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REVIEW ARTICLE

Recent Books on the History of Money

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Bank notes and shinplasters: the rage for paper money in the early republic. By Joshua Greenberg. Philadelphia: University of Pennsylvania Press, 2020. Pp. 224. ISBN 9780812252248. $34.95.

Blood and money: war, slavery, finance, and empire. By David McNally. Chicago: Haymarket Books, 2020. Pp. 320. ISBN 9781642592276. $27.00.

Monetary transitions: currencies, colonialism and African societies. Edited by Karin Pallaver. Cham: Palgrave Macmillan, 2022. Pp. 322. ISBN 9783030834609. $169.99.

The currency of politics: the political theory of money from Aristotle to Keynes. By Stefan Eich. Princeton: Princeton University Press, 2022. Pp. 344. ISBN 9780691191072. $35.00.

The literature on monetary history has tended to present as 'revolutionary' the switch from barter and slave money to the introduction of paper money in regions like West Africa, while describing monetary reform processes in Britain, North America, and other Western capital markets as 'evolutionary'. In part, the resulting tension comes from believing that colonial currency systems were imposed by the colonial states, while those that emerged elsewhere did so as a result of private transactions involving individual market participants. When read concurrently, four books published recently advance our understanding of the differences between theories that explain the emergence of money as a result of private transactions and those which describe the importance of state involvement in introducing and maintaining currency systems. These works highlight how closely similar the emergence of a modern currency system was in Britain, the United States, and several parts of Africa. By 'modern', I am referring here to currency systems that ultimately

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led to single national currencies which eventually came to be managed by central banks.

A concurrent reading of these works helps to counterpoise the descriptions of pre-colonial currency systems in societies as diverse as those in Africa, Britain, and the United States and shows how all societies have by and large experienced more similarities than differences in the evolution of their individual monetary systems. The recently published work on monetary transitions in African societies edited by Karin Pallaver contains chapters describing the currency regimes that prevailed in several African states in colonial times; it shows how colonial administrations introduced domestic monetary reforms which finally led to the adoption of single currencies in these societies. The books highlight the role played in the early development of monetary systems by the multiple nature and circulation of currencies. Multiplicity was also a feature in antebellum United States, as described in Joshua Greenberg's work.

In their books, Stefan Eich and David McNally remind us that anthropologists and historians have hitherto been unable to identify what are referred to as 'barter economies' which were said to have given rise to the emergence of money and led to the conclusion that money is not imposed by governments, but stems rather from private exchange, and can be seen as a 'simple commodity, a social convention, or an abstract numeraire' that originated in spontaneous activity.[1] McNally describes as 'absurd' this idea that money emerged out of barter. Instead, what has been unearthed are in Eich's words 'sophisticated social systems of credit' (p. 4), which may appear to be barter but in fact always presuppose an 'implicit unit of account and an invisible system of credit' (p. 4) often with physical tokens such as metal, coin, or shell used to record or discharge debts and that Keynes, as Eich recalls, compared mistaking a token for money to 'confusing a theatre ticket with the performance' (p. 4). Recent work by Christine Desan has highlighted the limitations of this view of 'money as mere instrumentality'. Instead, Desan highlights the central role of public authorities in introducing currencies.[2] Pallaver, referencing the research by Paul Einzig and Alison Quiggin,[3] also makes the point that '[studies] on the transition from precolonial to colonial money have shown that the currencies early ethnographic studies deemed "primitive" were, ironically, more modern than colonial ones since they more effectively met the needs of Africa trade and African currency users' (p. 5). Domenico Cristofaro, a contributor to Pallaver's volume, notes that it was the broad commercial networks across different areas resulting in the use of different currencies under different exchange systems that in turn led to multiplicity. This point is supported by analysing the currency denominations used, for example, in Ashanti before the advent of colonial rule in 1896 and by evidence from

[1] C. A. Desan, *Making money: coin, currency, and the coming of capitalism* (Oxford, 2014), p. 6.

[2] C. A. Desan, 'Introduction', in B. Maurer and C. A. Desan, eds., *A cultural history of money in the age of Enlightenment* (London, 2021); and Desan, *Making money*.

[3] P. Einzig, *Primitive money in its ethnological, historical and economic aspects* (London, 1949); and A. Quiggin, *A survey of primitive money, the beginnings of currency* (London, 1949).

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witnesses to the various British parliamentary committees on western Africa in the mid- to late nineteenth century which addresses why the market participants retained cowries and other commodity currencies for so long. This continuing use of multiple currencies alongside British silver and other coins discussed in Pallaver's volume recalls the evidence provided by Greenberg on currency multiplicity in the United States.

McNally's and Eich's work draws attention to the emergence of money in response not to commerce and the private transactions entered into by market participants but rather to force: money is whatever one is forced to pay in taxes using the government's currency, a point made also by Desan. Rather than emerging out of equal exchange, money here settles the tax debts imposed under the threat of violence: citizens are forced to pay taxes at the point of a gun or sword. The state is, in other words, in the unique position of issuing a currency that it can then force its citizens to use. Modern money is described in these works as a legal creature that cannot be understood without reference to political power and authority, including the threat of force. In McNally's work, he draws parallels from the use of the word *basanos* to refer to the test for the purity of coins in ancient Greece via a semantic shift of the same word in reference to the torture of an enslaved person to extract testimony during legal proceedings. To McNally, this shift highlights the parallel between violence as a means to extract truth and the requirement of purity tests of ancient coinage so as to maintain the trust in money. The need to establish trust in currencies is also captured in Greenberg's and Pallaver's works. These publications point out the difficulties, one by establishing the value of state currencies in early American monetary history and the other by outlining the rejection of coinage by Eritreans because of a perceived difference between the intrinsic value of a coin, its metal content, and changes to its physical dimensions. All these works highlight the extent to which money hangs by a thin thread of trust and collective belief that can be revoked if the system breaks down, as Eich reminds us.

In his seminal work, Joseph Schumpeter traced to Aristotle three of the traditional functions of money that continue to be listed today: money as a measure of value, a store of value, and a medium of exchange. Schumpeter writes that Aristotle's theory embodies the proposition that 'whatever other purposes money may come to serve, its fundamental function, which defines it and accounts for its existence, is to serve as a medium of exchange'.[4] In fulfilling this role, however, as Eich reminds us, currency was for Aristotle a necessary political institution because of the role it also plays in maintaining stability by assessing injustice and dispensing equity through the judicial and political system. This is because of the role that a Greek city's currency played in paying legal fines, compensating those attending the law courts and the assembly and especially the jury courts as values shifted from aristocratic to democratic and as a monetary award to celebrated poets and athletes. Currency plays its role in the Athenian polis by facilitating a measure of political justice through which distributive and corrective justice is assessed and

[4] J. Schumpeter, *History of economic analysis* (Oxford, 1952), pp. 62–3.

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administered. Eich notes that jury service, for example, was referred to as 'the *triobol*', after the three *obol* coins used to pay for it. To speak of money as 'political currency' serves to recall, as Eich does, of the ways in which societies not only lay claim to govern the money circulating in them but also rely on money to govern themselves more justly.

Pallaver and Eich emphasize the role played by currency in fostering political and social stability. This view has been described in the literature as Aristotelian and has been analysed by several neo-Aristotelian political economists including Gerard Malynes, Edward Misselden, and Thomas Mun, all of whom argued that in addition to its role as a medium of exchange and measure of value, the primary responsibility of money was to facilitate justice and ensure that society remained balanced and harmonious.[5] In line with this approach, Eich highlights how the imposition of taxes for public festivals, and of a property tax on citizens who owned a certain amount of property, helped to redistribute 'wealth from the rich to the poor [a process which] seems to have been at least partially mediated by currency through the financing of public goods, festivities, and communal feasts' (p. 37). Money was used to meet payments to creditors, settle wealth taxes under the judicial system, and for other public goods. In this respect, coinage was used by the polis to stabilize social conflict by preventing excessive wealth and excessive poverty. Thus, the role played by currencies in facilitating tax collection in Athens and other city-states and thereby contributing to the funding of social and public goods is mirrored in what the contributors to Pallaver's volume observe in several African territories a few centuries later. Akinobu Kuroda notes in his contribution that despite the survival of endogenous currencies for longer than colonial administrators had expected, the increase in the collection of tax payments using colonial currencies contributed to the penetration of local African markets by currencies. This rationale for the demand for colonial currencies, however, was tempered by the realities on the ground and, as Cristofaro remarks in his chapter covering currencies in Northern Ghana, the introduction of taxes on its own was not sufficient to encourage the use of colonial currencies. Even though these currencies were used primarily to pay taxes, he adds, cowries continued to figure as the media for everyday commercial transactions.

This use of money in facilitating redistribution helped limit revolutionary social demands and preserved property. In so doing, the coinage contributed to the maintenance of hierarchy and social stability. For this reason, Eich can say 'Coinage acted as a substitute for violence that allowed the rich to avoid major political upheaval and preserved the greater part of their land and wealth' (p. 40). In this, money was seen to be 'an abstract stand-in for need and, as such, served as a measure of deficiency and excess in the just political community' (p. 42) leading Eich to argue that money is not reducible to either trade or tax purposes. Instead, it is an ambivalent political project suspended between trust and violence.

[5] C. Wennerlind, *Casualties of credit: the English financial revolution, 1620–1720* (Cambridge, MA, 2011), p. 9.

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Eich and McNally both draw our attention to the role played by currencies in the ancient world. These books remind us that there was a difference between these ancient coins whose value was in part derived from the labour of slaves who worked in the Laurion silver mines and the value of, say, Bank of England notes, which was a function of the tax on future labour that the state collected over time. Eich describes the work of the classicist and political scientist Josiah Ober, who had argued that the Athenian owls, which were minted over 2,000 years ago and are the most widely recognized of the ancient coins, possessed a 'fiduciary value added' (p. 22).

Like most Greek silver coins, Athenian owls traded at a slight premium to the value of the silver they contained. Economists have agreed that the premium reflected value that can be attributed to the ease with which the coins allowed parties of exchange to transact without having to weigh and assess the metal. This argument is consistent with the view expressed in recent scholarship by the likes of Charles Goodhart, which has highlighted the drawbacks of using precious metals as money.[6] Goodhart argues that precious metals have informational difficulties, in that those engaged in trade may not know what they are getting because market participants in general are unable to judge the 'fineness, or weight, of a gold or silver object' and largely rely on the holder's claim, confident that a specialist can verify it independently.[7] This disadvantage was in fact highlighted in some historical descriptions of the Gold Coast and Asante. H. J. Bevin, writing in 1956, perceives that the drawbacks of gold dust as circulating money in the Gold Coast 'were the necessity of weighing' at each transaction and 'the comparative ease with which it could be adulterated'.[8] The argument, therefore, is that paper money emerges because its verification costs are low and this cost is less than the cost of verifying the value of these metals at each exchange.[9] Over and above the informational benefits of coinage, there looms another, altogether more political, dimension behind the fiduciary value of Athenian owls. In trusting the coin, one trusted the Athenian polis.

Adam Smith had viewed Athens as a nascent 'commercial society' which, as described by Istvan Hont in his posthumously published work, was one in which the amount of commercial and market activity was greater than that of other activities and that this quantitative increase was an important index of the change in the way that individuals in a society related to each other.[10] Smith saw the rise of the legal framework in Athens and the transition initially from a pastoral to an agricultural society and then to an urban-commercial society as supported by the increasingly egalitarian balance of property in the city which itself led to the birth of Athenian democracy. It

[6] C. A. E. Goodhart, 'The two concepts of money: implications for the analysis of optimal currency areas', *European Journal of Political Economy*, 14 (1998), pp. 407–32.

[7] Ibid., p. 411.

[8] H. J. Bevin, 'The Gold Coast economy about 1880', *Transactions of the Gold Coast & Togoland Historical Society*, 2 (1956), p. 83.

[9] A. A. Alchian, 'Why money?', *Journal of Money, Credit and Banking*, 9 (1977), pp. 136–7.

[10] I. Hont, *Politics in commercial society: Jean-Jacques Rousseau and Adam Smith* (Cambridge, MA, 2015), pp. 3–5, 62.

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is in this context that ancient coinage was important in both facilitating justice and ensuring balance in Athenian society and also important for its role as a medium of exchange and measure of commercial value.

Coin issuance reached around 500 Greek poleis at most, such that by the end of the fifth century BCE uncoined metal had ceased to be legal tender in the central public spaces in Athens, since most payments had to be made either in local coinage or a small number of approved coins from other poleis. This widespread use of coinage accompanied the evolution of a new form of political rule when the introduction of coinage was linked to a shift from divine justice and the dominant oversight of religious authority and toward a form of political authority that was more terrestrial. The political centrality of currency in the ancient world was evidenced by the fact that although the citizens of Athens, Corinth, and other city-states were bound together through a common monetary system, they distinguished themselves from each other by minting their own coins. The reason, Eich finds, is that: 'In an age before the printing press, circulating coins were reproducible symbols that inscribed the polity into social memory' (p. 24). While exchange is not the reason for the polis to exist, it is nonetheless 'a community based on exchange and reciprocity' (p. 33) and this is central to its stability. Currency introduced new bonds of reciprocity among citizens who had left behind the close-knit familial communities of an earlier, narrower world and now must encounter strangers. The importance to the development of trade and the broader economy of the role played by reciprocity was highlighted by Adam Smith in his work.[11]

A trend similar to that described above was also present in parts of Africa. One of the early authoritative works on colonial currencies in the Gold Coast refers to the prevalence of gold dust as the medium of exchange in the territory,[12] but the very first coins of record there were in fact ackeys.

These were silver coins minted in England in the late eighteenth and early nineteenth centuries and introduced into West Africa by the African Company of Merchants (ACM). The coins bore the inscription 'Free Trade to Africa by Act of Parliament 1750' to commemorate the African Company Act, 1750, which dissolved the Royal African Company and created the ACM. Non-slave commoners on the Gold Coast were paid in ackeys specially issued by the ACM between 1796 and 1818; they built forts, castles, and so on, while others worked as interpreters or marketed European goods to the local population.[13] Ackeys also paid skilled labourers as masons, carpenters, and bricklayers, and for sailing a fleet of canoes between the European forts.[14] The ackey played a role like that played by coins in the ancient world and helped bind local Africans to British merchants through a common monetary symbol introducing new bonds of reciprocity needed for political stability.

[11] V. L. Smith, 'The two faces of Adam Smith', *Southern Economic Journal*, 65 (1998), pp. 1–19.

[12] R. Chalmers, *A history of currency in the British colonies* (London, 1893), p. 212.

[13] K. Rönnbäck, 'Living standards on the pre-colonial Gold Coast: a quantitative estimate of African laborers' welfare ratios', *European Review of Economic History*, 18 (2014), p. 187.

[14] K. Y. Daaku, *Trade and politics on the Gold Coast 1600 to 1720: a study of the African reaction to European trade* (Oxford, 1970), pp. 103–4.

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In addition to the above role, and as in the Greek polis, the introduction of currencies into colonial territories in Africa and elsewhere was a means of increasing the profits from seigniorage to colonial administrations, 'an instrument for circumscribing the spatial reach of the colonial state, delimited by colonial borders but also defined by the circulation of a single legal tender' (p. 2), as Pallaver explains. These currencies helped to create and reinforce new territorial identities shaped by imperial ideologies. Because the currencies bore imperial symbols like the effigy of the ruling monarch, they were associated with the colonizing nation and 'using them implied recognizing the legitimacy of the institutions that had issued them' (p. 2). This was no different from the role that coinage played in ancient Athens, and other city-states.

Money coined by the polis asserted the authority of the community over questions of value and justice. Some of the existing literature on coinage in ancient Greece went as far as to argue that there was a rule of 'total non-interference' by the state in the monetary matters of the polis except for the state's insistence that local coins be used for trade.[15]

All these histories highlight how the 'introduction of coinage facilitated new forms of exchange between strangers that subverted previous hierarchies embedded in gift exchange'. The issue of currency entrenched the issuer's authority over questions of exchange and value. Aristotle, amongst others, recognized that the accumulation of wealth for its own sake, if put to ill use, can become a serious threat to any political community. Employed as a tool of reciprocity, however, currency serves political justice. This concern with the potential effect of currency and wealth on hierarchy was also present in African societies, as explained by Luca Puddu in his study on Eritrea which forms part of Pallaver's volume.

The recoinage period in Britain is an example of the interplay between political stability and the role that currency serves. This was a period during which the authority of government was undermined by a severe financial crisis linked to the debasement of the currency by 'clippers'. Silver discoveries in the Americas had dried up before the mid-1690s, and the shortage of silver worldwide had become acute. As a result, the practice of coin clipping in Britain grew widespread. The edges of coins were clipped and the silver sold for profit, allowing the coins to go back into circulation at their face value. Unclipped milled coins had been introduced in 1662 but these were either hoarded or sold abroad as bullion and rapidly disappeared from circulation. The reason for this crisis was that the pre-1695 silver coinage issued by the English Mint was supported by royal proclamations which specified the fixed values at which coins were to be exchanged. These amounts tended to be inscribed on the face of the coins and creditors were obliged to accept the values in settlement of sterling debts – including taxes. Movements in the underlying bullion prices or wear and tear on coins could result in a difference arising between the proclaimed face value of coins and their underlying metal (or collateral) value. This could leave coins underweight, an incentive to put

[15] D. T. Engen, '"Ancient greenbacks": Athenian owls, the law of Nikophon, and the Greek economy', *Historia: Zeitschrift für Alte Geschichte*, 54 (2005), p. 361.

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counterfeits into circulation, obviously eroding the trust in the monetary system. Conversely, if the underlying metal value exceeded face value, then coins would be hoarded and exported, leaving fewer coins in circulation. In summary, this was the problem facing the British monetary system in the run-up to the currency crisis of 1695.[16]

Clipping affected both everyday trade and the level of government revenue since 'revenue raised in taxes reached the Treasury in the form of underweight, clipped coins that had become, for practical purposes, the only coins in circulation' (p. 51). This threatened military expenditure and thereby the stability of the government. Furthermore, once money loses its capacity to play its traditional role of facilitating justice and commerce, this was seen to jeopardize 'class hierarchy, the traditional moral order, and social stability', and as a result, commercial activities are seen to be curtailed leading to unemployment, impoverishment, and heightened social unrest.[17]

By 1695, the crisis had become so pronounced that the silver in English coins in circulation was less than half their original content. It posed a serious threat to the trust and legitimacy of English money and the government's viability, as is covered extensively in the work by Eich. To address the problem in Britain, John Locke in December 1695 successfully called for a full recoinage at the old values. This resulted in the government instituting a wholesale recoinage at the old (i.e. Elizabethan) rate in the summer of 1696, leading to Locke's being celebrated as the patron saint of 'sound money'.

The hoarding by market participants of silver coins was not confined to seventeenth-century England. Since hoarding was driven by the view that the bullion content was worth more than the nominal value of the coins, this challenge would also be faced in parts of Africa during the period in which silver coins were introduced. In her contribution to Pallaver's volume, Toyomu Masaki draws attention to the silver coins that were treated as commodities in Senegal, melted down and transformed into jewellery and other accessories, in this way affecting the money supply.

In successfully promoting recoinage, Locke broke with the two prevailing schools of monetary thought. He differed from the nominalist school, who argued that the denomination of coinage was set by a sovereign fiat and was independent of the coins' metal value; he also differed from the bullionists who argued that coins simply reflected the weight and quality of their silver content. Instead, Eich argued, Locke 'advanced a novel political theory of monetary depoliticization' (p. 51) and sought to erase the distinction between weight and unit by arguing instead that the denomination of coins was initially based on metal content and set by fiat but then over time the denomination became established through trust and was beyond sovereign meddling and legislative reach. Hence, Locke argued in favour of 'safeguarding the monetary contract by linking it to an initially arbitrary but then unalterable quantity of silver' (p. 51). This approach, Eich points out, 'would remove money from

[16] A. Hotson, *Respectable banking: the search for stability in London's money and credit markets since 1695* (Cambridge, 2017), p. 59.

[17] Wennerlind, *Casualties of credit*, p. 9.

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discretionary political meddling, thereby effectively depoliticizing it' (p. 51). In adopting it, Locke reduced the level of political interference with metallist money to engender trust in the stability of contracts at home and support international trade and colonialist expansion. It was because of this need for the currency to be accepted internationally that, as one author explains, it was important to Locke that England did not succumb 'to the temptation of creating "fictitious" values that might have worked internally but which, once exposed to international exchange, would quickly crumble'.[18] Locke's primary concern was not mainly with the quantity of money but primarily with trust and so he accepted that one of the costs associated with the restoration of trust would have been the fewer coins remaining in circulation, which indeed is what happened.

To protect the integrity of monetary systems, harsh punishment was introduced as a common feature in the evolution of monetary systems across the world. In support of monetary stability, Greeks treated counterfeiting not merely as a commercial offence but as a form of treason punishable by death. Monetary systems and capital punishment were also linked, for example, in England and Asante during the evolution of their monetary systems. In order to maintain the production of gold dust and retain Ashanti control over the money supply, the Ashanti government maintained a ban with 'very severe penalties' on the use of competing currencies like cowries in the territory.[19] Similarly, during the long eighteenth century in England, severe penalties including the death penalty were introduced as monetary policy and Isaac Newton, who had been appointed Warden of the Royal Mint during the recoinage in 1696, prosecuted and executed 'false coiners', as they were sometimes known.[20] The appointment of a famous natural philosopher of Newton's standing to this role was, in part, the government's intention to signal to the public the seriousness with which safeguarding the currency was being taken. Following Carl Wennerlind, McNally refers to this form of government in England as an early modern *thanatocracy*.[21] These harsh punishments played an important role during the formative stages of the Ashanti and British monetary systems; this is how the state's actions challenge the notion that its role was limited to controlling and adjusting the money supply. As Wennerlind suggests, we need to expand the list of policy tools used by the thanatocratic state to include amongst its monetary policy tools the execution of those found guilty of tampering with the currency since this was integral to the formation of trust in money.[22]

[18] D. Carey, 'John Locke's philosophy of money', in D. Carey, ed., *Money and political economy in the Enlightenment* (Oxford, 2010), p. 81.

[19] I. Wilks, *Asante in the nineteenth century: the structure and evolution of a political order* (Cambridge, 1975), pp. 688–9.

[20] *Isaac Newton: Master of the Mint & Nemesis*, a play by David Ashton. Produced and directed by Bruce Young (2022) BBC Studios Distribution Ltd.

[21] Wennerlind, *Casualties of credit*, p. 124.

[22] C. Wennerlind, 'The death penalty as monetary policy: the practice and punishment of monetary crime, 1690–1830', *History of Political Economy*, 36 (2004), p. 132; see also J. Craig, 'Isaac Newton and the counterfeiters', *Notes and Records of the Royal Society of London*, 18 (1963), pp. 136–45.

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Greenberg's work describes the problems that arise in the absence of a centralized currency like those in Athens and other Greek city-states. Between the 1790s and 1860, this problem led to the circulation in the United States of different currencies, all issued by private banks. In this role, private banks sought to circulate their notes far and wide in the hope that this would postpone their return for redemption. Banks achieved this objective using agents who carried the notes across the country in carpet-bags, hence the name 'carpetbaggers'. Because of the wide distribution of notes, each time a note was used in a transaction, the recipient had to determine whether the note was legal and what the current discount off face value prevailed in their present location before deciding whether to accept the note in exchange for goods or services or in settlement of a debt. These notes were used by Americans for participation in local market exchanges; the value of these notes derived from the trust that the public had in these currencies as media of exchange, not in their being able to travel back to their home institution for redemption.

Participants in the American economy needed to determine whether a strange bank note presented to them was legitimate; the fear of fake money permeated every transaction. Each time a note was used in a transaction, it was discounted and so recipients risked a loss in its value every time they accepted one. Working together, bankers, brokers, and carpetbaggers manipulated the local currency markets to make profits out of these discounts. This was possible due to the lack of federal oversight of the money market and the absence of safeguards. Because eighteenth- and nineteenth-century paper money in the United States 'lacked a legal tender designation' (p. 46), a negotiation would always precede a transaction, in order to 'fashion confidence in the person on the other side of the transaction and the value of their money', given that estimating the cost of fluctuating currency values was integral to any analysis of how profitable an exchange was.

This multiplicity of currencies in the early republic in the United States described by Greenberg was, in many respects, similar to what African traders and currency users experienced. They and the Americans required similar skills in order to manipulate and negotiate different currencies, as highlighted by Cristofaro, Puddu, and Alessandro De Cola in their respective chapters in Pallaver's volume. Kuroda, another contributor to Pallaver's volume, had already published an analysis of multiplicity. Kuroda argues in a previous paper that concurrent currencies were used by most human beings throughout history[23] because 'it is difficult for a single medium, provided exogenously or supplied endogenously, to satisfy the monetary demand for various exchanges'.[24] He argued, for example, that the demand by peasants within a territory for small denomination currencies would differ from the demand of merchants within the same territory for larger denominations. Kuroda's argument regarding multiplicity is well established. In 1843, in the Gold Coast, for example, the colonial administration passed new legislation

[23] A. Kuroda, 'What is the complementarity among monies? An introductory note', *Financial History Review*, 15 (2008), pp. 7–15.

[24] A. Kuroda, *A global history of money* (New York, NY, 2020), p. 11.

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providing new exchange rates for several of the foreign currencies in circulation in the territory, including new rates for the Spanish dollar and French franc. Further legislation was introduced in 1880, restricting the currency of the Gold Coast to gold and silver British sterling, specific American coins, and the French franc; gold dust and nuggets alone remained as the only local currencies to be recognized.[25] During this period, cowries continued to be in use because they were difficult to counterfeit and their size, shape, and durability made them a much easier media to store, count, and handle. This was enough for them to be both acceptable media and a unit of account for transactions involving small sums. As the historian A. G. Hopkins comments, '[this] meant that the currency was well suited to the needs of a population whose level of income was very low, and whose participation in the exchange economy was on a relatively small scale'.[26] Multiplicity was as much a part of the evolution of currency systems in parts of Africa as it was in the United States.

In the early republican days of the United States, for one thing, it was impossible for every market participant to have comprehensive knowledge of all the bills in circulation; for help in this regard, they turned to major newspapers and other publications featuring bank note tables and local discount rates on bills from across the country. These guides published lists of 'every note by bank and denomination, along with mini-diagrams of each bill, and a short description of each vignette' (p. 49). These tables, however, did not guarantee the future value of any bill and so recipients still assumed an exchange risk. This was particularly the case in farming communities, of which Greenberg notes, 'No matter how much monetary information they possessed, farmers located away from banking centers routinely complained about not having access to paper money other than "depreciated currency" in the form of uncurrent bank notes' (p. 58). This led to calls for 'farmers to form associations and sign a pledge to take nothing in payment for their produce but specie, the notes of a specie paying bank, or U.S. Treasury notes' (p. 58). But, due to the pressure to sell their produce as fast as possible, farmers could not wait for buyers with more acceptable currencies.

In the face of the uncertainty present in private market transactions, Greenberg draws our attention to attempts by the government to introduce standards into its dealings with citizens. In 1840, in addition to asking agents to guard against counterfeits, secretary of the treasury Levi Woodbury warned against 'the notes of banks not at par, or not convertible into specie on the spot, or not issued by institutions of high credit' (p. 61). Furthermore, as required by an 1836 law, federal agents were 'not to pay out any bank note under twenty dollars, and which is not redeemable in specie, and equivalent to it at the place where offered in payment' (p. 61). If bank notes were accepted for some reason, federal agents were expected to pay those notes out first.

[25] A. Adomakoh, 'The history of currency and banking in some West African countries', *The Economic Bulletin of Ghana*, 7 (1965), pp. 9–10.

[26] A. G. Hopkins, 'The currency revolution in South-West Nigeria in the late nineteenth century', *Journal of the Historical Society of Nigeria*, 3 (1966), p. 472.

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These guidelines protected the government from uncurrent bank notes although, as Greenberg reasoned, even these guidelines did not protect the government against all losses. A separate report by Secretary Woodbury estimates at $5.5 million the losses before 1837 that had arisen on uncurrent bank notes. He also estimated that the public lost $66.5 million from bank note discounts during the financial downturn that occurred between 1837 and 1841. Greenberg finds that while the accuracy of Woodbury's report is debatable, it was nonetheless true that Americans and their government lost considerable wealth because the circulating media of exchange did not always retain its face value.

Greenberg also reminds us of the impact that race and gender had in determining the discounts applicable on transactions and, thereby, the levels of profitability on exchange. Greenberg writes that '[c]urrency transactions between African Americans and whites were particularly fraught when they involved unfree men and women' (p. 64). Exchanges of this kind meant that 'increased opportunity existed for race and power to influence currency negotiations' (p. 65) and poor whites held an advantage during negotiations. This meant that ten cents' worth of molasses might cost twenty-five cents' worth of corn or produce if paid for with an out-of-state, uncurrent bank note at face value. The difficulties that market participants faced in the absence of a central polity like that described earlier in ancient Greece was evident in the United States. The uncertainty created by the absence of legal tender that had its value set by the state was also borne in West Africa. Like the numerous examples provided by Greenberg in his work, the many examples in Africa permitted exchanges to be made at ratios that were unfavourable to one party. For example, Henry Thornton, the banker and abolitionist, and a director of the Sierra Leone Company,[27] had argued in 1791 in Sierra Leone that barter was an unregulated system that encouraged fraud by substitution and short measure, a 'fluid system of arbitrage' offering significant profits to merchants.[28] This concern over barter is captured in more recent research by Klas Rönnbäck, whose work highlights the Royal African Company's discount of 'around 2–5 percent' for bulk and its practice of 'setting the price higher for its own goods when paying its own workers in kind, than when selling them on the local markets, thus trying to cheat the laborers out of part of their wages'.[29] These practices were made possible because of the absence of a standardized medium of exchange that was immune from manipulation by one or other of the market participants.

All these histories also highlight the role that war played in the evolving monetary systems in the United States, Britain, and parts of Africa. As McNally insists, 'nothing fosters state centralization like war' (p. 196). The Civil War in the United States, for example, helped accelerate monetary reform. Before the war, legislative progress in the United States was slow

[27] See S. Meacham, *Henry Thornton of Clapham, 1760–1815* (Cambridge, MA, 1964).

[28] S. Mew, 'Trials, blunders and profits: the changing contexts of currencies in Sierra Leone', *Journal of Imperial and Commonwealth History*, 44 (2016), p. 205.

[29] Rönnbäck, 'Living standards on the pre-colonial Gold Coast', p. 193.

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and the proposals which emerged on the currency question, and which argued in favour of new government-issued notes that would be legal tender and the only currencies in circulation, failed to advance. This was because, regardless of how much Americans wanted a better currency system, legislative inertia and bankers' political and economic power combined to maintain the status quo. These fights to maintain the status quo included the debate on States' rights that had from the beginning blocked the establishment of a central bank in the United States. The seminal case of *McCulloch vs. Maryland*, which was heard by the United States Supreme Court under Chief Justice John Marshall in 1819, arose because the State of Maryland took a decision to tax the notes of any bank that was not chartered by this State. The tax was clearly aimed at the Second Bank of the United States which had been founded as a federal institution and was the only bank operating in Maryland that was not chartered by the State. The Supreme Court ruled in favour of the Second Bank and in so doing agreed with the view expressed by Alexander Hamilton and the Federalists that the federal government had implied powers by which it could charter the bank and the States had no power to block these implied powers.[30]

It took the American Civil War to break the back of the state banknote system and create two new forms of paper money: legal tender greenbacks and federally backed national bank notes. The creation of these new currencies both addressed the banking and financial problems brought about by the Civil War and attempted to satisfy the public's demand for a federally backed currency, uniform and stable, that defied the wishes of state bankers,

Similarly, England and Upper Ghana's monetary systems were transformed by war, as described in the histories by McNally and Cristofaro. The conclusions drawn by Cristofaro in his contribution to Pallaver's volume are consistent with the work of other authors who describe how, following the Anglo-Ashanti wars that ended in 1900, the wealthy class, including Ashanti royalty and successful private businessmen – traders, moneylenders, and the like[31] – were forced to relax the strict regulation of trade routes which in turn led to the expansion of trade and increased the use of cash in Ashanti and the Northern Territories of what is today Ghana.[32] For this reason, in his work Kwame Arhin acknowledges that following the end of the Anglo-Ashanti wars and the extension of colonial rule into Ashanti and the Northern Territories, several factors increased the 'cash-earning opportunities and led to a corresponding spread in the use of cash'.[33] These factors included removing the restrictions on the movement of traders from the Gold Coast Colony and the Northern Territories that had previously been imposed by Asante kings; and the reconstruction of transport routes such that by 1919

[30] Sister M. G. Madeleine, *Money and banking theories of Jacksonian democracy* (Philadelphia, PA, 1943), pp. 2–3.

[31] Wilks, *Asante in the nineteenth century*, p. 442.

[32] K. Arhin, 'The pressure of cash and its political consequences in Asante in the colonial period, 1900–1940', *Journal of African Studies*, 3 (1976), pp. 454–6.

[33] Ibid., p. 456.

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the 'whole of Ashanti [had been] covered by a network of roads partly motorable and partly suitable for use by traders and travellers in hammocks'.[34] Besides the influence on trade of these expanded road networks, this infrastructure development was also a 'great means of introducing currency into the interior', because the labourers who carried out these public works were eventually paid with coins.[35] These changes removed the political constraints on earning money and increased trade, particularly in the production of cash- and food-crops, such as kola.[36] In time, the West African Currency Board was established in 1912 and the following year, the United States adopted a centralized model of currency control and established the Federal Reserve Board.

Eich's work extends into the period following the Second World War and describes the contribution that Keynes made to monetary thought in this post-war period. In his work, Keynes had also noted the impact that war has on currency reforms when he commented that 'there is no record of a prolonged war or a great social upheaval which has not been accompanied by a change in the legal tender'.[37] In 1821, Britain had reintroduced gold convertibility and by 1870, Portugal was the only country that tied its currency to gold, but from 1871 onwards, the first step in erecting an international gold standard was taken by Germany when the mark, a new gold-based currency unit, was introduced. In 1879, following the end of the United States' Civil War, the country brought the greenback era to a close and restored gold convertibility, and in the decade from 1890, all of Europe and most of the non-European world went on gold, which meant that, by the turn of the century, gold maintained the economic discipline. The adoption of gold in the late nineteenth century had followed extensive arbitrage that had permeated Europe whereby speculators traded the silver coins of the different nations on a basis that was tied to their metallic value, and which undermined monetary stability in individual countries.[38] The period from 1890 to 1914 witnessed the decline in the importance of Britain in the international economy and during the interwar period, the gold standard was abandoned by Britain and other leading nations including the United States. As Eich argues, this was 'widely seen as a decisive inflection point in the history of money and the modern state' (p. 140).

By 1923, Keynes was conscious of Britain's declining economic position against the rising economic strength of the United States and is quoted by Eich as articulating concern:

> I see grave objections to reinstating gold in the pious hope that international co-operation will keep it in order. With the existing distribution of the world's gold, the reinstatement of the gold standard means, inevitably, that we surrender the regulation of our price level and the

[34] Ibid., pp. 456–7.

[35] A. McPhee, *The economic revolution in British West Africa* (London, 1926), p. 238.

[36] G. Austin, *Labour, land and capital in Ghana: from slavery to free labour in Asante, 1807–1956* (Rochester, NY, 2005), p. 357.

[37] J. M. Keynes, 'A tract on monetary reform', in *The collected writings of John Maynard Keynes*, IV (London, 1923; republished 1971 by The Royal Economic Society), p. 8.

[38] M. De Cecco, *The international gold standard – money and empire* (London, 1984), pp. 43–4.

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> handling of the credit cycle to the Federal Reserve Board of the United States. (p. 146)

For this reason, Keynes began to devise ways of enhancing Britain's control over domestic monetary policy, independent of the international arrangements. Specifically, Keynes argued against the position taken earlier by Locke that the value of currency should be beyond legislative reach and argued instead that there was a need for a break 'from the deep distrust which exists against allowing the regulation of the standard of value to be the subject of deliberate decision' (p. 146). To achieve this, Eich educes Keynes's argument that it was 'necessary to abandon the fetishization of gold as intrinsically valuable' (p. 147). He instead advocated placing the trust in monetary affairs in the hands of the central bank. In doing so, Eich says, Keynes expected to 'ensure real monetary autonomy domestically while preventing imbalances, crises, and strife internationally' (p. 141). Eich reminds us that this role for the central bank of 'steering' the currency and credit of a country became integral to what is now known as macroeconomic policy. Keynes's argument in favour of domestic monetary management and an enhanced role for a central bank is now seen as an integral aspect of modern monetary management.

The four books reviewed in this article highlight similar trends in the evolution of monetary systems in different parts of the world at different times in human history and the importance of the role of trust in the emergence of stable currency systems. At the core of the historical debates on money and its role has been the quest for financial media that are beyond dispute and not subject to the whims of the state, democratic or otherwise, and yet which are pragmatic in enabling markets to function.

A historical examination of the process through which currency systems evolve reveals that these tend to be less smooth and predictable than is often assumed. The United States and the colonial states, with their restricted reach into the lives of individuals living within states or colonies, managed only limited top-down monetary reforms. In this context, it has been said that the market and the state are two sides of the same coin.[39] Because multiple currencies co-existed for extended periods in several of the territories that these books cover, the emergence of a single national currency was always going to be evolutionary, as the historical research bears out. Understanding how different actors respond to monetary reform is part of the process of uncovering 'the power of indigenous agency', as explained by Austin.[40]

Each of these four books highlights the role played by the state in the emergence of money. State action engineered and re-engineered money in order to maintain and boost economic activity throughout history and across all the territories described in these works. The processes through which currency becomes standardized and legal tender backed by the state tend to ensue piecemeal, and the risks that market participants face in accepting different

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[39] K. Hart, 'Heads or tails? Two sides of the coin', *Man*, n.s., 21 (1986), pp. 637–56.

[40] G. Austin, 'The "reversal of fortune" thesis and the compression of history: perspectives from African and comparative economic history', *Journal of International Development*, 20 (2008), p. 1020.

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currencies along with the effects of hoarding, debasement, and devaluation tend to be similar, regardless of whether these processes are analysed in Britain, the United States, or Africa. The four books show us how similar these processes were, even in very different societies at different stages of history. They bring out the complexity of modern monetary systems, not only in their design but in their on-going management.

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