

Philosophy of Money

University of Bayreuth, Summer 2025

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Basics

DATES 4-6 July 2025

ROOM S 5 in GW II

Description

This seminar deals with various philosophical aspects of money.

In **social ontology**, amongst other questions, we will ask:

- What is money?
- What is the difference between money and debt?
- Are cryptocurrencies money?

In **political philosophy**, we will ask:

- How should money be politically controlled?
- Are central banks legitimate?
- What distributional issues does monetary policy raise?

In **applied economic ethics**, we will ask:

- Should anyone be allowed to start their own (crypto-)currency?
- Are alternative monetary systems desirable?
- Does inflation have important moral costs?

The seminar assumes no background knowledge, although students who have taken basic courses in macroeconomic or financial economics will profit the most.

Requirements

Requirements for 2 ECTS

Before the seminar starts, you will have to prepare the **required readings** for the course (list below). I expect from you a set of **reading reflections** on eight of the groups of readings. These you should post on the Elearning platform by (the end of) 1 July 2025.

A reading reflection is a short (around 200 words) critical reaction to one of the assigned (groups of) readings. It should not be a mere summary of the reading, but instead formulate questions, critique, or other insights which you think will help class discussion.

Requirements for 5 or 6 ECTS

In addition to the requirements above, you will have to fulfil *one* of the following two requirements:

Presentation with short essay. There will be a few presentation slots available. Presentations will be short (max. 12 minutes) and on an assigned topic. For details, see below under ‘List of Presentations’.

In addition to your presentation, you will have to write a short essay (around 2,000 words). You can choose a question relating to any of the topics listed in the syllabus (including topics we do not tackle in class); you might also choose to expand on the topic of your presentation. Your essay should have a clearly framed question which you aim to independently and critically answer yourself using secondary literature. Only your written work will be graded.

Long essay. If you do not present, you will have to write a long essay/*Hausarbeit* (around 4,000 words). The same requirements apply as for the short essay.

Seminar Plan

The seminar plan includes shorter breaks which are not separately noted. Please be aware that the schedule might change on short notice.

Friday, 4 July <i>What is Money?</i>		
12.30-13		Introduction
13-14	1	Money as medium of exchange
14-15	2	Money as debt PRESENTATION on unusual currencies ACTIVITY: debating the nature of money
15-16	3	Money in social ontology (I)
16-17		ACTIVITY: applying Searle’s account
17-18	4	Money in social ontology (II)
Saturday, 5 July <i>Monetary System and Central Banks</i>		
10-11	5	Money creation by private banks ACTIVITY: balance sheet mechanics PRESENTATION on free currency competition
11-12	6	Alternative monetary systems PRESENTATIONS (3x) on regional money, fully backed money, and central bank digital currency
12-13		ACTIVITY: design your own currency
Lunch break		
14-15	7	The legitimacy of central banks PRESENTATION on central bank independence
15-16		ACTIVITY: evaluating central bank independence
16-17	8	Monetary policy and inflation PRESENTATION on effects of inflation ACTIVITY: evaluating the effects of inflation

17-18	9	Unorthodox monetary policy PRESENTATIONS (2x) on helicopter money, MMT
Sunday, 6 July <i>Monetary Innovation and Various Topics</i>		
10-11	10	Cryptocurrencies (I) PRESENTATION on the nature of bitcoin
11-12	11	Cryptocurrencies (II)
12-13		ACTIVITY: regulating cryptocurrencies?
Lunch break		
14-15	12	Usury and interest
15-16	13	(by student interest) PRESENTATION
16-17	14	(by student interest) PRESENTATION
17-17.15		Feedback

List of Presentations

Expectations

Students should briefly (max. 12 minutes) present the chosen topic. A clear explanation of the centrally important points of the topic should be given; the relevance of the topic to the seminar should also be explained, if necessary. Where apt, standard arguments and opposing viewpoints in the literature should be explained and contrasted. The presentation should also raise one or more points for discussion.

Formalities

Your presentation must have either slides or a handout, although you should not simply read out your presentation. You must send me your slides or handout one week before the seminar date. I will give you feedback that I expect you to incorporate into your presentations.

Available Topics

Students are expected to do their own literature research; academic literature should be prioritised. Some topics below contain suggestions for readings which will provide you with a decent starting point.

A few topics contain required readings (marked with an asterisk *). The core content of required readings *must* be presented in presentations.

1. Unusual currencies
 - a. *Radford, 'The Economic Organisation of a P.O.W. camp'
 - b. *Furness, 'The Island of Stone Money'
2. Regional money
 - a. Greco, *The End of Money and the Future of Civilization*
 - b. Kennedy et al., *People Money*
3. Full-reserve money

- a. *Fisher, *100% Money*
 - b. Fontana/Sawyer (topic 6)
4. Central Bank Digital Currency (CBDC)
5. Arguments for central bank independence, esp. in the economics literature
6. Free currency competition
 - a. *Hayek (topic 6)
7. Effects of inflation and optimal inflation rate
 - a. *Fisher/Modigliani (topic 8)
 - b. Schmidt-Grohe/Uribe (topic 8)
8. Helicopter money and/or quantitative easing
 - a. See readings for topic 9
9. Modern Monetary Theory (MMT)
 - a. Wray, *Modern Money Theory*
10. The nature of bitcoin
 - a. Passinsky (topic 10)
 - b. Warmke (topic 10)
 - c. Yermack (topic 10)
11. (Presentation on students' chosen topic)
12. (Presentation on students' chosen topic)

List of Readings

Recommended Readings

If you have *not* yet taken a course on macroeconomics, or need a refresher on the basic of monetary policy, I strongly recommend that you read the following chapter (or any other comparable textbook):

1. Shapiro/MacDonald/Greenlaw, *Principles of Macroeconomics*, ch. 15, "Monetary Policy and Bank Regulation"

Required Readings

You will have to read all of the following readings, which amount to a total of around 270 pages. You will have to write a reading reflection on eight of the readings marked with an asterisk (*) and highlighted in green. You can choose which readings you wish to comment on.

2. Menger, "On the Origin of Money" (18 pages)
3. Mitchell-Innes, "What is money?" and "The Credit Theory of Money", excerpts (7 pages)
4. *Graeber, *Debt*, chapter 2, "The myth of barter" (21 pages)
5. *Searle, *The construction of social reality*, excerpts (51 pages)
6. McLeay, Radia, and Thomas, "Money Creation in the Modern Economy" (14 pages)
7. Shorter commentary pieces by Rendahl/Freund (4 pages), Pettifor (5 pages), and Wolf (2 pages)
8. *Larue, Meyer, Hudon, and Sandberg, "The Ethics of Alternative Currencies" (23 pages)

9. *Dietsch, Claveau, and Fontan, “The Ethics of Central Banking” (13 pages)
10. *Stiglitz, “Central Banking in a Democratic Society” (29 pages)
11. *Brennan and Buchanan, *Monopoly in Money and Inflation: The Case for a Constitution to Discipline Government*, excerpts (around 30 pages)
12. Blanchard/Johnson, *Macroeconomics*, “The Costs of Inflation” (5 pages)
13. Shorter commentary pieces by Bordo/Levin on CBDC (4 pages) and Galí on helicopter money (3 pages)
14. *Eich, “Old Utopias, New Tax Havens” (14 pages)
15. *Bailey, Rettler, and Warmke. “Philosophy, Politics, and Economics of Cryptocurrency”, parts I and II (30 pages)

Topics

Introduction

- Davies, Glyn. *A History of Money: From Ancient Times to the Present Day*. 3rd ed., with Revisions. Cardiff: University of Wales Press, 2002.
- Derpmann, Simon. “Geld und Preise”. In *Praktische Wirtschaftsphilosophie*, edited by Ludger Heidbrink, Alexander Lorch, und Verena Rauen. Springer, 2020.
- Eich, Stefan. *The Currency of Politics: The Political Theory of Money from Aristotle to Keynes*. Princeton University Press, 2022.

I What is Money?

1. Money as medium of exchange

- Aydinonat, Emrah. *The Invisible Hand in Economics*. Routledge, 2008. (For a discussion of Menger’s origin story for money, see ch. 3; for a discussion of contemporary work in economics, see chapter 6.)
- Goldberg, Dror. “Famous Myths of ‘Fiat Money’”. *Journal of Money, Credit and Banking* 37:5 (2005): 957–67.
- Jevons, *Geld und Geldverkehr* (Leipzig 1876), Kapitel 1-3.
- Kiyotaki, Nobuhiro, und Randall Wright. “On Money as a Medium of Exchange”. *Journal of Political Economy* 97, No. 4 (1989): 927–54.
- (*) Menger, Karl. “On the Origin of Money”. *Economic Journal* 2, No. 6 (1892): 239–55.
- Menger, Karl. “Der Ursprung allgemein gebräuchlicher Tauschvermittler” (1892) in *Schriften über Geldtheorie und Währungspolitik*.
- Ostroy, Joseph, und Ross Starr. “The Transactions Role of Money”. In *Handbook of Monetary Economics*, edited by Benjamin M. Friedman und Frank Hahn, 1:3–62. Elsevier, 1990.
- Radford, R. A. “The Economic Organisation of a P.O.W. Camp”. *Econometrica* 12 (1945): 189–201.
- Smit, J. P., Filip Buekens, und Stan Du Plessis. “Cigarettes, Dollars and Bitcoins – an Essay on the Ontology of Money”. *Journal of Institutional Economics* 12, No. 2 (2016): 327–47.

2. Money as debt

- Bell, Stephanie. “The role of the state and the hierarchy of money”. *Cambridge Journal of Economics* 25:2 (2001): 149–63.

- Ganßmann, Heiner. "Geld als Fiktion? Warum Geld kein Kredit ist und das Publikum so schwer von seiner Stabilität zu überzeugen ist". *PROKLA. Zeitschrift für kritische Sozialwissenschaft* 45, No. 179 (2015): 199–216.
- (*) Graeber, David. *Debt: The First 5,000 Years*. Melville House, 2011.
- Ingham, Geoffrey. *The Nature of Money*. Polity, 2004.
- Knapp, Georg Friedrich. *Staatliche Theorie des Geldes*.
- Lerner, Abba. "Money as a Creature of the State". *American Economic Review* 37, No. 2 (1947): 312–17.
- Sahr, Aaron. *Das Versprechen des Geldes. Eine Praxistheorie des Kredits*. Hamburger Edition, 2017.
- Sahr, Aaron. "Von Vermögen zu Versprechen: Für eine beziehungstheoretische Soziologie des Geldes". *Zeitschrift für Theoretische Soziologie* 7, No. 1 (2018): 40–61.
- (*) Mitchell-Innes, Alfred, "What is money?" and "The Credit Theory of Money", in Wray, Ed. *Credit and State Theories of Money: The Contributions of A. Mitchell Innes*. Edward Elgar, 2004.

II Money in Social Ontology

3. Social Ontology (I)

- Papadopoulos, Georgios. "The Ontology of Money: Institutions, Power and Collective Intentionality". *Erasmus Journal for Philosophy and Economics* 8, No. 1 (3. Juli 2015): 136.
- Searle, John. "Money: Ontology and Deception". *Cambridge Journal of Economics* 41:5 (2017): 1453–70.
- (*) Searle, John. *The construction of social reality*. New York: Free Press, 1995.
- Smit, J. P., Filip Buekens, und Stan du Plessis. "What Is Money? An Alternative to Searle's Institutional Facts". *Economics & Philosophy* 27, No. 1 (2011): 1–22.
- Tieffenbach, Emma. "Searle and Menger on Money." *Philosophy of the Social Sciences* 40:2 (2010): 191–212.
- Tuomela, Raimo. "Searle on Social Institutions". *Philosophy and Phenomenological Research* 57:2 (1997): 435–41.
- Vooyo, Sarah, und David G. Dick. "Money and Mental Contents". *Synthese* (2019).

4. Social Ontology (II)

- Butchard, William, und Robert D'Amico. "Alone Together: Why "Incentivization" Fails as an Account of Institutional Facts". *Philosophy of the Social Sciences* 45, No. 3 (2015): 315–30.
- Guala, Francesco. "Money as an Institution and Money as an Object". *Journal of Social Ontology* 6, No. 2 (2021): 265–79.
- Guala, Francesco, und Frank Hindriks. "A Unified Social Ontology". *Philosophical Quarterly* 65, No. 259 (2015): 177–201.
- Hindriks, Frank, und Joakim Sandberg. "Money: What it is and what it should be". *Journal of Social Ontology* 6, No. 2 (2021): 237–43.
- Lawson, Tony. "Social positioning and the nature of money". *Cambridge Journal of Economics* 40 (2016): 961–96.

III The Modern Monetary System and Its Alternatives

5. Money creation by private banks

- Bjerg, Ole. *Making Money: The Philosophy of Crisis Capitalism*. Verso, 2014.
- Dietsch, Peter. "Money Creation, Debt, and Justice". *Politics, Philosophy & Economics* 20, No. 2 (2021): 151–79.

- (*) McLeay, Michael, Amar Radia, und Ryland Thomas. "Money Creation in the Modern Economy". *Quarterly Bulletin of the Bank of England*, Q1 (2014). <https://www.bankofengland.co.uk/quarterly-bulletin/2014/q1/money-creation-in-the-modern-economy>.
- Mellor, Mary. "The Privatisation of Money". In *The Future of Money*, 31–57. Pluto Press, 2010.
- Pettifor, Ann. *The Production of Money: How to Break the Power of Bankers*. Verso, 2017.
- (*) Rendahl, Pontus, und Lukas Freund. "Banks do not create money out of thin air". *VoxEU.org* (blog), 14. Dezember 2019. <https://voxeu.org/article/banks-do-not-create-money-out-thin-air>.
- Sahr, Aaron. *Keystroke Capitalism: How Banks Create Money for the Few*. Verso, 2022.

6. Alternative monetary systems

- Fontana, Giuseppe, und Malcolm Sawyer. "Full Reserve Banking: More 'Cranks' Than 'Brave Heretics'". *Cambridge Journal of Economics* 40, No. 5 (2016): 1333–50.
- Hayek, Friedrich. *Denationalisation of money: an analysis of the theory and practice of concurrent currencies*. Institute of Economic Affairs, 1976.
- Klein, Benjamin. "The Competitive Supply of Money". *Journal of Money, Credit and Banking* 6:4 (1974): 423–53.
- (*) Larue, Louis, Camille Meyer, Marek Hudon, und Joakim Sandberg. "The Ethics of Alternative Currencies". *Business Ethics Quarterly* 32, No. 2 (2022): 299–321.
- Lietaer, Bernard, und Jacqui Dunne. *Rethinking Money: How New Currencies Turn Scarcity into Prosperity*. Berrett-Koehler Publishers, 2013.
- Meyer, Camille, und Marek Hudon. "Money and the Commons: An Investigation of Complementary Currencies and Their Ethical Implications". *Journal of Business Ethics* 160, No. 1 (2019): 277–92.
- Mildenberger, Carl David. "Money, its functions and the moral limits of their re-design". *Inquiry*, 2021.
- Rothbard, Murray. *The Case for a 100 Percent Gold Dollar*, 2001.
- Selgin, George, und Lawrence White. "How Would the Invisible Hand Handle Money?" *Journal of Economic Literature* 32, No. 4 (1994): 1718–49.
- Weber, Beat. "Geldreform als Weg aus der Krise? Ein kritischer Überblick auf Bitcoin, Regionalgeld, Vollgeld und die Modern Money Theory". *PROKLA. Zeitschrift für kritische Sozialwissenschaft* 45, No. 179 (2015): 217–36.

IV Central banks and monetary policy

7. The legitimacy of central banks

- Dietsch, Peter, François Claveau, und Clément Fontan. 2018. *Do Central Banks Serve the People?* Polity Press.
- (*) Dietsch, Peter, François Claveau, und Clément Fontan. "The Ethics of Central Banking". In *The Routledge Handbook of Ethics and Public Policy*, edited by Annabelle Lever und Andrei Poama. Routledge, 2019.
- Dietsch, Peter. "Independent Agencies, Distribution, and Legitimacy: The Case of Central Banks". *American Political Science Review* 114, No. 2 (2020): 591–95.
- Tucker, Paul. *Unelected Power: The Quest for Legitimacy in Central Banking and the Regulatory State*. Princeton: Princeton University Press, 2018.
- van 't Klooster, Jens. "Central Banking in Rawls's Property-Owning Democracy". *Political Theory* 47, No. 5 (2019): 674–98.

8. Monetary policy and inflation

- (*) Brennan, Geoffrey, und James Buchanan. *Monopoly in Money and Inflation: The Case for a Constitution to Discipline Government*. Institute of Economic Affairs, 1981.

Fischer, Stanley, und Franco Modigliani. "Towards An Understanding of the Real Effects and Costs of Inflation". Working Paper. National Bureau of Economic Research, November 1978.

Hülsmann, Jörg Guido. *The Ethics of Money Production*. Auburn, Ala: Ludwig von Mises Institute, 2008.

Schmitt-Grohé, Stephanie, und Martín Uribe. "The Optimal Rate of Inflation". In *Handbook of Monetary Economics*, 3:653–722. Elsevier, 2010.

Shiller, Robert. "Why Do People Dislike Inflation?" In *Reducing Inflation: Motivation and Strategy*, 13–70. University of Chicago Press, 1997.

9. Unorthodox monetary policy

Bordo, Michael D., und Andrew T. Levin. "Central Bank Digital Currency and the Future of Monetary Policy". Working Paper Series. National Bureau of Economic Research, August 2017.

Coppola, Frances. *The Case For People's Quantitative Easing*. John Wiley & Sons, 2019.

Galí, Jordi. "Helicopter money: The time is now", in Baldwin und Weder di Mauro (Ed.), *Mitigating the COVID Economic Crisis: Act Fast and Do Whatever It Takes*, CEPR Press, 57–61.

Joyce, Michael, David Miles, Andrew Scott, und Dimitri Vayanos. "Quantitative Easing and Unconventional Monetary Policy – an Introduction". *Economic Journal* 122 (2012): F271–88.

Reis, Ricardo, und Silvana Tenreiro. "Helicopter Money: What Is It and What Does It Do?" *Annual Review of Economics* 14, No. 1 (2022): 313–35.

V Cryptocurrencies

10. What are cryptocurrencies? How do they work?

Bjerg, Ole. "How is Bitcoin Money?" *Theory, Culture & Society* 33, No. 1 (2016): 53–72.

(*) Eich, Stefan. "Old Utopias, New Tax Havens: The Politics of Bitcoin in Historical Perspective". In *Regulating Blockchain*, von Stefan Eich, 85–98. Oxford University Press, 2019.

Frasser, Cristian, und Gabriel Guzmán. "What Do We Call Money? An Appraisal of the Money or Non-Money View". *Journal of Institutional Economics* 16, No. 1 (2020): 25–40.

Nakamoto, Satoshi. "Bitcoin: A Peer-to-Peer Electronic Cash System".

Passinsky, Asya. "Should Bitcoin Be Classified as Money?" *Journal of Social Ontology* 6, No. 2 (2021): 281–92.

Warmke, Craig. "What Is Bitcoin?" *Inquiry*, 2021.

Yermack, David. "Is Bitcoin a Real Currency? An Economic Appraisal". In *Handbook of Digital Currency*, edited by David Lee Kuo Chuen, 31–43. Academic Press, 2015.

11. What speaks for and against cryptocurrencies?

(*) Bailey, Andrew, Bradley Rettler, und Craig Warmke. "Philosophy, Politics, and Economics of Cryptocurrency I: Money without State". *Philosophy Compass* 16, No. 11 (2021).

(*) Bailey, Andrew, Bradley Rettler, und Craig Warmke. "Philosophy, Politics, and Economics of Cryptocurrency II: The Moral Landscape of Monetary Design". *Philosophy Compass* 16, No. 11 (2021).

Bailey, Andrew, und Craig Warmke. "Bitcoin is King". In *Cryptocurrency: Concepts, Technology, and Issues*, edited by J. Liebowitz, 175–97. Taylor & Francis, 2023.

VI Mixed Topics

12. Usury and Interest

Lewison, Martin. "Conflicts of Interest? The Ethics of Usury". *Journal of Business Ethics* 22, No. 4 (1999): 327–39.

- Mews, Constant, und Ibrahim Abraham. "Usury and Just Compensation: Religious and Financial Ethics in Historical Perspective". *Journal of Business Ethics* 72, No. 1 (2007): 1–15.
- Persky, Joseph. "Retrospectives: From Usury to Interest". *Journal of Economic Perspectives* 21:1 (2007): 227–36.
- Visser, Wayne A. M., und Alastair Macintosh. "A Short Review of the Historical Critique of Usury". *Accounting, Business & Financial History* 8, No. 2 (1998): 175–89.