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DIALOGUE AND DEBATE: SYMPOSIUM ON STEFAN EICH'S THE CURRENCY OF POLITICS

The communicative turn in money production and central banking

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Abstract

This intervention expands Stefan Eich's analysis of the parallel between language and money in *The Currency of Politics* by emphasising the increasing importance of linguistic communication within processes of production. This expansion has had an impact on monetary policy and on the communicative strategies of central banks. The suggestion is to integrate Eich's call for the politicisation of monetary design with an appraisal of post-fordiist productive processes and the importance of money creation for the valorisation of those processes. If this reading of the expansion of the logic of economic value to linguistic communication is correct, then any call for a monetary design of money that works like public speech ought to be carry forward cautiously, in light of the colonisation of the latter (speech) by market forces

Keywords: political currency; Locke; Keynes; communicative action; central banks

1. Setting the scene

In an ever-expanding field like the philosophy and history of money and monetary thought, Stefan Eich's *The Currency of Politics*[1] has been able to carve out an original position and it has done so with an investigation which is remarkable for its breadth and depth. Among the many lessons that one can bring home from this precious book, this article puts the emphasis on one: the analogy between currency and language, and the difficult of maintaining both separated from commodifying processes.

Eich's specific contribution on this theme is to show that current monetary conceptions[2] do not account for the salient political aspects of money. Designating money as a tool of redistribution of wealth captures only one of the political qualities of money, but Eich's contribution pushes the notion of political currency further. In particular, his suggestion to focus on the production of money and its potential politicisation is timely and compelling. In doing so, he brings up relevant comparisons with the social functions of public speech and law. Hence, Eich rightly stresses how important is the design of money in the organisation of social relations. It follows that monetary design ought to be treated as a public good as much as speech and law are. This article will pick up the specific thread concerning the parallel between currency and speech with a view to show the

[1]S Eich, *The Currency of Politics: The Political Theory of Money from Aristotle to Keynes* (Princeton University Press 2022).

[2]In what has been termed the monetarist turn, the political properties of currencies have been made irrelevant when not invisible on purpose. On how monetarism was adopted in the context of the USA and UK, see (*ex multiplis*), T Walter and L Wansleben, 'How Central Bankers Learned to Love Financialisation' 18 (2020) Socio-Economic Review 625–53.

increasingly linguistic nature of productive processes and their likely co-option by market rationality.[3] This is, indeed, a development of financialisation and the rise of a neoliberal political economy, and it has an impact on the monetary valorisation of capital.[4] Therefore, the underlying hypothesis of this article is that the increasing communicative quality of many relations of production has been made possible by the affirmation of a conception of money as pure convention and, in parallel, a commodification of communicative action. Normatively speaking, a warning lies behind this analysis: the parallel between money and speech can help illuminating the danger of the potential colonisation of certain forms of communicative action by commodified and apolitical money. It goes without saying that, following Eich, we should resist this colonisation, but it is analytically rewarding to understand the logic of the monetisation of communicative action. This move suggests a less stark division between communicative and strategic rationality. In this sense, Eich's reconstruction of the expulsion from normative political philosophy of political economy and monetary thought since the 1980s is extremely helpful because it rightly emphasises Habermas' reduction of the monetary system to pure instrumental rationality and the parallel elevation of communicative action beyond money. But it should also be added that public speech can be easily manipulated and turn into another commodity. In light of the monetisation of communication, monetary reform ought to be pursued in strategic terms, by maintaining open a conflictual space with market forces. Recovering the normativity of the monetary design could help in (1) grasping the political nature of money and (2) strategizing about monetary reforms with a view to subtract (at least partially) the production of money from financial imperatives of accumulation.

In the second section of this article, I will reconstruct the role of the comparison between money and language in the economy of Eich's project by looking into the chapter of the book devoted to Locke. This will pave the way for the third section, where (following Eich's reconstruction) I will pit Keynes' conventionalist conception of money in opposition to Locke. I will then discuss the limits of a conventionalist reading of money. The intention is to bring back into the picture the type of neoliberal political economy that is associated with money as mere sign. In this way, it is possible to link the linguistic dimension of the monetary design to the transformation in the modes of production of commodities that have occurred in the last few decades with the hegemonic affirmation of monetarist theories.[5] Once this connection has been made visible, it becomes possible to appreciate the fragile analogy between law and language: Re-establishing the link between conventional money and processes of production is also a necessary (but not sufficient) condition for assessing the role of central banks in the current monetary context. It is indeed their self-referential capacity of making money that seems to ground the entire monetary system. In the last section, I will touch on the importance of strategic communication (used as a performative intervention) by central banks during periods of financial crisis. The suggestion is that, during periods of financial and economic crisis, some of the most powerful central banks perform the role of market-makers,[6] hence they ultimately choose to communicate primarily to market actors by using their powers of making 'fiduciary' money. Their actions are driven by the aim of maintaining financial markets operative and potentially stable. It is indeed remarkable to observe, in central banks' communicative activities, how much of this communication is driven by the expectations of financial and economic operators. But it is also crucial to understand that

[3]Although they are not the same, I will use language and speech as loosely related concepts as they are both relevant for communication.

[4]I follow here the account of financialisation offered by C Lapavitsas, *Profiting without Producing* (Verso 2011). Other interesting accounts can be found in G Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Harvard University Press 2011); J Voegl, *The Ascendancy of Finance* (Polity 2017).

[5]The seminal work on monetarist theories is M Friedman (ed), *Studies in the Quantity Theory of Money* (University of Chicago Press 1956).

[6]See B Braun, 'Central Banking and the Infrastructural Power of Finance: the Case of ECB Support for Repo and Securitization Markets' 18 (2021) Socio-Economic Review 395–418.

unconventional monetary policies are a manifestation of the self-referential nature of contemporary high-powered money. Strategic central banks' communication in periods of crisis are enabled by this transformation of the currency medium. This final point is not intended as a corrective to Eich's approach to money, as he is alert to the importance of central banks and the limits of their communicative strategy, but only as an integration which accounts for the more material dimension of money production. In order to avoid misunderstandings, the fact that money has been, so to say, de-substantialised and has tended to become self-referential does not marginalise its material context.[7] Monetary policies are not only redistributive measures, but they are also one of the means of political command over labour, especially when they are associated with austerity.[8] Furthermore, the importance of high-powered (fiduciary, because supported by the sovereign) money has actually increased, as it was proven by the fact that, in times of crisis, people still run to the banks to try to get back (at least) fiduciary money.

2. Currency and language

One of the most common tropes that are mentioned when discussing the nature of money is the evocation of a parallel institution, that of language. Indeed, among the many threads of Stefan Eich's book, one unfolds precisely around the parallel drawn between the role of money and the role of language. More accurately, Eich associates money with two other major components of the social fabric of political communities, language (or, as he notes at times, civic speech) and law, with the intention of showing that there is more to currencies than being intimately linked to markets or the State (trade or taxes, in Eich's formulation): 'all political communities require tools of reciprocity to achieve civic relations among citizens. Money is one such tool alongside law and civic speech'.[9] The recognition that money does not express, but rather weave the fabric of society is of great importance in the economy of Eich's argument. Following a classic Aristotelian point, one could say that money, like language, relates those who are different by somehow making them equals. In this sense, the organisation of the monetary system is a constitutive pillar of each and every community. But in Eich's view, it can be more than that: designing a monetary system can be an opportunity to introduce the preconditions of a democratic society.[10] This strong normative position allows Eich to gain an original position in the current theoretical debate on money. Hence, in an incisive passage, Eich notes that the incapacity of recognising this constitutive and normative power of the currency is what is shared by two alternative conceptions of money like, on one hand, the story told by orthodox economists of a means of exchange born out of barter (commodity money) and the modern monetary theory (MMT) and Chartalist approaches for which money is a creation of taxation.[11] Eich rightly points to the complete lack of concrete politics in both stories: the former makes the State invisible or irrelevant, while the latter treats the State as fully formed before the emergence of money. Eich is closer to the credit conception of money, but in both stories, he alerts us, currencies are introduced after the formation of the political community and this is an important insight, as it recognises the nexus between State and markets. Designing the monetary organisation of society is both a political activity and part of

[7]Here I stipulate that the material context of monetary policies remain the social organisation of production. Monetary policies are both ways of managing relations between creditors and debtors, and they are also an instrument of intervention in the balance between capital and labour.

[8]For a classic analysis of the concept of austerity see M Blyth, *Austerity: The History of a Dangerous Idea* (Oxford University Press 2013). See, also, the recent attempt to trace austerity back to the interwar period, by C Mattei, *How Economists Invented Austerity and Paved the Way to Fascism* (University of Chicago Press 2022).

[9]Eich (n 1) 7.

[10]It seems to me that *The Currency of Politics* operates within the same constellation drawn by Christine Desan with her conception of money as a constitutional project (see C Desan, *Making Money: Coin, Currency, and the Coming of Capitalism* (Oxford University Press 2014), but with a stronger normative inclination.

[11]For a good overview of these approaches see G Ingham, *The Nature of Money* (Routledge 2004).

the formation of a community (and, it could be added, of its form of government). Eich refers to a particular notion of money which he calls 'political currency'. In his view, the creation of a properly political currency is an achievement as it ensures reciprocity, it deals with the establishment of social values, and it provides a symbolic point of reference for the political imagination of the community as it connects the future with the past.[12] In brief, it enhances the possibility of a democratic society. Under this aspect, a 'democratic' currency is parallel to 'democratic' law and to proper 'public' speech. In the book there is not much about the similarities between law and money. This might come across as surprising, as law is not only a parallel institution to money: it is an essential component of monetary organisation. But within the Western philosophical canon, the parallel between language and money is certainly more established and developed. It is frequent, for example, to see a reference to money as a way to explain how language works and, viceversa, a reference to language to explain how money works.

Eich focuses especially on John Locke's philosophy in a dense chapter which addresses the connection between language and money. Indeed, the chapter is enlightening because it shows how, through a *political* move, Locke was able to make money invisible or, at least, locate it outside of the realm of political contestation. Crucially, the chapter on Locke permits to track the philosophical justification of what would become later the gold standard.[13] An important part of the strategy of taking the monetary arrangement out of political life is built on the parallel between money and language. Locke does attribute to language an essential social function. It is part of the constitution of the social bond. Without a functioning language, it would not be possible to make promises and oaths to each other. Briefly put, without a functioning language, social trust could not be generated and protected. As Eich reminds us,[14] it is not possible to grasp Locke's philosophy of money without understanding his philosophy of language. In particular, there are two problems common to language and money, and both concerned Locke: instability and abuse. The latter is a matter of moral imperative: there cannot be any social bond developed through time if the means of linguistic and commercial exchange are often abused. It is ingrained in the notion of language that it cannot be constantly abused, otherwise it would become too complicated to form stable expectations. A parallel concern in the monetary realm is the phenomenon (which Locke openly targeted) of clipped coins. This phenomenon was at the core of the coinage debate, and it represented a classic example of abuse. Interestingly, clipping silver coins was also the trigger for further monetary instability. Confusion and uncertainty were flowing from the clipped coins as not only clipping instantiated a monetary abuse, but it also made more difficult to maintain the function of the coin as a universal equivalent in measuring value. For this reason, Locke thought that clipping was a crime more damaging than theft. While the latter is a one-time activity, clipping has a permanent effect because it obscures ideas about money and its value. The starting point to understand the issue of instability is Locke's philosophy of language which is based on the distinction between the naming of natural objects and phenomena, and the naming of abstract ideas, defined as 'mixed modes' (a 'voluntary collection of ideas').[15] The first kind of names are grounded in *substances* and this objective external referent makes them stable and less vague. On the other hand, mixed modes (by definition) are vague and ambiguous. As mixed modes are invented, they are malleable, and they can become the source of confusion and disorder. Linguistic exchange is therefore unstable by definition.

The most important difference between money and language in Locke's philosophy is that mixed modes' vagueness can be contained only by linguistic clarity and consistency.[16] But for

[12]Eich (n 1) 8.

[13]It should be added that this prepares the terrain for a confrontation between Locke's belief on the metallic grounding of the currency with Keynes' rejection of the gold standard. We will come back to this point in the following section.

[14]Eich (n 1) 63.

[15]Here, I follow the analysis by G Caffentzis, *Clipped Coins, Abused Words, and Civil Government* (Pluto Press 2021).

[16]As Eich aptly remarks (Eich (n 1) 65), Locke derived from the fragility of language the need to standardize English spelling and punctuation.

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money, it is possible to introduce a limit to the ambiguity of its conventional value. Money can be tied to a substance and for Locke this substance was silver (and gold for guineas). Although the value attributed to the substance is conventional and arbitrary, the agreement to tie the currency to a specific metal becomes an ultimate and relatively stable point of reference. As Eich notes: 'With money tied to metal, it was empirically possible to test whether a given substance was in fact the precious metal it pretended to be and if so, how much'.[17] In other words, once tacit consent elevated gold and silver to the status of money, the hope was that this convention would be introjected in time as a natural state of things with the help of the objective properties of the substances chosen to be the ground for the currency. As already highlighted, in this way the core issue of monetary instability could be managed and limited. Eich also rightly insists that this philosophy provided the first formulation of gold-standard thinking. Accordingly, in his reconstruction, Locke represents the first sophisticated attempt at intervening politically with the intention of de-politicising money by tying it to an external substance. This is the lesson learned thanks to the comparison with language: for the sake of social trust, it is important to limit monetary uncertainty and instability by introducing an objective reference which can be tracked and identified by every economic actor.

3. From mixed modes to pure conventionalism

It is instructive to compare the Lockean approach to money with Keynes'. Eich has a lot of time for Keynes and the chapter devoted to the British economist is rich and hugely insightful. However, there is not much on Keynes' hints at the parallel between language and money. This is probably due to the underestimation of the importance of production and circulation of commodities in the design of the currency. George Caffentzis has provided a helpful comparison between Locke and Keynes precisely by looking at the differences in their views about production, but also of access to money and control of wages. Its account is relevant for the reconstruction offered here and I will offer a brief sketch of it, but it should be added that Keynes' does not represent the last chapter of contemporary monetary history.[18]

The comparison between Locke and Keynes revolves, again, on the parallel between language and money. Keynes is indeed the one who will complete the conventional revolution initiated by Locke. His proximity to and knowledge of the works of Wittgenstein and Ramsey helped him in formulating a fully nominalist conception of the currency. By applying it to money, Keynes brings the idea of mixed modes to its logical consequences. This entailed the rejection of the Lockean conception that words signify ideas[19] in favour of two axioms introduced by his contemporary philosophers of language: sentences have a function-argument form, and they are not 'concatenations of words signifying, one-for-one, ideas in the speaker's mind; rather, sentences *do* something'.[20] In order to understand meaning we need to see how the word functions in a wider context. The word by itself does not communicate its meaning. Only when inserted in a web of relations with other words and the context it is possible to extract meaning from it. To put it with Wittgenstein: use determines meaning. Keynes extends this intuition to money up to the point of making the definition of the latter totally functionalist. Famously, Keynes remarked that 'we can draw the line between "money" and "debts" at whatever point is most convenient for handling a particular problem. For example, we can treat *money* as any command over general purchasing power which the owner had not parted with for a period in excess of three months, and as *debt* what cannot be recovered for a longer period than this; or can substitute for three months,

[17]Eich (n 1) 66.
[18]This is reflected in the structure of Eich's book, which contains a final sixth chapter after the one dedicated to Keynes.
[19]Caffentzis (n 15) 81, remarks that 'Keynes' argument is that the substantial element in the idea of money is not substantial at all, but is a mixed mode. Keynes is suspicious of the category of substance in general'.
[20]Caffentzis (n 15) 82.

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one month or three days'.[21] The idea that the threshold for the definition of money can be 'substituted' echoes the notion of a *functional equivalent*. Money is nothing in particular nor in general (it has no substance, to resort to Locke's terminology), but a complex set of relations placed in a given context. One should avoid a misunderstanding: Keynes did not think that this functionalist and conventional conception of money would favour price instability and value fluctuation. To the contrary, he thought that the recognition of the conventional nature of money could help in protecting currency stability by abandoning ideas about spontaneous equilibrium. In this sense, it is quite telling to evaluate Locke's and Keynes' different ways of dealing with risk and uncertainty.[22] Locke wanted to introduce a reference to a substance as a way to cope with risk. Locke thought that gold and silver could work as an insurance for those in possession of coins, ultimately confirming that the protection of property (in this case, coins ownership) was at the core of his political philosophy. On the contrary, Keynes (initially in favour of the gold standard)[23] thought that gold creates only the illusion of protection against the future. For Keynes, it is delusional to imagine that it is possible to detach oneself from the fortunes of the system by conceiving the currency as pre-dating the full formation of society (and remaining partially external to it thanks to the reference to silver or gold). According to Keynes, uncertainty cannot be subject to the same statistical measurement applied to risk. There are always 'exceptional' and unpredictable events (wars, civil unrest, pandemics, etc etc), and only a flexible monetary policy with no rigid external reference can address them.

Finally, the political economy behind their respective views is essential for understanding them and appreciating what is at stake in the comparison between language and money. Although obsessed by the idea of putting the poor and the idle to work (ie, make them productive), Locke wanted to keep the poor out of the monetary realm (with a control strategy based on punishment). Keynes wrote in a context where the wage as an organised system of paid labour was spreading rapidly. By his time, the wage relation had become monetised and organised labour had grown in strength and political capacity. The question, for him, was how to control the cost of wages and the options were two: either a flexible wage policy or a flexible money policy.[24] Keynes thought that it would have been easier to control the cost of labour by tinkering with the quantity of money. Among many positive factors, a flexible monetary policy would avoid direct confrontation with organised labour, reducing the quantity and quality of social conflict. This is one of the sources of Keynes' strong aversion against the gold standard: the latter introduces too much rigidity into the system. Hence, the adoption of a purely conventional understanding of money as the best means to govern a society (and the relation between social classes).

4. Materiality, materialism, and monetary communication

Keynes' vision of a monetary system based, like a linguistic game, on an absolute convention bears important insights for the understanding of contemporary money, but it is still necessary to introduce other two aspects of the relation between money and language. This brings us back to the normative part of Eich's book. Eich makes the most out of Keynes' attempt of coming to a synthesis between commodity money and bank-credit money, and between domestic and international dimensions of the currency design. His (ie, Eich's) reconstruction of the currency as the political art of navigating the two poles of trust and coercion is commanding. It reminds us that

[21]JM Keynes, *The General Theory of Employment, Interest, and Money* (St. Martin Press 1964) 167.

[22]The difference between risk and uncertainty, from an economic perspective, has been thematised by F Knight, *Risk, Uncertainty, and Profit* (Martino Press 2014).

[23]His early change of mind is tracked by Eich (n 1) at pages 144–6. Eich also emphasises that Keynes conceived money as political but he was not against the delegation of its management to experts.

[24]Caffentzis (n 15) 79.

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the organisation of a political currency is a core part of societal formation and it mobilises several social sub-systems. The fact that money enables and (potentially) protects crucial patterns of societal formation like reciprocity and the political stakes behind it is recognised and put at the centre of his discussion of how to democratise political currencies. Eich rightly notes that what we have seen in the last decades is not a depoliticization of currencies, but rather the introduction of a veil of expertise and technocracy which has made the management of the currency invisible to the wider public. This is a political project which makes the design of money, unlike language and law, isolated from the wider public. In this way, money has been de-democratised. For this reason, Eich insists that it is crucial, for a new democratisation of the government of currencies, to go back to the sites of monetary production.

This call for a political theory interested once again in the productive (monetary) processes is timely and should be embraced. But it could be pushed further without losing any of its analytical traction and by capitalising on the lessons learned by looking at language. The understanding of how a political currency is produced could be integrated with a two-fold material analysis which is aware of the linguistic aspects of money. For much of the talk on the similarities with law and language (or civic speech), in Eich's account there is no direct thematization of the currencies' material consistency. This aspect is an essential part of the production process of money, and it involves strategic choices concerning monetary design. The engagement with money's materialism should be articulated in two distinct, but both equally necessary, ways. The first one concerns the currency as a medium of communication.[25] Although the issue is touched upon in the analysis of Locke's philosophy of language and in the discussion of the gold standard, there is no thematization of the type of materiality that would enhance the democratisation of the political currency. As noted with great insight by Christine Desan,[26] a monetary constitution is organised around one or more material vectors. If the organisation of a currency is a matter of political choices around the consolidation of social trust and the containment of coercion, the material chosen for the monetary arrangement is far from being irrelevant or reducible to the stabilisation of economic value. And yet, many conventionalist analyses of money begin by stating that what a currency is made of is irrelevant for the identification of the convention.[27] Whether the currency is expressed with salt, shell, gold, digital bits, remains irrelevant for the conventional nature of money. We are told that anything can be made into money. What counts is the emergence of a conventional practice around an object, but not the object of convergence. This might confirm the ultimate conventional nature of money, but it does not take us very far in the understanding of contemporary money. Once the political dimension of the currency is brought fully into the analysis, it becomes clear that the materiality of money is a defining feature of a monetary project. Choosing one type of material vector over others is part of the strategic governance of the currency. Coins made of precious metals, for example, makes it easier to create a strongly centralised management and control of the currency because of the scarcity of the materials and the costs of extracting and transforming them. It also limits the number of possible exchanges as there might not be enough coins around. Furthermore, if the material is precious, it serves as a collateral for the value of the coin. Of course, a monetary system where the medium is scarce is more prone to liquidity crisis. On the other hand, a monetary system where the medium is available in abundance is potentially less controllable by a central authority and it certainly invites the multiplication of exchanges. Howeever, it cannot work as a collateral and it might be easier to be counterfeited. It is worth, therefore, expanding on the materiality of the currency in terms

[25]The reference goes to N Luhmann, *Diritti Fondamentali* (Dedalo 2002) 185.

[26]C Desan, 'Money as a Constitutional Project', in N Bandelj et al (eds), *Money Talks* (Princeton University Press 2017) 109–30.

[27]See, on this feature of legal conventionalism, A Marmor, *Social Conventions* (Princeton University Press, 2008) 11–3.

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of its capacity of being democratically governed.[28] One might even wonder whether it would be more practical to multiply the materials used to convey monetary communication.

A second crucial aspect of monetary materialism concerns the connection that any monetary system has to maintain not only with the political system, but with the process of production. In a capitalist system, the political currency has to be conceived by taking into account that the exchanges it supports are still predominantly exchanges of commodities. As there is a currency for each form of government, there has to be a currency (or more) for each productive system (and, usually, the two things – form of government and productive system – tend to be aligned). This is another way of saying that money ensures the structural coupling of the law with the political and the economic systems. It is at this point that Keynes' account of money as an absolute convention comes back, but also needs to be updated with the more recent evolution of the political economy.

In recent years, a lively debate has developed around the financialisation of the economy and its impact on the connection between economic value and money. A crucial aspect of the process of financialisation is the integration of the production of money into the productive circuit of commodities.[29] From this perspective, a neat separation between real and financial economy cannot hold strict scrutiny. Rather, one can observe a process of monetisation of linguistic communication (and, indirectly, of language itself). Without committing to what this reading means for the valorisation of labour, it is interesting to note that a postfordist political economy does not hesitate to cross the boundary between instrumental and communicative action when it comes to the extraction of economic value. Eich centres much of the last chapter on the invisibility to which money is reduced by some of the greatest political philosophers of the few last decades. One could add that it is already in the drawing of an Arendtian distinction between instrumental activity and 'colonisable' non-instrumental communicative action that political philosophy has lost track of one of the most important social and economic transformations in late modernity. The communicative turn of productive processes further de-substantialises the currency, bringing it closer to Keynes' absolute convention. This is a political economy that puts communication (and the skills of humans as linguistic animals) at work, directed by a mechanism of value extraction that crosses both the spheres of production and circulation of commodities.[30] It has become increasingly difficult to separate neatly these two regimes of action. Speech and labour are increasingly intertwined. Hence, like language is supposed to enable and direct action, contemporary currencies are thought to have the capacity of commanding a certain amount of labour/action as necessary to valorise capital.[31] In brief, the organisation of a political currency entails, under condition of a financialised political economy, a certain capacity of directing living labour. Of course, communication on social media is the most evident example of the valorisation of communication as a productive factor, whereby speech is transformed into valorised labour, but this trend goes beyond that sphere. Up to the point where, to go back to philosophy of language, it is possible to 'do things with words' in many economic operations.[32] This

[28]The design of the material basis of the currency ought to take into account not only the political culture of a community, but also its political economy. Realistically, it should also consider the unavoidable international dimension of a political currency. Monetary design does not establish hierarchies only within one jurisdiction, but it is also premised on an international hierarchy of State-based money.

[29]See the accounts developed by M Lazzaratto, *Governing by Debt* (MIT Press 2015); C Marazzi, *Capital and Language* (MIT Press 2008).

[30]See P Virno, *When the Word Becomes Flesh* (MIT Press 2015).

[31]Here, the question of valuation becomes urgent. I do not have the competence to judge whether evaluative processes are dictated or driven by the monetary convention. The debate on the role of valuation in financial capitalism has given rise even to a specialised journal: *Valuation Studies* (see <https://valuationstudies.liu.se/>). For an application of this approach to calculation of damages in legal adjudication see A Marzal, 'Quantum (In)Justice): Rethinking the Calculation of Compensation and Damages in ISDS' 22 (2021) Journal of World Investment and Trade 249–312.

[32]The reference goes obviously to J Austin, *How to do Things with Words* (Oxford University Press 1972).

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performative quality of language has a tendency to expand to multiple spheres and this phenomenon leads us to the contemporary role of central banks.

5. The performativity of central banks' communication

One practical sphere where the communicative source of value generation has become rather visible is the communicative activity of (major) central banks. It is indeed undoubtable that the communicative practices of central banks have an impact which goes beyond their informative content. This is a clear case where communication and public speech are intertwined with markets. Central bankers communicate not only their analysis of the economic and financial situation, but they make a regular attempt to mould and orchestrate the expectations of market participants. A striking example of this communicative practice is the adoption of the so called 'forward guidance' for the interest rates. With the communication of 'forward guidance' (adopted by the executive board of the central bank and made public via press conferences and communicates) a central bank provides information to the public (and especially to markets) about its future monetary policy intentions on the basis of its assessment of expectations about price stability.[33] The main content of the message usually concerns the trajectory of future interest rates. How will they change? What is the outlook foreseen by the central bank? The communication about the medium-term monetary policy is supposed to help economic and financial actors (it is fair to say, especially commercial banks) to adjust their plans according to the words of the central bank. When the central bank states that, in light of the assessment of the current economic and financial context, monetary policy will be driven by low interest rates for the foreseeable medium-term, expectations of different economic actors will be moulded. For example, commercial banks will set interest rates for long-term loans in a way that takes into account the guidance provided by the central bank.[34]

Therefore, it has become increasingly clear that despite the presence of a certain mystique of the central banker associated with silent and prudent behaviour as a mark of expertise, in the last decades public communication by central bankers have increased in quantity and visibility not only because of technological changes, but because of the imperatives of monetary governance.[35] The first of these imperatives is the protection of public trust in the monetary system, especially among financial operators and politicians. In a financialised political economy, the communication of the central banks operates by reacting to inputs coming from markets. Their demand for liquidity conditions central banks' decisions, but the latter's interventions are supposed to influence market operators. Hence, to be effective, central banks' communication must carry a performative quality. The success of a performative depends, at least in the monetary context, by the authority of the performer and the 'felicity conditions' for the performance. Given that the monetary system is currently built on a narrow basis of high-powered money (ie, currency supported by the sovereign), central banks are placed in a peculiar position within communicative exchanges as they are the guardians of high-powered money. At the same time, as already reminded, money has become utterly conventional. This combination of elements makes the position of central banks' communicative action quite peculiar in virtue of the self-referential nature of high-powered money.

[33]See the definition of forward guidance given by the ECB: <https://www.ecb.europa.eu/ecb/educational/explainers/tell-me/html/what-is-forward_guidance.en.html>. For an analysis of the impact of forward guidance on expectations see C Sutherland, 'Forward Guidance and Expectation Formation: A Narrative Approach' 1024 (2022) *BIS Working Papers* 1–39.

[34]For an insightful analysis of the role of expectations in a financialised political economy see E Esposito, *The Future of Futures* (Edward Elgar 2011).

[35]For two insightful ethnographic studies see C Tognato, *Central Bank Independence* (Palgrave 2012), D Holmes, *Economy of Words: Communicative Imperatives in Central Banks* (University of Chicago Press 2014).

Once again, in order to grasp the main traits of central banks' communicative action in monetary policy it is useful to refer to the philosophy of language and, especially, to the idea of a speech act. A relevant part of monetary policies run by contemporary central banks is indeed about performing speech acts. In fact, in the presence of financial crises with the tendency of becoming permanent, and under the pressure of managing expectations of market actors, central banks (or, at least, those of the most developed countries)[36] have been called to communicate their operations in the form of what could be called, in the context of self-referential money, an 'absolute performative'.[37] The difference with an ordinary speech act is that this kind of performative is indeed self-referential: one is doing what one is saying, or one is saying what one is doing, with no further conditions attached. In an ordinary speech act, under certain conditions, enunciating something is equivalent to doing it. John Austin calls performative enunciations such as 'I baptize this child Luca' or 'I bet that Milan AC will win the Champions League': Those who utter these words don't describe an action (a baptism, a bet), but they execute it. Following the work of Paolo Virno, it is possible to show why ordinary speech acts are based on the more fundamental level of absolute performatives. First of all, by performing an enunciation, we realize the action constituting the hidden presupposition of all the ordinary performative sentences; second, the validity of an absolute performative does not depend on extra-linguistic conditions for his success; third, an absolute performative is completely self-referential.[38] The classic example of an absolute performative is 'I speak' because it is at the same time the saying and the doing (and its description). During the last two economic crises (the financial crisis of 2008 and the pandemic), major central banks stepped in and restored the trust-based conditions for the operativity of financial markets and the financial solidity of State's public debts. Unlike the money originated from the banking system (ie, the vast majority of circulating money), this type of money is only indirectly connected to the productive system, but still serves the purpose of re-establishing the conditions of possibility of the monetary experience.[39] Strategies of communication have been put into place as part of these extraordinary interventions for the persuasion of all relevant actors. Ultimately, this performative activity is part of what makes the central bank not only a lender of last resort, but a market-maker.[40] By communicating its intentions in the mid-term, the central bank shapes market-actors' expectations. The production of money, though often immaterial, still depends on the more fundamental level of central bank's creation and support for monetary production. The creation of money or the communication of future monetary policies achieve the status of quasi-absolute performatives as they say and do what they say at the same time.

Eich is fully aware of the remarkable power held by central banks in contemporary political systems.[41] He concludes the book with a call for the democratisation of money, and among one of the most pressing features, he includes a democratisation of central banks. Rightly, an essential component of democratisation is identified in the push for more independence from financial markets and executive powers.[42] Among the other reforms that Eich envisages for central banks the re-organisation of their internal organs with a different composition and representation can be counted. Not only experts and bankers, but representatives from the productive sphere or the more general public (for example, through lottery). Picking up the initial parallel with public

[36]This point should not be underestimated: given that monetary design is placed within an international network, only the central banks of those currencies that represent essential node in that network enjoy the presence of the necessary conditions for felicitous speech acts.

[37]Virno (n 26) 73.

[38]Ibid., 50.

[39]It should be added that it also serves the aim of ensuring the continuity of capitalist accumulation.

[40]See D Gabor, 'The (Impossible) Repo Trinity: The Political Economy of Repo Markets' (2016) 23 Review of International Political Economy 1–34.

[41]For an insightful overview of the role of contemporary central banks see J van't Klooster, 'Central Banks' in R Bellamy and J King, *Cambridge Handbook of Constitutional Theory* (Cambridge University Press forthcoming).

[42]Eich (n 1) 218.

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speech, Eich ends his list of suggested reforms with a reflection on how central banks communicate: 'Today [.. .] central bankers champion transparency. But their understanding of communication is drawn from the realm of public relations, not democratic deliberation. The prime constituency of central banks' monetary-policy decisions consists after all to an overwhelming extent not of the citizenry but the financial markets'.[43] To this sober assessment of the communicative action of central bankers, Eich counterposes the claim for putting back monetary production and design in the public sphere. In this way, the public would become more aware of the political possibilities attached to monetary power. According to Eich, placing money in the public sphere has a reflexive impact over not only the monetary system, but the political culture of a community as well. As money is also about expectations and beliefs, a public discussion of its political possibilities might have the capacity of reshaping those expectations and believes. Hopefully, opening up the design of money to political debate might also push central banks to change their communication and the primary target of their unconventional monetary policies. But given how quickly public speech collapses into public relations, and how quickly the expectations and beliefs which make up credit[44] are monopolised by market actors, a necessary precondition for maintaining the integrity of central banking is to insulate the latter function from financial markets. Otherwise, the risk is (at it happens with many concerns) that monetary design will be debated as if it were not an issue of framing, but as if it were about a competition among different approaches to money in the marketplace of idea.

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[43]Ibid.

[44]Eich (n 1) 219.

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