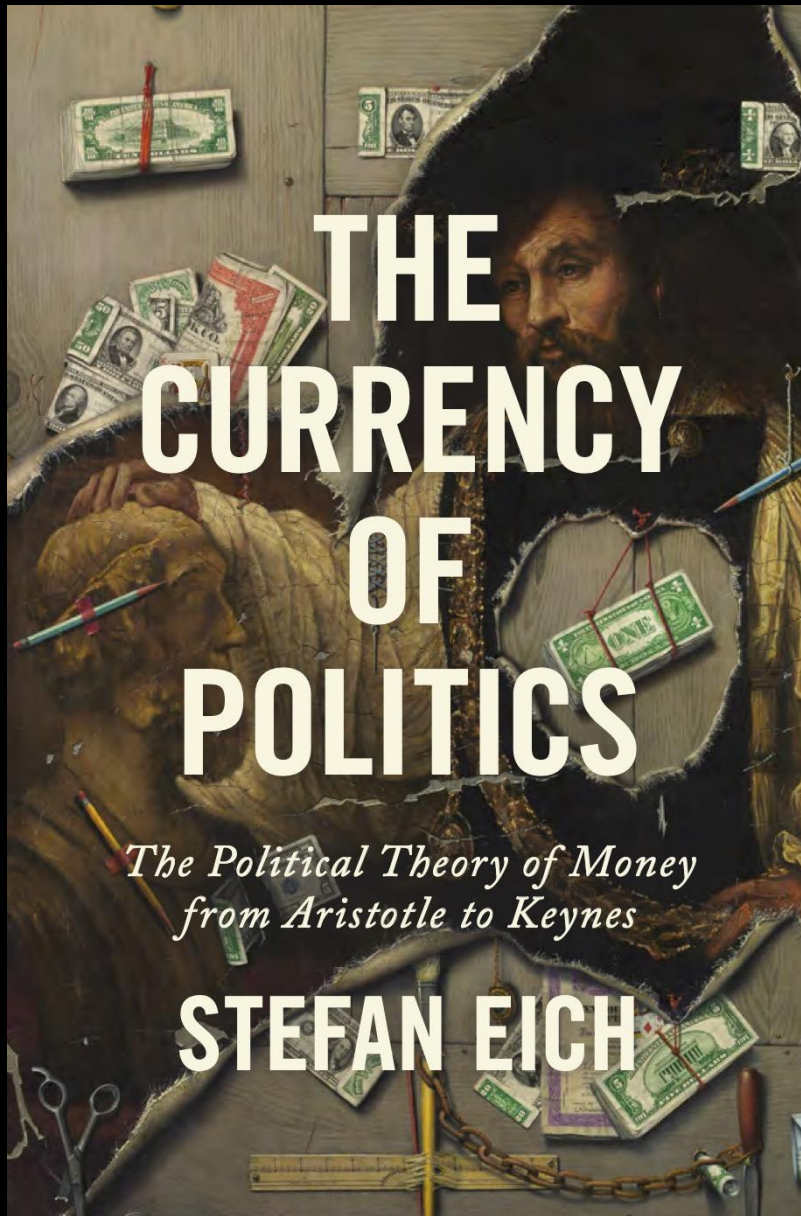
## Preface

## Introduction

- 1. The Political Institution of Currency**  
Aristotle and the Coinage of the Political Community
- 2. Monetary Depoliticization of Money**  
John Locke and the Great Recoinage of 1696
- 3. The Monetary Social Contract**  
Johann Gottlieb Fichte and the Politics of Paper Money
- 4. Money as Capital**  
Karl Marx and the Limits of Monetary Politics
- 5. Managing Modern Money**  
John Maynard Keynes and Global Monetary Governance
- 6. Silent Revolution**  
The Political Theory of Money after Bretton Woods

## Epilogue





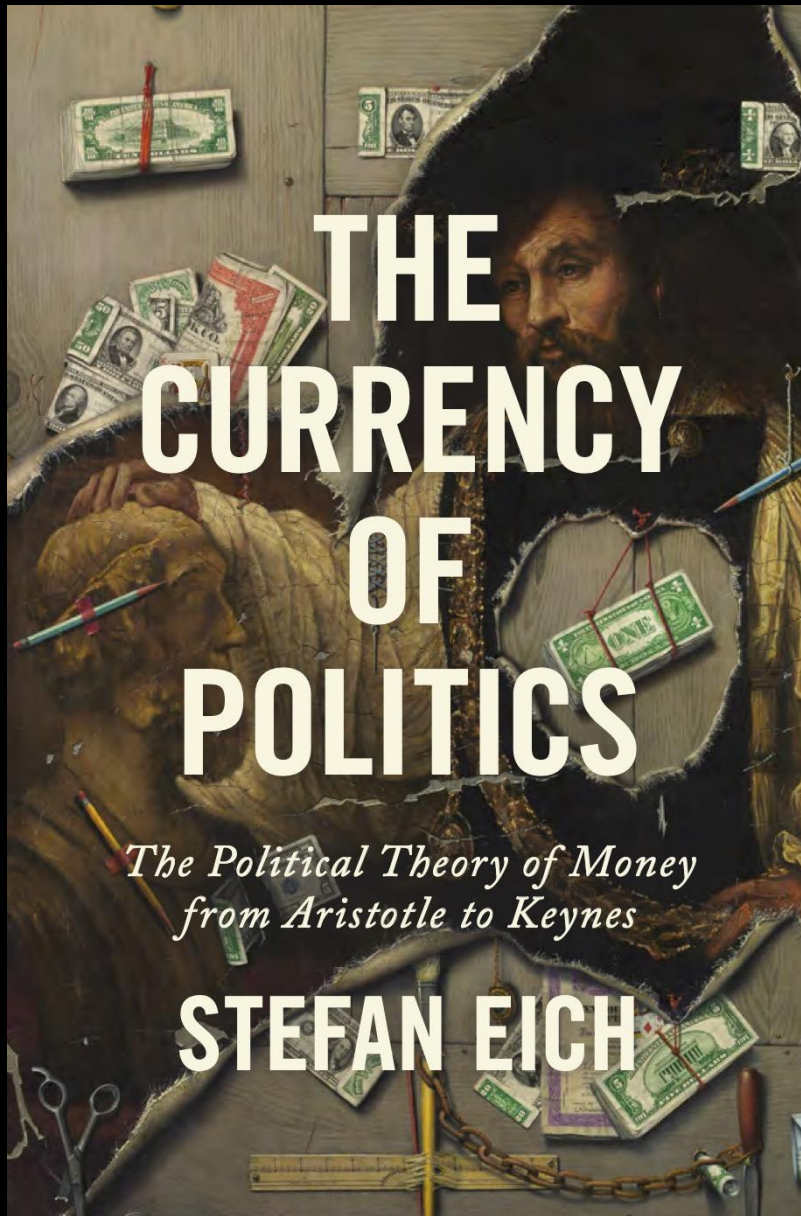
## Preface

## Introduction

- 1. The Political Institution of Currency**  
Aristotle and the Coinage of the Political Community
- 2. Monetary Depoliticization of Money**  
John Locke and the Great Recoinage of 1696
- 3. The Monetary Social Contract**  
Johann Gottlieb Fichte and the Politics of Paper Money
- 4. Money as Capital**  
Karl Marx and the Limits of Monetary Politics
- 5. Managing Modern Money**  
John Maynard Keynes and Global Monetary Governance
- 6. Silent Revolution**  
The Political Theory of Money after Bretton Woods

## Epilogue





## Preface

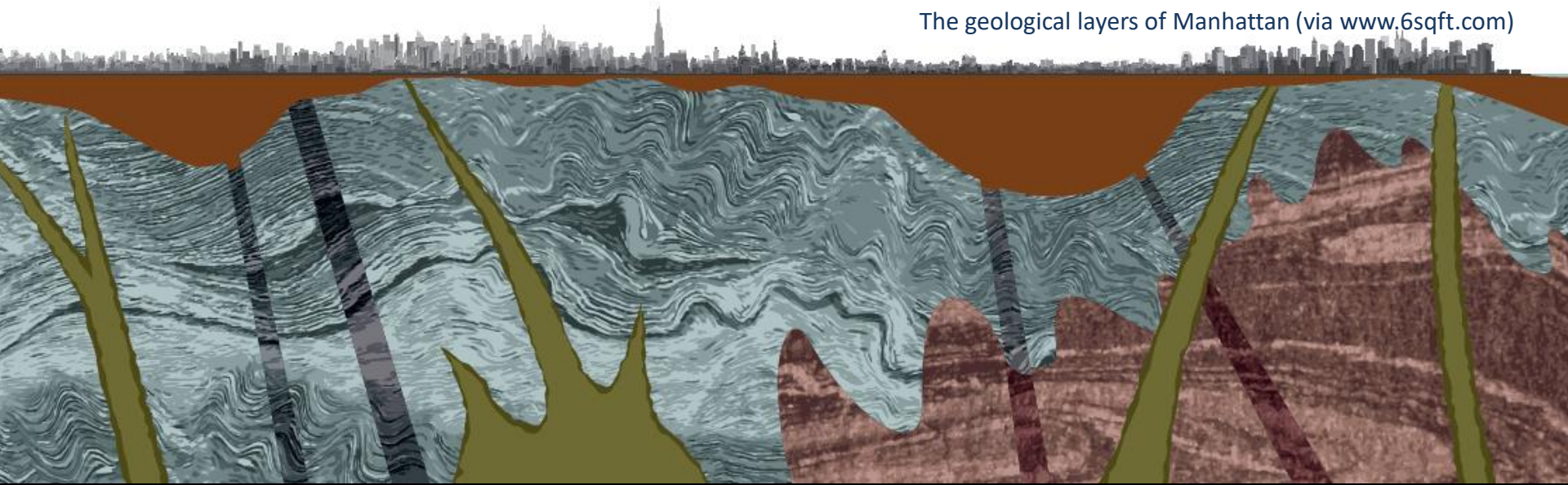
## Introduction

- 1. The Political Institution of Currency**  
Aristotle and the Coinage of the Political Community
- 2. Monetary Depoliticization of Money**  
John Locke and the Great Recoinage of 1696
- 3. The Monetary Social Contract**  
Johann Gottlieb Fichte and the Politics of Paper Money
- 4. Money as Capital**  
Karl Marx and the Limits of Monetary Politics
- 5. Managing Modern Money**  
John Maynard Keynes and Global Monetary Governance
- 6. Silent Revolution**  
The Political Theory of Money after Bretton Woods

## Epilogue

# Layers of Crises

The geological layers of Manhattan (via [www.6sqft.com](http://www.6sqft.com))



- A geological inquiry into the politics of money
- In the form of a genealogy of debates over divergent political theories of money
  - Not to “mine” the past, but a **genuine geological inquiry** to understand the ground we stand on
  - The history of political thought about money accumulates in layers of crises

# Cartography

- A multidimensional map of **competing**, **complementary**, and **layered** political theories of money that stand in conversation with one another
  - Most centrally: Aristotle, Locke, Fichte, Marx, and Keynes
    - But also: Bodin, Pufendorf, Lowndes, Petty, Smith, Kant, Burke, Proudhon, Bagehot, Knapp, Weber, Hayek, Myrdal, Habermas, Dornbusch, ...

# A Multidimensional Map of the Politics of Money

Aristotle's account of currency as a political institution

**Fichte**: A well-ordered national state system based on monetary sovereignty

**Proudhon**: Popular monetary reform to republicanize access to credit

**Marx**: Under capitalism, monetary reform and monetary legislation are epiphenomenal

**Locke**'s paradoxical politics of monetary depoliticization

**"sound money"**

**Hayek**'s call for the "denationalization" of money

# A Multidimensional Map of the Politics of Money

Aristotle's account of currency as a political institution

**Fichte:** A well-ordered national state system based on monetary sovereignty

**Proudhon:** Popular monetary reform to republicanize access to credit

**Marx:** Under capitalism, monetary reform and monetary legislation are epiphenomenal

**Locke's** paradoxical politics of monetary depoliticization

**"sound money"**

**Hayek's** call for the "denationalization" of money

**Keynes:** deliberate control over money based on stability and justice, but also removed from popular politics

# How to Read the Map

- The map is not meant as a depiction of reality but for the purpose of **orientation**
- Also not simply a two-dimensional map but a **multi-dimensional map** one in which time enters as a variable
- The point is not to force us to simply choose one option over another
  - but to appreciate the way in which they can be combined and co-exist alongside one another

# The Currency of Politics

1. The Map

2. Political Theory of Money

3. Interregnum



# What is Money?

- Money is a form of circulating debt
  - Essentially an IOU that is widely accepted in a certain area or community.
  - Can be accepted because of trust or force (usually a bit of both!)



# Money and Coined Money

~3200 BC:

The invention of money



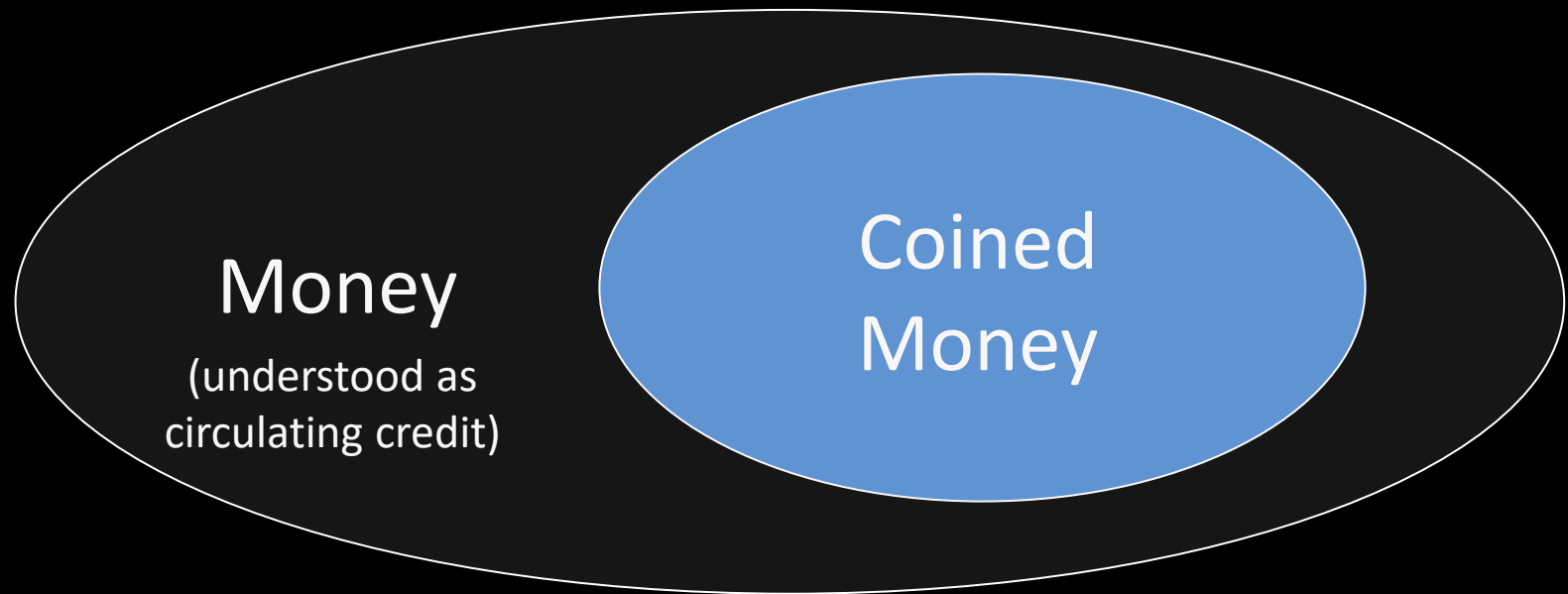
Money

(understood as  
circulating credit)

# Money and Coined Money

~3200 BC:

The invention of money



~680 BC:

Invention of coinage issued by the political community

# Ancient Greek, Chinese, and Indian coins





# Money as a Political Institution

Currency

*nomisma* (νόμισμα)

Law

*nomos* (νόμος)



Athenian tetradrachm (c.454-404 BC)

# Money as a Site of Power

- “Money power”:
  - not merely as the power that derives from *having* money,
  - but **the power to *create* money and the power to *govern* the creation of money**
- Closely linked to this:
  - Money and banking are never purely private but they are always tethered to the state and its central bank
  - Modern money as a public/private hybrid

# Between Trust and Violence

- Money between trust and violence (Aglietta and Orléan)
  - Money is a **legal creature** but it also hangs by a thin thread of **trust**
- An institution of **collective belief** with a rich performative, communicative and temporal dimension
  - A “**constitutional project**” (Christine Desan) but one that consists of **struggles** over conflicting constitutional conceptions
- For me: A **fragile project of political language**, with unique promises and challenges for democratic politics



# The Currency of Politics

1. The Map

2. Political Theory of Money

3. Interregnum

# Stuck in the Interregnum

- Capital seems to rule supreme (Marx)
- But: “Money will not manage itself.” (Walter Bagehot, *Lombart Street*)
  - Finance needs the state at least as much as the state needs finance
- This challenges us:
  - to better conceptualize that mutual dependence
  - to develop better conceptual tools to describe the politics of different monetary systems

# The Politics of Monetary Depoliticization

- Need to move beyond the misleading choice between “depoliticization” versus “re-politicization” of money and central banking
- Instead, the depoliticization of money is better understood as its **de-democratization**
  - Money is always political, even when seemingly “depoliticized”!
  - Even “depoliticization” has to be defended in the language of politics
- Inversely, calls to “politicize” money are empty if they fail to articulate what kind of politics is meant to be injected

# Poll 2

Do you think either the monetary system or monetary policy should be made more democratic?

1. Yes
2. No
3. Not sure

“Democratic money  
is bad money.”

Rudi Dornbusch





“Democratic money  
is bad money.”

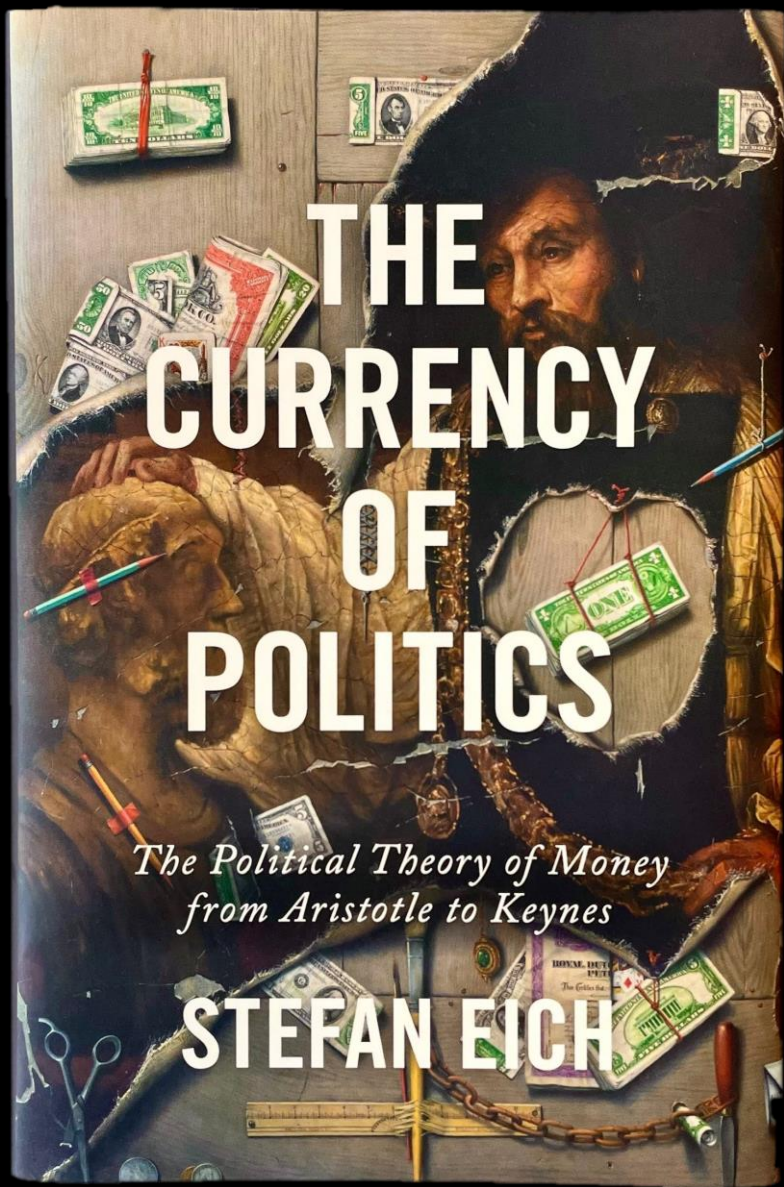
Rudi Dornbusch

Or can we do  
better?



Thank you!





[stefan.eich@georgetown.edu](mailto:stefan.eich@georgetown.edu)



The book at  
[amazon.co.uk](https://www.amazon.co.uk)

The Currency of Politics:  
The Political Theory of Money from Aristotle to Keynes  
(Princeton University Press, 2022)