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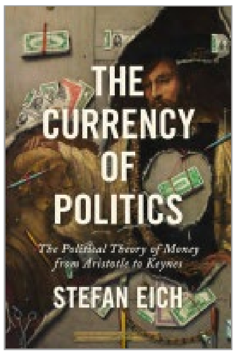

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1 Much of our politics revolves around money matters. Where to spend money on, who to tax, what to do with increasing national and private debts. Less saliently, the institutionalization of money is itself a crucial political question. Who controls this important life-shaping institution? Central bankers in grey suits come to mind, solemnly proclaiming fiscal discipline. How come we have accepted that control over money is not a political question, but a technocratic one—best left to experts? Hidden from view is the essentially political nature of money, something *The Currency of Politics* by Stefan Eich seeks to uncover.

2 This book is an ambitious project in political philosophy aiming at revealing money as a fragile political construction and retrieving money as a tool of democratic self-government. The target audience consists of political philosophers, specifically, and a wider academic public interested in ideas of money. The book provides an intellectual history of thought intersecting with rich empirical descriptions ranging from Aristotle's Athens to Hayek and Habermas. Well-researched, the book offers more than only an intellectual history. The main aim of the book is to uncover how we came to think about money as neutral or apolitical. Here, the neutrality of money means that the economic and political dimensions of money are viewed as separated. Explaining the nature and intellectual causes of depoliticization of money is itself a core focus of this book—revealing such depoliticization as itself a political move. Eich makes visible in what tradition contemporary philosophers stand when they instead approach money as a political institution. It allows the reader to think more deeply about money in our current time, and what the role of money in democracies should be.

3 The mainstream economics textbook definition of money does not mention money's democratic potential. In these textbooks, writes Eich, "money appears merely as a neutral veil behind which real economic transactions occur. Money merely greases the wheels of commerce. Politics and the state are nowhere seen in this picture" (4). Specific political philosophical questions about money that cannot be answered with the textbook definition are, for example: "Who gets to decide who creates money? Where should money power reside in our constitutions? Is a more democratic money possible?" (208) Two literatures on the conceptions of money in contemporary political philosophy since the 1950s challenged this textbook definition. In the first literature, money is approached as an instrument of economic and political power handed over by public institutions to financial corporations. Private banks not only have the power to create and control money, they are also interweaved with the economy at large to such an extent that they are "too big to fail". This implicit public guarantee, together with information asymmetry, leads to moral hazard (Claassen, 2022). Although control over money is what grants financial institutions power,

this first literature does not look at the nature of money per se. A second literature on money understands money primarily as an instrument with the potential to combat inequality. Money is a requisite for fully participating in a democratic free market society. Access to money, or credit, should therefore be a right and be free of biases against the poor (Meyer, 2018; Dietsch, 2021; Baradaran, 2018). Reasoning along these lines also undergird arguments in favor of microfinance to alleviate dire poverty.

4 Eich's project gives these literatures a stronger foundation by unpacking money itself as a constitutional project. The title of the book, *The Currency of Politics*, does not refer to money as tools for market exchange, like cash or legal tender, but instead to money as a tool of governance. The moral hazard literature underlines certain issues with the current form of governance, one where democracy is losing grip on money. Eich, by contrast, provides a positive framing of money as a tool for democratic self-government. How we understand money, Eich states, is crucial to our understanding of our social and political worlds and what we can expect of our public institutions. Eich sides most closely with legal historian Christine Desan and her conception of money as a politically constructed object, created by historical contingencies and power relations (Desan, 2014). Understanding money as apolitical, as economic textbooks suggest, makes it harder to think about whether and how the creators and controllers of money should be kept accountable for what they do. This question of the legitimacy of money, Eich argues, can only really be asked when we make visible the politics of money.

5 A conceptual point that guides Eich throughout the book is that he wants to move beyond narrow debates over the "depoliticization" versus "repoliticization" of money or central banking. According to Eich, money is always already political. Instead of calling for the repoliticizing of money, we should look at the specific type of politics that is already in place in the institution of money. The debate about money and democracy "cannot be over *whether* money has or should have a political dimension but instead of how that politics ought to play out and what values should guide it" (xvi). Eich's diagnosis of the current state of affairs is clear: our monetary system is ruled by technocratic central banks and private financial institutions, that are kept unaccountable by the prevailing depoliticization of money. The goal of Eich's book is to trace the history of intellectual thought to uncover how we arrived in our current predicament, to allow philosophers, yet again, to reflect on central normative questions around the due institutionalization of money—and that requires revealing the political nature of money.

6 In the first five chapters, Eich reads key philosophers as primarily philosophers of money —Aristotle, Locke, Fichte, Marx, and Keynes. To each Eich devotes a chapter, including the monetary crisis they were faced with and how this crisis shaped their thinking on money. A recurring question is: should money be subject to political control or released from it? Only the last chapter, on political philosophy after the Bretton Woods system, deviates from this design. In this chapter, thinkers from Rawls and Habermas to Hayek are discussed, with the main critique that all these philosophers of money have fallen for the myth that money is politically neutral.

7 Chapter one is on Aristotle. As with much of western philosophy, "[m]oney's political meaning could be traced back to ancient Athens" (xiii). According to Aristotle, currency formed a political institution of reciprocity and justice. "Currency can be just, but not when it fuels accumulation for its own sake. As a tool of reciprocity, however, currency serves political justice" (27). Money was a means of commercial exchange and a pillar of political community and justice. Aristotle's account of money cuts through the opaqueness of money. It raised the core question of monetary policy from the perspective of democratic legitimacy: Who owned the money—the sovereign or the people?

8 Chapter two discusses the monetary philosophy of John Locke. In contrast to Aristotle's understanding of money as a tool for just rule by politicians, Locke posits the sound money theory: money is too important politically to be left to political decision-making. Although Aristotle and Locke agree on the consensual origin of money, Locke thought that in the end it would be better to keep money away from democratic politics. Eich shows that Locke's understanding of money was shaped by a major monetary crisis England faced at the end of the seventeenth century: the Coinage Crisis of 1695-1698. At this time, 80 percent of England's national budget was spent on war efforts with France, leading to money shortages in Locke's home country. Moreover, the material of which coins were made had become more valuable than their denomination. Clipped coins, where parts of the coin are chipped off to sell, made up about 40 percent of total coins by 1695. This

aggravated the liquidity shortage in England.

9 With a population that was losing trust in the monetary policy of its leaders, England's leaders chose to recoin all money in the original value, established years before. According to Locke this solved the trust issue, since the denomination yet again corresponded to the actual weight in silver. For the country's finances, however, the effects were dramatic, with liquidity shortages becoming even larger. Nevertheless, Locke remained throughout an avid proponent of this policy. In response to this crisis, Locke developed a novel theory of monetary depoliticization: "Instead, coins' denominations were according to Locke based on particular quantities of metal that were set by fiat but then solidified over time until they were—paradoxically—declared beyond sovereign meddling" (51). Even though the conventional origin of money is institutionalized by politics, it should be managed outside of politics. Hereby, Eich argues, Locke stood at the root of modern money's obscurity.

10 More than a hundred years later, chapter three shows, Johann Gottlieb Fichte looked with wonder at yet another monetary policy experiment by the leaders of England. In 1797 the Bank of England suspended the convertibility of money into gold. As a consequence, the value of the Pound was only tied to the word of the state. The Pound was pure fiat money. "Where money had previously been seen as having a stable commodity value, it was now revealed to be a circulating sign, a collective cultural and political project of artificially created value" (86). On Eich's reading, Fichte understood the political potential of fiat money, because Fichte came to regard fiat money as a completion of the social contract. It is rational for states, and their rational republics, to guarantee their own economic conditions, so as to secure monetary autonomy. With fiat money, Fichte argued, states are no longer dependent on international trade in bullion. Gold or silver are no longer necessary to guarantee the value of money. Without this international reliance, money could become a self-referential medium. The great contribution of Fichte, according to Eich, is that he saw the political potential of money and envisioned a state that actively regulated the monetary economy.

11 Chapter four is dedicated to Karl Marx. Marx has serious doubts about the potential of money as a democratic institution. In letters to Engels in 1857, he still expressed high hopes of a collapse of the commercial banking infrastructure. The cause of this was an accident involving a cargo steamer carrying tons of worth in gold, heading to America to capitalize banks, getting lost at sea. Even though stock markets were in shock, private capital markets swiftly recovered—contrary to Marx's hopes and expectations. Witnessing private capital markets as inevitably linked to the capitalist mode of production, Marx argues that monetary policy is constrained by private capital and that money, therefore, cannot be used to tackle exploitation. Marx did think that the current credit system could be improved, but money and the capitalist mode of production are two sides of the same coin. Capitalism's cycles of overproduction and overaccumulation are conditional on money and credit. Not only is money always already political, it is also always already lenient towards the owners of capital.

12 Whereas Aristotle, Locke and Fichte are rarely regarded as philosophers of money, scholars have extensively studied Marx's and Keynes' conceptions of money. Joseph Schumpeter interpreted Marx as a metallist in favor of tying money to the gold standard. More recently, Geoffrey Ingham (2004) categorized Marx as a commodity theorist, arguing that with his labor theory of value Marx committed himself to a commodity theory of money. Ingham criticizes Marx for failing to see that money is a disguised social relation. Eich argues against these dominant readings of Marx on money. He claims that these views prevent "a true appreciation of Marx analysis of money under capitalism" (108). Ingham's main critique is that Marx—and generations of Marxists after him—failed to see the important point that new money is created endogenously by private banks when they extend loans. Eich argues that Marx did grasp this. In fact, the insight that private banks make money endogenously, taken from the British Banking School, played a major role in Marx's development of his theory of money.

13 It is exactly the point of endogenous money creation, argues Eich, that led Marx to believe that money is inescapably tied to the interests of the owners of capital. "Banks could extend fictitious credit, but the underlying demand for credit was determined in the productive sector and reflected a broader commercial crisis" (124-125). Even though monetary crises occur in money markets, money markets are themselves symptoms of

the capitalist mode of production. Therefore, changes in monetary policy are of no use if structures of ownership remain in place. Eich argues that Marx lost faith in the emancipatory potential of monetary institutions, stuck in the clutches of capitalism. Marx made a conceptual shift from money to capital—a critique of modern money's malleability. Laborers have to work for money and commodified labor appears to us *as* capitalist money. When capitalists require money, however, banks find a way to make it. Eich suggests that monetary policy became an abandoned site of philosophical thinking for twentieth century Marxists because of the view that monetary policy will always favor the owners of capital.

14 Chapter five outlines how John Maynard Keynes sought to tie monetary policy to interests of the public. According to Eich, Keynes understood that the "management of money was a public task tied to social justice, deriving its legitimacy from the implicit political covenant that also grounded the state" (143). Keynes is a proponent of regulation of the creation of money. To achieve that, the gold standard had to be ditched because gold-backed money disguises unfairness in the international distribution of gold. According to Keynes, the gold standard makes countries compete for scarce resources and, simultaneously, creates economic inefficiencies by making money artificially scarce.

15 Eich suggests that Keynes is often narrowly read as a proponent of national economic-policy autonomy, by scholars such as Michael Heilperin. What those accounts miss is Keynes' plea to create a more stable international system of managing money outside of the gold standard. Eich likewise counters the reading of Keynes by scholars in international relations theory, most influentially John Ruggie, who argue that Keynes' ideas came to fruition in the Bretton Woods institutions. In opposition to Ruggie, Eich argues that Keynes' boldest proposals were not adopted at all. For, not only did Keynes seek to liberate currencies from the gold standard, he also proposed a system through which currencies could be stabilized again, reconciling domestic autonomy with global cooperation. Keynes' solution was a global reserve currency, through which the amount of money could be controlled and currencies stabilized; rather than the US-dollar around which Bretton Woods was shaped.

16 Further, Keynes was in favor of developing a contained constitutional politics based on expertise. The reliance on expert knowledge in monetary policy is a key issue resurging again and again in debates on democratizing money. Just like Keynes, contemporary scholars working in the field of economic ethics simultaneously acknowledge that money is a social construct which current institutional framework needs to be democratized, while also seeing the objections to leaving monetary policy entirely in the hands of voters (Heldt and Herzog, 2022; Downey, 2021). This is not to say there should be no public debate on monetary policy, but that experts, in the end, are necessary in governing money. Though Fichte already thought that money had democratic potential, it was Keynes who really took up the challenge of thinking through what democratic monetary policy in a global world means, culminating in the idea that "states have the right to break contracts if they ran counter to the higher social purpose of justice" (147). In Eich's reading, Keynes was the light in the dark, one of the few twentieth century thinkers who understood the powers attached to the design of monetary institutions and the necessity to shape these institutions in order to support democracy.

17 In chapter six on monetary thought after Bretton Woods and in the conclusion, Eich moves away from the intellectual history towards criticism of political philosophy since Keynes. Eich contends that almost all of these political philosophers—most notably Rawls and Habermas—took money for granted and "abstracted away from institutional questions of monetary policy and central banks" (178). Political theorists accepted that money was merely something economic in the first place, neglecting the history of philosophical thought as Eich presents it in his book. Money was outside the scope of emancipatory action. Rawls, for example, just relied on the Bretton Woods paradigm of statist welfarism and economic growth in *A Theory of Justice*. Habermas, too, left monetary policy out of his writings, and in interviews became more and more "skeptical about the feasibility and desirability of economic democratization" (186). This shows, according to Eich, that the idea that money is neutral and its control should be left to experts found its way to the heart of political philosophy.

18 As philosophers accepted the depoliticization of money, Eich argues, classical liberals such as Friedrich Hayek were handed the power to construct the discourse of money and present it as an economic fact. Faced with the inflation of the 1970s, Hayek considered

price stability to be the main function of money. Precisely price stability is currently first and foremost the mandate of the European Central Bank. This means that other goals of economic policy, most notably ensuring full employment, are secondary to price stability. Contrary to what Eich states, the myth of neutral money beyond politics is far from dead. Although central banks recently deployed various instruments that moved outside of their narrow mandates and therewith at least in practice revealed themselves as political (van 't Klooster and Fontan, 2020), the first central banker that says outright that the creation and control of money is not politically neutral, nevertheless, is yet to come forward. Many policy makers at central banks or ministries of finance still uphold the belief that adjusting interest rates is the main, if not only, lever to pull when it comes to combatting inflation in the current energy and cost of living crisis.

19 Eich convincingly shows that an apt theoretical justification of money as it exists now in democracies is lacking. One of the promises of the book, however, to give us an understanding of money as a tool of democratic self-government, does not entirely come through. For one, it is not clear to me how the various ideas of the philosophers discussed relate to the conception of money as a tool for democratic self-government. Aristotle, for example, is not a democratic political thinker whose ideas align with the way we now think of democracy. Further, what Eich means by self-government is not discussed in much detail. As *The Currency of Politics* is primarily focusing on money as a philosophical idea, the book says little about how the money system is actually organized and what types of institutional changes should be made for the money system to coalesce with Eich's ideal of democratic self-rule.

20 The main aim of the book is to uncover how we have come to think about money as neutral or apolitical, and Eich succeeds in this. Nowadays, money is both intrinsically tied to the state while the control over the creation of money is at the discretion of unelected experts. Some of the key events in monetary history are unpacked to create a narrative of how the result of rule by an expert minority is the contingent outcome of political struggles. The main contribution of the book lies in presenting an intellectual history of money that theoretically grounds the works of others working on democratizing money. *The Currency of Politics* is a great addition to the philosophy of money. I can only hope it finds its way to the library of the ECB.

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