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ESSAY

Late Wittgenstein's money

L. Eden Steininger[1,2,3]

[1]Harvard University, Cambridge, MA, USA, [2]Vienna Institute for International Economic Studies, Vienna, Austria and [3]Vienna University of Economics and Business, Vienna, Austria
Email: steininger@harvard.edu

Abstract

This essay examines the contemporary discourse on inflation through the lens of Wittgenstein's late work on language games. Using his concept of *hinge propositions* – beliefs upon which language games depend – I offer a novel perspective on the public good that is price stability. In particular, I first consider the inflation hypothesis as a derivative of the commodity theory of money and therefore inherently linked to a purely quantitative regime of monetary management. I then argue that, based on the hinge proposition that money is a creature of law, money's value might instead be grasped and engaged on the basis of its political and qualitative dimensions.

Keywords: monetarism; Wittgenstein; philosophy of language; price stability; theory of money

Introduction

> What I want to teach is: To go from a non-obvious nonsense to an obvious one. (Wittgenstein, 2003: 464, own translation)

The Austrian philosopher Ludwig Wittgenstein, who arguably single-handedly revolutionized analytical philosophy, not only wanted to teach obvious nonsense. In his posthumously published notes *On Certainty*, Wittgenstein addresses the categories of knowledge, doubt, and certainty, posing fundamental questions about whether and how we can be certain of the existence of external objects in the first place:

> [. . .] our doubts are based on the fact that certain propositions are excluded from doubt, are as it were the hinges on which they move. That is, it is part of the logic of our scientific investigations that certain things are not in fact doubted. (Wittgenstein, 1984: 341–43, own translation)

And again in somewhat different terms:

> [. . .] what about a sentence like "I know that I have a brain"? Can I doubt it? I don't have any reasons to doubt it! Everything speaks for it and nothing against it. Nevertheless, it is conceivable that an operation would reveal my skull to be empty. (Wittgenstein, 1984: 4, own translation)

> [. . .] To say of a person [. . .] that they know something; that what they say is therefore necessarily the truth, seems to me to be wrong. It is the truth only in so far as it is an unstable basis of their language games. I mean to say: it is not the case that a person knows the truth with perfect certainty on certain points. Rather, the perfect certainty relates only to their attitude. (Wittgenstein, 1984: 403–4, own translation)

Based on the above reasoning, Wittgenstein draws the logical conclusion that doubt and certainty are inevitably embedded in self-contained linguistic constructs – so-called 'language games' – which in turn are based on assumptions that are never questioned, of which one is certain (Lennard, 2022). This implies that *within* a particular language game, one can express doubts, have certainty, and ask critical questions that indeed make sense. However, language games are themselves based on seemingly unchallengeable foundational beliefs that, on the one hand, qua their nature, are not only unnoticeable but also unquestionable, and, on the other hand, necessarily always present. If one would doubt everything, one could therefore meaningfully doubt nothing at all. Without certain fixed convictions, one cannot participate in language games, and thus in the world. Such convictions Wittgenstein called 'hinge propositions'.

Hinge propositions hold the metaphorical doors to the language game (Lenzen, 1980). If a hinge proposition is levered out, the door to the language game can no longer be opened either: the language game no longer makes sense. Thus, Wittgenstein explained how it can be that one can literally understand some people well and barely hold a conversation with others. They simply do not share the same hinge propositions and therefore their use of words follows a different internal *logic*. They play a different language game.

Wittgenstein on this notion does not write explicitly about political economy. However, assumptions that are resistant to doubt, specifically when not supported by further reasons, consistently reflect the tenets of hegemonic belief systems (Lennard, 2022). Moreover, questions of difference between worldviews and beliefs are deeply political ones. Consequently, if Wittgenstein were to be taken seriously in the political-economic domain, enormous social potential for renewal and exchange could be found in the rejection, analysis, and possibly even revision of hinge propositions.

Language, money, subject formation

It is widely recognized that 'language' as such functions as a space where individuals construct and negotiate their sense of self and identity, a process known as subject formation. Through language, for instance, individuals name and categorize themselves and others, which shapes their understanding of identity. For example, the labels we use to describe ourselves (such as gender, nationality, or profession) contribute to our sense of who we are and how we relate to society. Moreover, language is crucial for socialization and identity construction. It provides a medium for individuals to communicate and express thoughts, feelings, and experiences. In this process, individuals learn societal norms, values, and expectations, which influence their self-concept and perception of others. Narratives and discourses embedded in language also play a significant role in subject formation. Stories, whether found in literature, media, or everyday conversations, shape how individuals perceive themselves and their place in the world. Furthermore, language reflects power dynamics within society. Dominant groups may use language to assert their authority and control, while marginalized groups may resist through linguistic expressions of their experiences and perspectives.

A much less widely recognized yet helpful analogy for comprehending the complexity of the issue is that money, likewise, is a place of subject formation. In many ways similar to language, money serves as a means of categorization and identification. For instance,

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people often use wealth or financial status as a marker of identity, influencing how they perceive themselves and how others perceive them. Individuals may identify as wealthy or poor, which can influence their self-concept, social interactions, and sense of belonging within different social groups. Money also plays a significant role in socialization and identity construction. Economic factors, such as income level, occupation, and purchasing power, impact individuals' lifestyles, values, and aspirations. The pursuit of wealth and financial success can become central to one's identity, shaping their goals, priorities, and self-image. Furthermore, money is intertwined with narratives and discourses that shape subject formation. Cultural narratives around the origin of wealth, the business cycle, fiscal liquidity (Hesse and Steininger, 2024), or macroeconomic indicators influence how individuals perceive themselves and their aspirations. To say the least, these narratives may contribute to the construction of identity by framing individuals' understandings of success and failure, privilege, and opportunity.

In sum, money serves as a place of subject formation just like language, perhaps even as a *mode* of language. Both money and language are abstract human forms; they are unbound media that generate meaning and value by virtue of naming in the world; as social constructs, they are highly political and contested grounds. Importantly, just as there is no way of conceiving modern society without language, there is no way of conceiving modern society without money: once acquired, it cannot be taken back. There is no 'outside' of it.

Political economy, but make it Wittgensteinian

As Wittgenstein emphasizes, it is important to distinguish between certainty and knowledge. Achieving certainty does not follow the same methods as acquiring justified true beliefs. Certainty operates differently. Before exploring its implications for political economy, it is crucial to recognize this distinction. Hinge propositions, unlike factual truths learned about the world, are a distinct type of conviction. They are not assertions of knowledge but serve as foundational elements within collective practices; they are part of the language game (Lennard, 2022). The purpose of this essay is to highlight the difficulty – and necessity – of challenging the hinge proposition that is our hegemonic theory of commodity money (and its concomitant neoliberal phenomenology). Just as it is difficult to challenge the hinge propositions to our language games as they are the foundational places of subject formation, it is difficult to challenge those that structure our discourse on money. Even if we learn and then *know* that money is not a finite alienable technology, we have a hard time disqualifying the associated *certainties* of political economy centering around the metaphysics of scarcity.

Meanwhile, due to the neoliberal language games of the last 40–50 years, the political economy no longer seems to adequately reach and represent our contemporary ways of life (Ferguson, 2018). The US economist J.W. Mason describes the cause of this failure to make economic phenomena even rudimentarily accessible in the following words:

> Better to think of [economics] as a self-contained art form whose apparent connections to economic phenomena are the results of a confusing overlap in vocabulary. Think about chess and medieval history: the statement that 'queens are most effective when supported by strong bishops' might be reasonable in both domains, but its application in the one case will tell you nothing about its application in the other. (Mason, 2018: 3)

This essay therefore calls for a profound revision not only in the practice of economic critique but especially in the structuring hinge propositions of neoliberal theorizing. The starting hypothesis is that neither lack of knowledge nor power relations are the defining problems of our time. According to a Wittgensteinian reading, this problem resides in hinge propositions that are not knowledge claims but nevertheless constitute an entrenched basis for collective practice around political economy and, above all, certainty in relation to it (Lennard, 2022).

POV: Inflation

> Inflation is a messy phenomenon. (Lorenzoni and Werning, 2023: 1)

An example of such unfounded convictions is reflected in the discourse, phenomenology, and activities around the inflation hypothesis. The current sense of inevitability and even hopelessness accumulates, as it were, in this rhetorical construction: it is not only exemplary and symptomatic but virtually archetypical of a system of metaphysics that renders anything approaching great positive change impossible in practice via theoretical exclusion. In what follows, interactions of monetary theory, language, and contemporary ontology are shown to offer a possible way out of the intellectual impasse that are neoliberalism and the climate crisis.

The concept of price instability as monetary devaluation has become so self-evident in recent decades that many people inside and outside economics no longer even consider the fact that it is primarily one thing: a theory. As such, it has an almost *definitional* character: inflation is conceived as an increase in the general price level and, as a result, as a process of monetary devaluation. Inflation in the sense described here was advocated for by the infamous US economist Irving Fisher during the early 1900s. One of the oldest concepts in the language game of modern macroeconomics, Fisher chiefly applied the term to prices, inspired by hydraulic systems in physics. According to his theory, money in the economic system is akin to water in a pipe system. If more water is pumped in, the water level rises. And analogously, the general price level rises when more money is (publicly) created. Even today, one can find numerous comparisons between inflation and the behavior of liquids, the most popular being the allegory of the bathtub that will eventually overflow if the plug is not pulled out in time (*i.e.*, fiscal austerity imposed).[1]

Inflation of 2% as a definition of price stability is thus based on the hinge proposition that money is a scarce commodity which, in ontological terms, shares more properties with physical objects than with social constructions such as legal contracts or Excel spreadsheets. The latter of which, of course, are ontologically abstract and completely elude relationships governed by natural law. This is also reflected in the metaphorical sense of the term, *inflated*, meaning blown up, decoupled from a 'true' value. Quite literally, the definition entails 'too much money chasing too few goods' and with it, monetary devaluation or some sort of debasement. According to the theory of inflation, money is not only homogeneous and alienable; it is a passive medium of 'communicating vessels' that merely reflects a finite material (economic) substance. Money, according to Monetarism – but also Marxist accounts, for example – is intrinsically worthless and unproductive, for value arises exclusively 'in the market'. According to this conception, and only according to this conception, a *general* price level in conjunction with the flattening of various market structures into a physical totality can be posited as an overriding entity.

In this vein, the demand and supply curves of individual firms may be aggregated into an overall market-wide demand and supply curve as prices serve as scarcity signals, and, equivalently, money itself loses its value when more of it is spent. Moreover, due to its assumed neutral character, the unit of account serves as an objective measure of value (products and services) like a meter serves as a measure of distance: money cannot (co-) determine relative prices in this market but primarily serves as a means of payment for the implicitly underlying barter transaction. For this language game to work, the origin of money, its (at best long-term) neutrality, and the causal order of economic relations must be clarified as illustrated above.

However, attributing quasi-material properties to money is not only a categorical error that incidentally obscures the complex political nature of monetary relations and structures. It is also the widely accepted hinge proposition for political economy and contemporary economics. According to Paul Krugman, this metaphysical carelessness is not only chosen with full awareness; it is also opportune above all for practical reasons. 'Dealing with monetary economics this way lets you address monetary and fiscal policy in terms of lucid, elegant little models [. . .]' At the same time, he warns against the possible consequences of using such models:

> Still, there's a bit of sleight of hand involved in the way we handle money itself: first acknowledge that it's a special sort of good that people desire only because other people desire it, then ignore that specialness for the rest of the analysis. And you could imagine that this sleight of hand might lead you badly astray, that the predictions of those lucid little models would be all wrong [. . .] (Krugman, 2015)

As indicated, however, there also exists a competing notion of money – namely, a hinge proposition that suggests money was and is by no means a neutral medium. As the legal scholar and monetary theorist Christine Desan (2014; 2019), among others, has meticulously documented, from a historical and anthropological point of view, money is more akin to a public governance instrument with a political steering character. Who is allowed to create money, who has (direct) access to it, what can (not) be used to earn money, and how much of it – these are socially and historically contingent questions of centralized public governance. According to Desan, there is no single force that moves 'general prices' as opposed to relative prices, only a set of things that may be bought at different prices (Tankus, 2020). The value of money hence lies less in the general price level and more in its ability to coordinate our society at a distance, to reproduce society by means of labor. Money's value is therefore largely of qualitative, political character. Desan thus invites into the political economy a hitherto neglected hinge proposition that may open the door to new collective practices, practices toward which other – and above all, not *not* obviously nonsensical statements about the economic world – might be oriented.

In a political economy language game based on the structuring assumption that money defies the laws of nature and can do more than merely mediate barter, the activities and rhetoric around inflation not only inspire doubt. 'Inflation' under these conditions is a highly questionable, downright *illogical* rhetorical gimmick that conflates many products, sectors, and economic processes that actually have nothing to do with one another. Consider the derived practice of fundamentally orienting monetary and fiscal policy to the consumer price index and thus the attempted control of the 'general' price. Why use only one index to adjust everything from rents to wage contracts? Why does the forced deprivation through policy rate increase and rise in involuntary unemployment as soon as the arbitrarily computed general index exceeds an arbitrarily set amount? Without homogeneous substance (whether labor or utility), which is the essence of all production, and corresponding monetary neutrality, there is no theoretical basis for such policy adjustments (Tankus, 2020). If money can no longer be assumed as the lurking root cause of economic instability, the violent fiction of fiscal austerity sustained by the language game of monetary devaluation is instead, not unironically, itself causally implicated in various economic crises and their blatant mismanagement.

The perfect account of price stability doesn't exi…

> Probably the most striking recent development in the study of cosmology is the realization that the universe may be completely devoid of all conserved quantum numbers. If so, then even if we do not understand the precise scenario, it becomes very plausible that our observed universe emerged from nothing or from almost nothing. I have often heard it said that there is no such thing as a free lunch. It now appears possible that the universe is a free lunch. (Guth et al., 1983: 201)

What would price stability theory look like in the newly opened language game of obvious nonsense? What doubts, knowledge, and certainties would open up? First, it follows very fundamentally from Desan's hinge proposition that money has no uniform quantitative value and that its value does not lie in market valuation alone. Translated into practice, this means that one has to be more careful about indexation: there is no measure of the general price level if a general price does not exist.[2] The debate about stable prices, their measurement, and their management, thus shifts from the macro- to the meso- and microeconomic levels. Additionally, what does and does not have a price becomes a central question for society-wide stability considerations.

Second, based on Desan's hinge proposition, targeted public money creation does not have an *a priori* destabilizing (or price-increasing) effect. On the contrary, economic destabilization can have a wide variety of causes and is often (if not typically) due to *too little* money (and thus a lack of aggregate demand). This is not only empirically the case when, for example, prices do not coordinate the economy because administered prices hardly respond to even sustained changes in demand and a law-like relationship between quantity and price is not observable here (Weber and Wasner, 2023). Even more fundamentally, ecological crises, concentrated market power, involuntary unemployment, wars, poor infrastructure, and austerity lead to uncertainty, artificial scarcity, and systemic volatility. Sound money management in such situations means adjusting the monetary architecture and increasing public investment in a targeted manner to ensure stability. Thus, the causal-economic analysis built into the inflation hypothesis (*i.e.*, that a decrease in the 'value of money' equivalent to an increase in the general price must be met by reducing the amount of money) is no longer helpful, to say the least.

Third, and most significantly, money is politically *designed*. The implicit intertwining of economic and monetary policy might therefore be used to conceptualize price formation in such a way whose starting point is the public initiation of production (Desan, 2014). This would operate through and begin with the identification and naming of 'value' in terms of money – a process by which money and prices indirectly organize our environment to the greatest extent possible across socio-historical contexts. The implication for the public good of price stability would be that responsibility for the preservation of price stability is not to be found primarily within a firm's price setting strategies, let alone wage bargaining, but in the political process of valence, valuation, and accounting. Inflation would be reduced from a serious economic concept to a socio-political metaphor.

Not the market, not the state, a secret third thing

According to Desan's language game, money is the vehicle of valorization in our society. What hence presumably underlies her way of thinking about price stability is the metaphysical assumption that value writ large does not arise from an ontologically pre-ordered physical matter that is then merely mapped by abstract categories or social constructs such as language and money. On the contrary, Desan would claim that the social naming process comes first, and subsequently aligns and reorganizes the physical world according to this preceding valuation. Desan thus turns the causality communicated in the inflation metaphor on its head. She enables, not least, a language game in which value creation through abstraction, art and culture, language, media, laws, and yes, money, is not just a theoretical possibility, but always already a language game that *precedes* any economic value creation.

This is not good news for economics as we know it, which is primarily concerned with scarcity and therefore lacks the analytical tools to deal with abstract categories that are characterized by unboundedness. One can immediately see: a whole new logic is inherent in this new language game. It should come as no surprise that the communication between these worlds is so difficult then!

But starting from a shift in the certainties of political economy, new possibilities do open up. For instance, the possibility of nominal value change. Collective practice in terms of price stability may thus unfold beyond blunt interest rate increases, involuntary unemployment, and wage repression; it may now accommodate the full complexity of the various regional and sectoral price-setting processes. Stable prices may be achieved by combining a wide range of regulatory, social, fiscal, and monetary policy instruments. All of a sudden, underemployment, ecological depletion, and artificial scarcity are the 'inflationary luxuries' that our society really cannot afford.

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Notes

1. As part of the so-called Neoclassical Synthesis (Samuelson, 1948), this formulation was extended to include as a theoretical possibility the short-term non-neutrality of money. Thus, in New Keynesianism, which is based on a mixture of Monetarism and a conservative reading of Keynes' (1936) *General Theory*, inflation can be seen as the result of excessively high aggregate demand rather than money supply. This variation, however, does not change the basic ontological nature, mode of calculation, and reductionist substantiation of price stability, defined as inflation of 2%.
2. Not every type of production, every industry, or every product follows the same pricing strategy, but some goods and services have more in common than others. For example, tradable goods are similar compared to non-tradable ones, or the prices of goods that follow administrative pricing processes are much less volatile than exchange-traded ones. Additionally, not all goods and services are equally important either. As economist Isabella Weber et al. (2024) have documented, some prices are more systemically important than others, insofar as they represent important production inputs and, accordingly, price changes can propagate quickly in cost form (think of rents and energy costs, which are included as cost factors pretty much everywhere). In terms of macroeconomic stability, basic needs also have to be considered from this perspective. As the name suggests, there is usually no fallback or deferral option for consumption here when their prices rise. (At this point, one might reasonably ask whether they should have a price in the first place.)

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