Obfuscation in the public interest?

Introducing discursive institutionalism to reveal statutory conflicts of interest in the Bank of England's definitions of "money"

Abstract

Money is a central element to many walks of modern life. To realise that a central bank would lack clear and consistent definitions of "money" and "currency" is a surprising finding. This is here demonstrated for the case of the Bank of England and, in conclusion, attributed to a conflict between two of its objectives: maintaining trust in the nation's currency, while also striving for transparency and educating the public. Those two mandates are mutually exclusive given the inadequacy of monetary theory and legal foundations in describing current monetary practices. Furthermore, what the Bank lacks in definitory clarity, they make up for with outdated monetary narratives. Discursive institutionalism as an ontology for money makes such contradictions methodologically accessible, and simultaneously provides the foundation for coherent definitions and a terminology that encompasses conventional and complementary forms of money alike.

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1 - The Diversification of “Money”

It was not only the financial crisis which started in 2007/08 that brought up questions about the nature of today's monetary system, and calls for it to change. A second factor that sparked discussion of change and showed how money can, in principle, be very different, has been the rise of Bitcoin since 2009. The related media coverage led to a widespread awareness about potential alternatives to the money we commonly use. However, Bitcoin, or the blockchain technology underlying it, were not the first innovations in the field of ‘new money’.

A much broader practice of non-governmental monetary systems has existed in parallel to mainstream money throughout large parts of history. However, being thinly spread and fragmented these are hardly visible to the public. Advances in information technology in the 1980s have led to a faster spread of these ideas and ultimately saw them coalesce as a field of practice under a unifying term ‘complementary currencies’ (hereafter abbreviated to CCs). The relatively recent forms of innovations called cryptocurrencies fall within this field, along with so-called ‘local currencies’, ‘time banks’, tradeable loyalty systems and business-to-business currencies. David Graeber recognised the importance of an updated monetary narrative as a precondition for reform (Graeber, 2019) and saw CCs as an "essential element in any solution" (see in De Grave, 2013) to financial and economic issues.

What is still missing for a democratic debate about reforming money and finance is a common understanding about what money actually is, both within the wider public and amongst politicians. In 2017 roughly 70% of members of parliament in the UK still believed that money was only issued by the government via the Bank of England and the Royal Mint, and over 62% stated that it was false to believe that commercial banks create money when they issue a loan (DODS, 2017) - this is even more surprising because the Bank of England has itself published on this since 2014 (McLeay et al., 2014). Elsewhere, equally oblivious to the fact that commercial banks create most money in circulation, Olaf Scholz, then finance minister of Germany, said that “money issuance does not belong in the hands of the private sector” (Der Spiegel, 2019, my translation), but that was in response to Facebook’s announcement of its own currency “Libra” (now called “Diem”), not about common banking practices. This demonstrates either a shocking lack of understanding, or a willingness to fall in line with the regime of deliberate obfuscation speculated about later in this paper, which in turn leads to the status quo that David Graeber laments: “Almost all public debate on these subjects is therefore based on false premises.” (2019, p.3)

A former governor of the Bank of England once said: “Habits of speech not only reflect habits of thinking, they influence them too. So the way in which central banks talk about money is important.” (King, 2002, p. 174) Despite this warning, internal discrepancies in how authors of the Bank of England think and write about the terms ‘money’ and ‘currency’ abound. Even without the methodological analysis presented in this paper, these are particularly obvious on the topic of complementary currencies.

For example, the Bank of England's Quarterly Bulletin from January 2014, aptly titled “*Money in the modern economy: an introduction*”, axiomatically defines “currency” as the notes and coins issued by a government., a.k.a. cash (McLeay, Radia & Thomas, 2014, p. 12). This is obviously at odds with their use of the term in other publications that look at the phenomenon of “local currencies” (Naqvi & Southgate, 2013), where means of exchange are issued by private non-profit organisations, and predominantly in electronic form. Furthering these inconsistencies, a subsequent publication introduces the term ‘digital currency’ to describe specific complementary currencies like Bitcoin (Ali et al., 2014) which, given the aforementioned lexical definition, amounts to a blatant oxymoron, because nothing digital can be described by a term reserved for something physical (as in cash).

These two examples highlight the important role that un-orthodox monetary practices play in the appraisal of established institutions: “The empirics of [...] complementary currencies display a field of observation that contributes to the critical examination of both orthodox and heterodox economist approaches to money.” (Blanc, 2017, p. 256) In other words, these practices allow us to break away from what Silja Graupe found in her analysis of key economics textbooks: when it comes to money, the whole discipline of economics, from classical authors to contemporary lecturers and students alike, is caught in a “prison of mental constraints" (2017, my translation, p. 123). The conceptual considerations in the next two sections attempt to provide the tools to break out of such prisons. Section 4 demonstrates how they can be applied to the Bank of England’s definitions of “money” and “currency”.

2 - The Materialistic Fallacy in Monetary Theories

Where economists typically ponder how ‘money’ arose as a device to reduce transaction costs and enhance utility in overcoming the double-coincidence-of-wants issue found in stories of traditional barter (with gold coins as the iconic examples of such device), lawyers and some institutionally minded economists would look for the origins of money in the statutes of the state.

Such departure points and assumptions predetermine which final theory of ‘money’ will be espoused by a particular discipline. Subsequent efforts of justification often involve verbose pickings from the classical philosophical and sociological canons to find the origins of one or the other view on money - without acknowledging how any searchlight skimming the breadth and depth of the historic record will be guided by some prior theoretic conviction and thus be biassed towards certain ‘evidence’: “as a rule, a scholar projects his favourite definition of modern money into ancient history." (Alla Semenova quoted in Meier, 2017, p. 10). Those who gravitate toward the idea of money being based on gold will easily be blinded, and misled by the shiny historic record displayed by numismatics. And those attracted to the equally ‘current’ and ‘obvious’ idea that money is a ‘creature of the state’ always have plenty of written records to show how any state has always dealt in and with money.

Institutionalism seems to provide a solid theoretical underpinning to explain and dispel the materialistic preoccupation of “gold-bugs”, and shine a generalist light on state-dependent theories of money. However, when it comes to money, misrepresentations of what is meant by an “institution” still abound. Even in its philosophical foundations, institutionalism is riddled with a form of “materialistic fallacy” when it comes to monetary theory: the replacement of gold coins with the marble columns representing the “institutions” from which money is deemed to originate.

Fig. 1: Facade of the Bank of England, from Wikimedia Commons

For example, in his oft-quoted textbook on money, legal scholar Charles Proctor mentions institutionalism as the third “grand theory” of money (next to the emergence of species from barter and monarchies issuing tax-credits). But here he falls into the colloquial ambiguity-trap of the word “institutional” and implies that it refers to the institution of the modern central bank as a non-governmental agency. He concludes that ‘money’ is only that which “is originated and managed by a central bank in a manner that preserves its availability, functionality, and purchasing power.” (Proctor, 2012, p. 25-27) Despite or possibly because of this prevalent confusion, “institutionalism” provides the most referenced theory in contemporary ontologies of money. In the English-speaking literature, the philosophical underpinnings for these are often gleaned from John Searle and his concept of ‘social facts’ (Bindewald, 2018, p.46). Thus, his writings will here serve as an illustrative example of how institutionalist ideas are often misunderstood when it comes to the topic of money and why a critical reappraisal is required for a modern ontology that transcends the metalist/chartalist dichotomy and its fallacies.

‘Money’ was, next to ‘government’ and ‘baseball’, one of the examples John Searle most often used to illustrate his philosophical ideas on what he calls ‘institutional facts’. When Searle wrote his first book on the matter, “The Construction of Social Reality” (Searle, 1996), he had not been aware, as he admits in a later text, of the “unclarity of what exactly an institution is” in the economic literature (Searle, 2005, p. 1). For Searle, institutions are generally a result of human interactions. They stand opposed to ‘brute facts’ which, in line with the notion of critical realism, acknowledge that some things exist regardless of us perceiving or describing them: “Mountains, molecules, and tectonic plates, for example, exist and would exist if there had never been any humans or animals.” (ibid. p.4) These institutional facts come about by “collective intentionality”, which in turn relies on language to bring together the assumptions and perceptions of individuals to ascribe meaning to an object in the form of “X counts as Y in context C” (Searle, 1996, p. 28). To make X ‘count’ rests on the setting of norms and conventions (Searle, 2005, p. 10), which in turn provides the conceptual and operational alignment of his theory to the neo-institutionalism found in economics.

When he illustrates such institutional facts with money, he first turns to cash: “In order that this piece of paper should be a five dollar bill, for example, there has to be the human institution of money” (Searle, 1996, p. 2). There are around 70 other passages in the same book which rely on this example. By using a physical note, Searle here inflates the “social fact” of money with a “brute fact” of the tangible media of exchange. Obviously to monetary practitioners, his formula “X counts as Y” would not necessarily only apply to a materialistic X. But he himself only realises that sometime between 1996 and 2005. At this later date, he invokes Barry Smith’s idea of “‘free-standing Y terms’, where you can have a status function, but without any physical object on which the status function is imposed. Seemingly astonished he concludes:

> *“The paradox of my account is that money was my favourite example of the ‘X counts as Y’ formula, but I was operating on the assumption that currency [as in notes and coins] was somehow or other essential to the existence of money. Further reflection makes it clear to me that it is not.”* (Searle, 2005, p. 16)

It can only be speculated whether monetary reform evangelists in attendance at his lectures pointed this out to him or if the changing realities of everyday payments accounted for that change in this thinking. Either way, this conceptual extension is further explored and illustrated in his later book “Making the Social World - The Structure of Human Civilization” (Searle, 2010). Here he calls this new version of institutional facts a “fallout” from other institutional facts because no intentionality or deontology is imbued onto an object when those facts come to be. He uses his other favourite example, baseball, to illustrate this: the statistical distribution of left and right handed pitchers is a fact, but, different from institutional facts, they are not required or construed by the rules of baseball and have emerged without human intention (Searle, 2010, p. 117). Thus positioning “systemic fallouts” as something of an unintended consequence, he later returns to the example of ‘money’, correctly describing how today its dominant form (electronic balances) is created when a banker extends a loan to a client. This he relegates to a mere ‘fallout’, because he assumes no bank or banker had ever intended the monetary effects of their actions. They were simply “trying to loan Jones some money, not to increase the money supply.” (Searle, 2010, p. 120)

Of course, this argument seems too simplistic and does not instil trust in Searle’s understanding of one of his pet examples. Arguably, one could say that the intention of most banks is not the extension of loans or the creation of money, but they only actually strive to increase the banks profit, by increasing their loan portfolio. Curiously then, both the bankers’ real intention and their actual monetary effect can be summarised as ‘making money’. And both, making money for the bank (as in: their profit) and making money for general circulation (as in: the money supply) are determined by laws, regulations and popular acceptance (implicitly or explicitly). What Searle fails to explain is how money as a whole - in all its forms, and not just notes and coins - needs to be seen as an institution, and not accidental fallouts.

Apparently oblivious to these shortcomings, many monetary theorists have used Searle’s concept of ‘social facts’, ‘institutional facts’ and ‘collective intentionality’ as a reference in their own portrayals of ‘money as an institution’. This is possible only through neglect, or adherence to one of the two classical monetary theories. One, where money is functionally still dependent on material correlates, first of all gold. The other being the belief that money can only ever originate from the power of the state.[1]

In effect, both positions that content themselves with reference to Searle, are here allegorically described as riddled with “materialistic fallacies”: either besotted with physical media of exchange, or falling prey to the double meaning of the word “institution” and ascribing too much importance to the state’s role in the issuance of currency. And as we have seen in the case of Proctor above, realising that both conventional theories have “an air of unreality about it” (Proctor, 2012, p. 40), and consequently turning towards institutionalism, does not safeguard from getting the consequences of this theory right and falling prey to yet another materialistic fallacy equating institution with entity (as in a central bank). Such cases in which, mostly unnoticed, mere lip-service is paid to institutional thinking and untenable assumptions obscure monetary analysis and judgement up to date.

Given these findings, “discursive institutionalism” is here proposed as a helpful refinement for institutional theories of money. As in other fields, attention to the discursive nature of our

[1] For a detailed analysis see Bindewald, 2018, p. 50-54.

social arrangement helps to dislodge our thinking from obsolete normative ideas. It turns questions about the nature of money from “what?” to those of “how?”, and allows us to study and appraise innovation and diversity of currencies on equal footing with conventional forms of money. And, as the following figure tentatively depicts, it seems to offer an umbrella for the integration of previous grand theories, even including the metalist standpoint - at least when the socially constructed portion of what they call “intrinsic value” is recognised (see Bindewald, 2018, p.29ff).

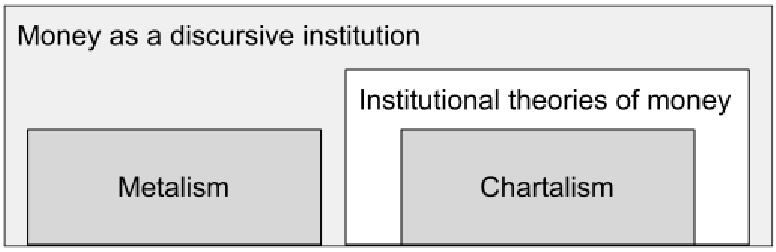

Fig. 2: Proposed relationship between different monetary ontologies

3 - “Money”, in a Manner of Speaking

3.1 Introducing Discursive Institutionalism

As in the case with the word “institution”, the word “discourse”, is endowed with a double meaning. In its narrower, everyday use, it refers to individual events, like conversations or debates, individual texts and publications, but also non-verbal expressions. In a second, more conceptual sense, imprinted by structuralism, discourse is what constitutes the substrate of the social world and its formations and structures. In this sense it refers to the rules, norms and conventions we create collectively.

From this perspective, the term ‘discursive institution’ would appear to be tautological. If an institution is created “by” discourse, the discursive descriptor would already be implied when we, for example, describe money ‘as an institution’. By the same token, one could define money as being constituted by discourse, without explicitly calling it an institution. But in light of the legacy of institutional thought described above, there is merit in emphasising both elements: institutionalism denoting the kind of ontology applied, and discursive to fend off any misconception and ambiguous baggage that “monetary institutionalism” was found to carry.

This explicit integration of concepts of discourse into institutional theory is found in the writings of Vivien Schmidt. Looking across from Boston at the ever changing landscape of the political institutions in the European Union, she was left with the observation that neo-institutionalism had been successful in the description of *what* and *how* institutions are, but without a comprehensive and applicable theory of *how* institutions change (Schmidt, 2010). In the three contemporary strands of neo-institutionalism - rational choice, historical and sociological institutionalism (Hall & Taylor, 1996) - she found institutions mostly appearing as static constructs, to which changes affecting their reform or demise are always introduced as exogenous factors to which institutions adapt (Schmidt, 2010, p. 5).

However, if institutions are social constructs that determine the behaviour of (groups of) individuals, they also need to be seen as a summative reflection of those same behaviours. Created by the interactions of many individuals with their particular sets of preferences, and interlaced with a multitude of other structures, all institutions must be in constant flux. No institutional arrangement in history has been absolute enough to cement all behaviour of all concerned individuals permanently. An endogenous faculty of change resides with the individuals that can lead to institutional change from within, instead of being determined by exogenous conditions. While all three established institutionalisms had their own 'theory of change', none was deemed satisfactory to account for the agentic potential of individuals who wanted to change a given institution despite or even against the conventions and rules they find themselves subjected to. As ideas change, so do behaviours and with them institutions. To those three Schmidt proposed to add a fourth neo-institutional way of conceptualising and studying institutions, 'discursive institutionalism', not to make the others obsolete, but to expand the methodological toolkit of the political scientist.

She in turn refers to the 'institutional facts' of Searle to exemplify the process by which discourse can be seen to lead to institutions (2012, p. 92) and even mentions Geoffrey Ingham's theory of money as a social construct as an illustration of this process (2012, p. 97). As to the question of why these links have not been made explicit before, she maintains that "most scholars who take ideas and discourse seriously intuitively assume that agents acting within institutions are simultaneously structure and construct (agency), but they rarely articulate this, in particular those whose work is largely empirical." (2012, p. 92)

With these prompts, it is here proposed that discursive institutionalism is more conclusive an ontology than those described in the previous section, because it can not only be applied to money in all its instantiations, but pays particular heed to the constant process of innovation both in conventional money and complementary currencies. This way, all currencies - as instantiations of the concept of money (Bindewald, 2021, sec. 5) - from cash to units in bank accounts, to Paypal credit, Bitcoins, timebanks and B2B-currencies can be accommodated by one single theory of money, without caveats or having to twist one's tongue.

3.2 Central Bank Communications

The Bank of England's explicit communication strategy, developed in 2014 and published as part of their strategic document "Vision 2020" (Bank of England, 2017), stated:

> "*Communication at a central bank is an important policy tool. Our policies have maximum impact when they are heard and understood. Good communication therefore links directly back to the successful delivery of our mission. On external communications we will seek to attract a wider audience with a targeted, creative approach to content and analysis including key publications and speeches.*"

This reorientation towards wider non-expert audiences is a remarkably novel stance for central banks. In his historical account of central banks' stances towards transparency, Otmar Issing (2005, p. 66) still had this to say on the matter: “There was a time when the Bank of England could almost be classified as the epitome of reticence vis-à-vis the public”.

Today, the Bank positions communications as a natural component of its mission, which has been determined from the moment it was first chartered in 1694. That mission, however, is only vaguely sketched out in the original charter and is currently expressed as: “[T]he Bank’s mission is to promote the good of the people of the United Kingdom by maintaining monetary and financial stability.“ (Bank of England, 2017) An earlier publication presents what this means to the Bank of England: “Monetary stability means stable prices and confidence in the currency.” (Bank of England, 2008, p. 1)

With this aim in view, the communication efforts of central banks are now seen as being at par with their other, more obviously monetary or financial activities. In a play on words to ‘open market operations’ Greame Guthrie and Julian Wright speak of modern central bank communications as “open mouth policies” and hold them as being just as potent as their traditional policy tools (Guthrie & Wright, 2000). This paradigm shift in messaging styles, imagery, tropes and topics selected on the Bank’s website and in their print publications also has its correlates when it comes to their approach to the topic of money itself. As Douglas Holmes explains in his seminal book “Economy of Words”, communications are now part of the “search for new means by which monetary affairs could be anchored conceptually - not to gold or to regimes of fixed exchange rates - by means of an evolving relationship with the public” (Holmes, 2013, p. 15). When it comes to content however, this new focus on style leads to a rather sobering verdict: “All very uplifting - and just as unfocused” (Moretti and Pestre, 2015, p. 99).

In this light, a discursive analysis of what “the currency”, and by extension “money”, means to the Bank becomes a necessary first step for a critical appraisal of what the public is asked to lend its confidence to. Without the baggage of traditional preconceptions, texts about money can now be approached with fresh curiosity about how money is constituted. How money is talked about can now be scrutinised as central and constitutive, not only anecdotal and allegorical. The following section will demonstrate this empirically with a well established analytical methodology and a preeminent corpus of texts: the freely available publications of the Bank of England.

4 - Constituted, but not by Rules

4.1 The Grammar of Institutions

Long before discursive institutionalism was concieved of, the G*rammar of Institutions*, by Sue Crawford and Elinor Ostrom (1995) already made a methodological link between institutional theory and textual analysis. Their universal concept of what constitutes an institution was an attempt to provide a synthesis, and analytical method, for the different ways institutions had been conceived of in the literature. Their definition of institutions is fully commensurable with the discursive approach introduced above: they are seen as enduring structures that condition the behaviour of individuals, and that are, simultaneously and 'dialectically', "constituted and reconstituted by human interactions" (ibid. p. 582).

An institution comes about through what the authors call "institutional statements", including all three constitutive concepts that institutions are said to be made up: *shared strategies*, *norms* and/or *rules*. Each of those they describe as being made up of certain syntax elements or "phrasemarkers": 1) *attributes* - or what the statement is about, 2) *deontic* - or the normative element as in permitted, obliged, forbidden, etc., 3) *aims* - or the intended outcome of the deontic, 4) *conditions* - under which the statement comes into effect and 5) an *or-else* element - describing sanctions if the deontic is not respected (ibid. p. 583). Depending on the set of phrasemarkers present in a statement, it can be classified as a strategy, norm, or rule.

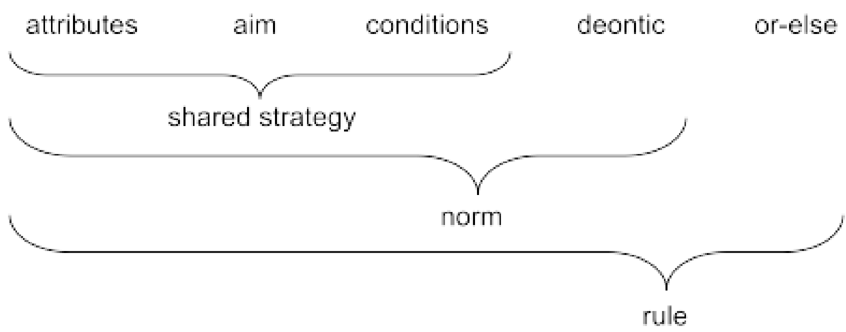

Fig. 3: The syntax elements of strategies, norms and rules

This methodology has been successfully applied over decades in political science and behavioural modelling, and has recently received renewed interest and further development as “Institutional Grammar 2.0” (Frantz & Siddiki, 2022).

As afforded by the discursive ontological lens, the *Grammar of Institutions* was here applied to scrutinise the way the Bank of England explicitly defines the terms money and currency and how they are implicitly defined by the Bank’s manner of speaking about them. To this end, the Bank’s publications since 19070, freely accessible through its own website, were screened, and a set of 17 documents from 2013 to 2017 were selected for in-depth analysis, containing 80% about all statements about money and currency found across text (see Fig. 4, for the full methodological description see Bindewald, 2018).

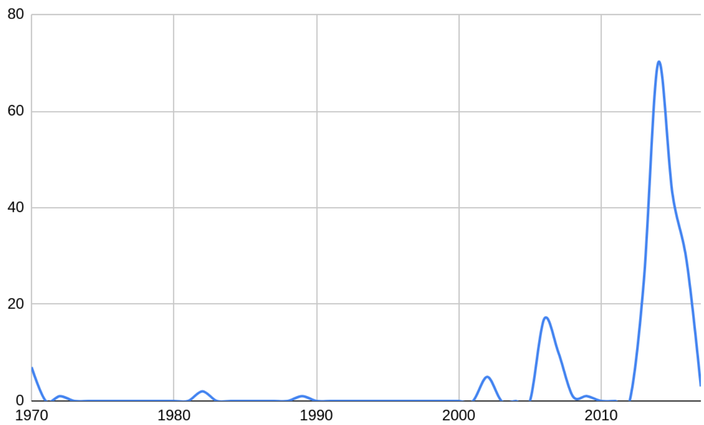

Fig 4: Distribution of institutional statements in BoE publications

Out of the 170 statements found in those 17 documents, 39 were parsed as *strategies,* 118 as *norms* and only 13 had all the elements of *rules*. Given the authoritative source and complex topic, one would expect to find more statements of the institutional form of *rules* in the texts of the Bank of England. An ‘archetypal’ statement that constitutes a *rul*e would be one that describes what someone (the *attribute*) is to do or must not do (the *deontic*) when engaging in a certain activity or pursuing a certain objective (the l*im*) under certain circumstances (the *condition*) - and what happens if this law is not followed, e.g. a fine (the *or-else*). A law or regulation would be such a statement. However, nothing like that has been found in the texts here analysed. What has been parsed as *rules* instead are statements that make reference to British laws and what those describe as consequences of not adhering to the statement’s intent.

One assumption about this lack of actual legal, rule-based content is that the Bank's authors do not deem it necessary to substantiate their claims about money because of their authority and comprehensive knowledge of the law. But when probing the matter of monetary definitions in the legal literature, laws and regulations in the UK have been found to be equally vague about money and currency. Under critical scrutiny, the plethora of definitions provided by the law "encompass almost every common meaning or [...] equate to none" (Harrington, 2017, p. 303). This provides the alternative assumption about the Bank's lack of legal references and the low ratio of *rules* amongst the constitutive statements about money and currency: there are simply no coherent definitions of the terms in questions, either in the economics or the legal disciplines (compare Bindewald, 2021 on lack of legal coherence in the US).

In this line of argument, the numeric imbalance between the other two institutional statements, strategies (39) and norms (118), also gains relevance: How come the Bank can deploy so many *deontics* - the phrasemarker expressing permission, obligation, prohibition etc., which turns a strategy into a norm - while there is actually no backing for such imperative poise? Before answering this question in the final section, two other findings will be reported. Neither stems directly from the above deployment of the *Grammar of Institutions*, but the rigorous and unencumbered reading that this methodology, and the ontology of discursive institutionalism in general, demand.

4.2 Hiding in plain sight

The first of the two concerns the variety of terms that the Bank's statements describe when sayings something about money or currency[2]. Of course, the initial search terms used to identify statements during the corpus selection process (e.g. "money is…", "currency is…", "complementary currency", "alternative currency", "virtual currency", etc.) presupposed a certain diversity. Terms like "digital", "virtual", "alternative" and "complementary" are here seen as referring to subsets of a wider practice of 'money' (compare terminology in Bindewald, 2021) that can indirectly shed some light about the general concepts 'money and 'currency', given the lack of clear definitions thereof. In the Bank's texts, however, these terms all appear without reference to each other, and, as illustrated in the introduction, some of them even stand in logical conflict with the definition of the base term "currency" as a physical medium of exchange.

[2] This "what" is called the "explandum" in the original research, see Bindewald, 2018; or the "constitutive entity" in the *Institutional Grammar 2.0* (Frantz & Siddiki, 2022).

During the different screening stages a plethora of 28 compound expressions were found building on the basic term ‘currency’. Neither of these refers to a particular currency, but to some category or ‘kind of currency’. Only 7 statements, like the lexical one discussed in the introduction, speak about the word currency alone, while 82 statements are concerned with one of the compound terms. Similarly, 32 different compound terms were found for ‘money’, which appears 47 times as the term of interest by itself, compared to 77 statements that spoke about it in compound form.[3]

The prevalence of compound expressions encountered in the texts of the Bank of England call forth a critical consideration of what in corpus linguistics is called “collocations”. The formal effect of such above-chance co-occurrence is, that the joint meaning is implicitly evoked even at the mention of one of the terms alone (Baker & Ellece, 2011, p. 17). An air of *common sense* is imbued onto the combination of two terms, but in extension also on the individual terms alone. For example, if “digital currency” is said and heard often enough, it appears to be a well established idea or even “thing”, even if the meaning of both individual terms remains uncertain, or questionable. Because logically, if one can define a more complicated, compound term, the original, naked meaning of each base term needs to be presumed obvious.

For an ontological question like “what is money”, such close associations thus lead to a cloaking effect: If money and currency are mostly defined and described in conjunction with a qualifying term (e.g. inside money, digital currency etc.), the question of what *money* or *currency* was, by and in itself, gets crowded out, forgotten, or at least deproblematised. This helps to explain why even obvious oxymorons, like the above discussed ‘digital currency’ go unseen, and misnomers like the term “bank deposit” remain unquestioned. This latter term is here chosen as an example because the impression it builds and feeds on - gold or another physical medium being “deposited” at a bank for safekeeping - relates to the next finding reported below. What is called bank deposit today however, has seen nothing ever deposited. It is a term confusingly used for the electronic balances of our bank accounts, that were all created fresh, by the very banks managing those accounts, when they extend a loan to a customer. Even in texts where this process is made explicitly in its ex-nihilo character, the term deposit is still used uncritically (see e.g. Jakab & Kumhof, 2015). The third and final

[3] The sum-total of these figures far exceeds the total number of statements analysed because some statements speak about several terms at once. Also, some statements neither spoke of *money* or *currency* but about related terms such as *deposit* or *coin* (for a list of all statements see the Annex of Bindewald, 2018).

finding to be reported here, will use precious metal to substantiate the vacuity of such dogmatically adhered to terms.

4.3 The Golden Mirage

In studying the definition, use and meaning of the term ‘money’ in the publications of the Bank of England, one final aspect of their communications on the topic stands out to the critical reader: the recurrence of references to gold. Of course, in the history and popular discourse of money, gold is one of its main ingredients. It takes centre stage in the numismatic displays of museums, it appears in the role of the simple technological innovation that enhance our economies in the “myth of barter” (Graeber, 2011, chap. 1), it became the bedrock of modern banking in the lending practice of the renaissance goldsmiths (Ryan-Collins *et al.*, 2011), and is of course the epitome of riches and (good) fortune. “Striking gold” is as much the leitmotif for such different historic and literary protagonists as pirates, prospectors, conquistadores - as it is almost anybody’s private dream.

Again in that paper “Money in the modern economy: An introduction” (McLeay, Radia and Thomas, 2014), gold is mentioned on 11 out of 12 pages, in several places its merits and advantages are discussed. Centrally however, it is stated - in bold: “Since 1931, Bank of England money has been fiat money. Fiat or ‘paper’ money is money that is not convertible to any other asset (such as gold or other commodities).” (p. 8) With this knowledge, the discussion of gold in the course of the article, as much as it is irrelevant for what money is today, appears like an omnipresent echo of the past - a particularly pervasive form of materialistic fallacy. If this seems too bold a judgement, the summative video-teaser on the Bank’s Youtube channel, accompanying the publication for audiences unlikely to read 10 pages, shows the point quite literally: Gold is all around (see Fig. 5). The interview with the lead author of the article is shot in the vaults of the Bank of England, with successive rows laden with bullion filling half of the frame at all times.

The visual message seems to supersede the explicit point made in the article and the interview. Apart from the historical note that previously banknotes were redeemable for gold, there is no mention of why they chose to show all the gold bullion throughout the interview. Elsewhere, or on direct questions, the bank is quick to admit that gold is only stored there for other owners - the bank only owns one bullion: “It’s in the museum, and you can touch it.” - as the author of this paper was told personally during a research visit.

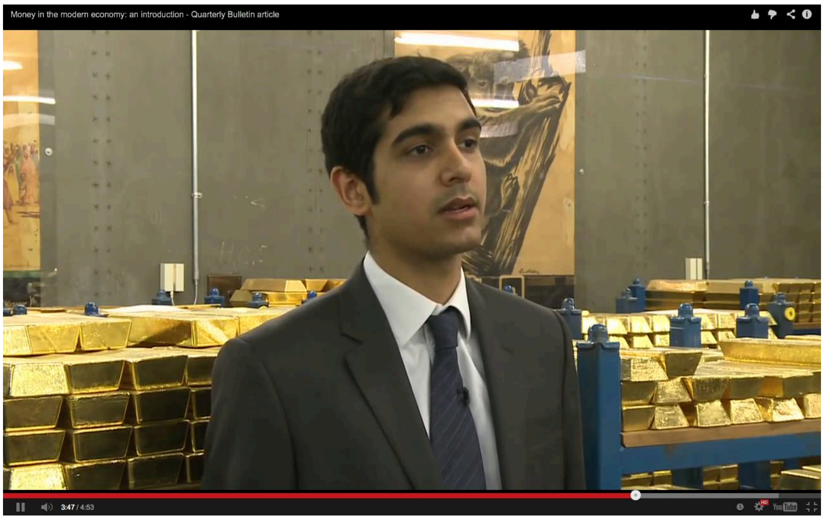

Fig. 5: Screenshot of the Bank of England summary video (https://youtu.be/ziTE32hiWdk)

The same mismatch between what is shown and what is said can be observed whenever Queen Elizabeth II visited the Bank. Despite her better knowledge, “I gather not all the bars belong to us” (Walters, 2012), the images shown in mass media are of her ‘inspecting’ the content of the vault. So why is gold ever present and shown to the Queen and her people alike? In a critical reading the answer obviously lies in the aforementioned mandate of the Bank of England concerning monetary stability. It requires the Bank to ensure “that people are confident that the banknotes they hold are worth their face value” (Naqvi & Southgate, 2013, p. 232). In light of this prerogative, even the creation of an illusion of solidity, reliability and gravitas, all with a golden hue, is part of the Bank’s fulfilment of its policy objectives. All achieved by communication tools and with the collaboration of other powerful institutions, like the Queen and the press. The ultimate addressee of those measures is everyone, not only the Queen’s subjects in the UK. Because of the international weight of the UK economy and the Pound Sterling (another term, like *deposit,* explicitly alluding to a value base long absent), people all around the world depend, more or less heavily, on the maintenance of this golden mirage of money, because “somewhere in our imaginary landscapes gold is still the hallmark of all that is valuable.” (Mooney & Sifaki, 2017, p. 20)

5 - Conclusions: Deception in the Name of Trust

As stipulated by the theoretic framing of discursive institutionalism, the analysis of definitions of money and currency confirmed that money is an amorphous phenomenon, not so much established by rules (of law), but mostly societal norms and practices. The findings presented above showed how a central bank, contrary to popular belief, does not have clear and coherent definitions of money and currency, and how little they say has backing in law. Despite their self-given mandate for public education and transparency, they continue to make statements about money and currency with unwarranted normativity, shrouding the blatant lack of clear definitions with compound terms, and deploy gold as little more than eyewash. Anthropologist Douglas Holmes diagnosed this as “public currency” (Holmes, 2014). This, however, refers not, as one might hope, to democratic involvement in choosing a preferred financial regime, but to monetary policy that garners the public’s trust and buy-in with performative acts instead of solid facts. Every possible measure, even the misleading terminology and outdated narratives, can be deployed to that end.

Central banks seem to have little choice in the matter, as their first prerogative is maintaining trust in the Pound Sterling or any other national currency. As we have seen, this is in conflict with their mandate for transparency and public education on a matter so void of trustworthy certainty. To maintain a stable financial regime in the age of information technology, this conflict of interest needs to be resolved. Clear and comprehensive definitions and communications are the basis for broad consent and democratic participation. Making the jargon of economics and finance more accessible is the first step towards this. However, not addressing the theoretical ambiguities of ‘money’ while authoritatively pointing to obsolete theories and narratives will likely have an adverse effect on the long run. More than forty years on, and the words of Harvard economist John Kenneth Galbraith still sound true and daunting: “The study of money, above all other fields of economics, is the one in which complexity is used to disguise truth or to evade truth, not to reveal it.” (1975, p. 5)

This is not only an issue for and in the economic disciplines: interdisciplinary legal analysis shows that there are no consistent monetary definitions in the legal disciplines either (Harrington, 2017). To enable democratic monetary reform and non-profit initiatives for the complementary provision of financial services requires a consistent theory and a terminology encompassing (compare Bindewald, 2021, sec. 4). David Graeber's hope to re-install a sense of freedom in imagining new social orders (most directly expressed in “The Dawn of

Everything", 2021) has, in regards to money and financial systems, always been at play in the practice of complementary currencies. And fundamental financial reform is required for social and environmental sustainability (Lietaer et al. 2012).

But while central banks are trapped between inconsistent monetary definitions on the one hand, and outdated monetary theories and narratives on the other, initiatives for financial reform will also be hampered. If the general public is continuously seduced to perceive of 'money as a thing' and 'subject to natural laws' (assumptions confirmed by Sifaki and Mooney, 2015, pp. 207–208) meaningful public engagement with financial matters as collectively designed institutions will falter.

The hope of this paper is to have shown the conflicts inherent to current monetary theory and publicity, while offering discursive institutionalism as the foundation for coherent terminology and ontology.

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