

## Making Money: Coin, Currency, and the Coming of Capitalism

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Desan's fascinating book approaches the only seemingly obvious act of 'making money' by examining what it actually means to 'make money'. While Desan does acknowledge the physical act involved in this process, such as the striking of coins and the printing of bills, her primary focus is to study what gave money value and validated it as a reliable medium of egalitarian exchange. She makes it very clear that in order for money to function, i.e. circulate and be accepted, it needed to be centrally enforced. This enforcement became easier when kingdoms were united. However, to give individuals confidence in a currency, there needed to be an obvious demand for it. The central government would create and perpetuate this demand through taxation, and accepting their money as payment (p. 50). Her first chapter also emphasises the main arguments that run throughout the book: she does not believe that markets created money – it was money that created the market. This certainly makes sense when the reader considers that the exchange of goods would be difficult without a standardised measure of value. Desan also notes that this standardisation of value through money would only work in a world created by money (pp. 60–1). The creation of standardised value through coinage also enabled the value of labour to be defined, which would ultimately ensure that labourers with no goods to trade could still gain access to the market.

Desan's second chapter brings the reader to the high middle ages, where she explains how the 'just penny' was produced, essentially a rigidly protected circulating medium. She highlights the importance placed on minting accuracy and on the political significance of the seals; the Warden of the Mint was expected to guard the coin dies 'as though they were the king's seal', and mintmasters whose coins contained too much alloy were dealt with severely (p. 74). Again, Desan reasonably does not dwell on the mechanics of minting.

One of the most interesting points in this chapter also demonstrates the value of Desan's legal background. Her analysis of the legal sources brings us to the 'tale vs weight' debate, which boils down to conflicting beliefs of whether coins circulated by weight or by decreed face value.<sup>(1)</sup> Desan's exploration of the legal documents offers a fresh contribution to this debate. She finds that the common law action of debt stated that money was owed by 'count', not by weight (p. 86). However, there was likely a middle ground; throughout this period there were numerous legislations passed concerning coin of inferior quality. In 1284 the *Stat de Moneta* allowed for individuals to weigh clipped coin, and the *Parliament Rolls of Medieval England* in 1504 allowed for clipped coin to be refused (p. 82). It is clear that intrinsic content remained important but the government maintained the right to alter the decreed value of coins. Governments could also make changes to legislation forcing the acceptance of coin at this face value if there were whispers of circulation issues on account of dissatisfaction with weight.

Desan's study of medieval money also encourages us to look at debasement in a different light. England's currency was strong and it is easy to associate this with a strong economy. Indeed, the *Parliament Rolls of Medieval England* are full of legislation against clipping coins. For those who wrote the legislation, this made sense.<sup>(2)</sup> Desan acknowledges that strong currency allowed for trade to work on credit, with no need for depreciation allowances (p. 229), but she emphasises the effect on the domestic situation.

She argues that with England's lack of debasement came a chronic lack of small change, which would have had issues for everyday exchange (p. 112). The author notes a few explanations for why England suffered from a lack of small change. Firstly, she believes that mints were reluctant to strike more small change because it was expensive in comparison to striking coins of higher value (p. 118). This idea supports that of John Munro, who wrote that when all English denominations were struck to sterling fineness after 1351, it would have been less attractive to strike smaller coins. Just as Desan suggests, Munro previously confirmed that this issue pertained specifically to England, as such minting logic did not prevail in Flanders where sterling fineness was not applicable to their coins.<sup>(3)</sup> The same process was required to strike coins of varying values, making larger denominations better value. Desan also argues that small change found itself on a downward spiral because of how worn coins skewed the mint equivalents. Essentially, small coins circulated more rapidly, meaning they wore down faster (about two per cent per decade naturally, more if they were clipped and/or shaved). If new coins were struck to the standard specification, then the new coins would have a lower mint equivalent than the old ones (p. 114). The quantity of circulating medium would be further depleted if people were inclined to hoard small change when it was in short supply (p. 118).

The issue of small change was so great that by the reign of Edward I he allowed pollards and crockards to circulate even though they were considered imitations. Desan believes that the wars he waged encouraged his decision, as they would have exacerbated bullion outflow (pp. 142–3). This was not a seamless solution; while English coin might have circulated by tale when stable, pollards and crockards were not readily treated with the same equality. There were cases of different prices being offered for English coin, and eventually an exchange of two to one had to be agreed to calm the situation. However, the reader should note that they were demonetised shortly afterwards, suggesting that the lowered exchange rate for pollards and crockards was a gentle step towards demonetisation. This demonstrates the validity of Desan's belief that coins only circulated by tale when stable and kept within domestic borders.

One of the largest themes that sweeps through *Making Money* is the relationship between money and credit. In chapter five the reader is given a further insight into the trouble of an over-valued penny. Her image is one of labourers paid in uselessly strong coin, unable to actually spend them, as the high value of a non-debased penny, and the low prices from deflation meant wages did not provide labourers with an instant

means to get involved in market transactions (pp. 192–3). This undermined the precise aim of standardising labour value through coin. Consequently, labourers likely worked up debts or created standing orders (such as subscriptions to a particular ale house for a weekly supply of beer), until they owed enough that they could pay with their overvalued pennies (p. 207). Here credit is a bridge between low prices and high-value coins, evidencing Desan's point that in England credit was primarily geared towards consumption, whereas on the Continent it was for saving or investment (p. 192). In a time of inadequate coin, Desan argues that when all other avenues were exhausted there was a reversion to trading goods. This was more common in villages and might have been a mixed barter and cash system (pp. 200–2).

From credit theory, Desan moves to more physical expressions of credit, ultimately leading to the modern bank note. The lack of small change in medieval England prompted a number of money alternatives. Desan looks at tallies, making a contribution to current scholarship, as tallies have been largely neglected as a means of expanding the money stock.<sup>(4)</sup> More common from the 1360s, tallies worked in a similar way to bullion money. Recall Desan's argument that money became money when the government accepted it as payment for debts or taxes. While they were a form of public debt that got its value from anticipated revenue, these shares of public debt are generally agreed to have circulated: 'Individuals holding tallies apparently transferred them at times to others, who cashed them in with collectors in the field, either for coin or for credit on a tax obligation' (p. 180).

This form of fiat money, Desan explains, is based on anticipated revenue and set the groundwork for future money innovations to combat England's recurring liquidity problems, which persisted into the 17th century and beyond. Again, it was necessary to find a method of expanding the money stock. Downing's 'treasury bonds' were one such suggestion (p. 295). A form of government obligation, Treasury Bonds offered compensation to the bearer in the form of interest, something which had not been as easy to instigate in Catholic countries (p. 279). In 1663, this concept was taken further by William Killigrew's idea of tax-backed notes that would also circulate and bear interest, which he believed would unite the King and his people through mutual *interest* (p. 295). The payment of interest by the government to the people marked a significant change in the making of money. In the medieval period, people had paid for the money they took from the mint, by accepting that a portion of the bullion they brought for conversion would be taken for seigniorage and brassage fees. For the public, this was now 'free'; the government paid for minting and, in turn, paid the Bank of England to produce paper notes. In addition, interest-bearing notes ultimately came to be treated like more traditional forms of money. In 1710, an Act decreed that forging bank notes would be treated with the same severity as clipping coin (p. 312). The government also began accepting bank notes as payment of taxes, which solidly equated them to silver and gold coin (pp. 320–1).

The monetary developments of the 17th century, which Desan outlines in the second part of her book, also demonstrate a shift in which institution was seen to have the right to make monetary alterations. Elizabeth I had made significant alterations to the coinage, without an obvious benefit to the people or money supply. Desan believes that this sent those affected to a court to determine the question of sovereign authority to set the terms of money's value (p. 269). This would have a later impact on the creation of money without an intrinsic bullion-based value. Paper currencies that were being proposed at the end of the 17th century no longer looked to the king to prop up the notes by providing the credit. That role became Parliament's. As the creator of the Bank of England, Parliament found itself increasingly in the position previously occupied by the sovereign (pp. 338–9). When the Great Recoinage caused the currency shortage of the mid-1690s, Parliament was able to ease the strain by issuing Exchequer Bills, which were available in smaller denominations (£5 and £10).

While it may seem that England's money problems were instantly solved by the creation of paper money, the complexities surrounding its assimilation and the inescapable fact that gold and silver coin still circulated meant that the 'tale vs weight' debate remained relevant for some time, as Desan shows. While contemporaries were generally willing to argue that coin circulated at face value (domestically, not internationally), there were nuances offered. The nuance that ultimately won the debate was offered by John Locke. He insisted upon what would be a 'sacrosanctity of the monetary standard', and equated money with traders' silver, i.e. that which was used for international trade (p. 346). From this came his belief that princes

should not alter the intrinsic value of a coin, and that silver was money because traders and the population consented to its value (p. 350). Consequently, Locke argued that people had the right to insist coin circulated by weight when it was worn or debased, and he went as far to insist that the government should not accept its own worn coin as payment at face value (pp. 356–8). While Locke's ideas were adapted to a certain level, they ultimately contributed to the post-Great Recoinage breakdown of commodity money and its denominational structure (p. 360). No longer was coin value expressed through a 'ladder' of proportional values, but now it 'pivoted on a central unit of account defined in terms of an amount of gold' (p. 380). Notes now had a convertible value, which gave the public confidence in their validity. However, in the late 18th century, it became clear that convertibility was not necessarily an advantage; the 'rumors of an invasion triggered a run on banks in several regions; contagion threatened the Bank itself. And so, on a Sunday in late February, by a public Order in Council, the pound sterling became an inconvertible paper currency' (p. 401).

While the notes became backed by gold again in the 19th century, this would not be a permanent arrangement. The outbreak of war in 1914 prompted the government to suspend convertibility once more, and its revival in 1925 was ultimately permanently reversed in 1931. It is in this state of inconvertibility in which we find ourselves today: while our £20 notes might claim that 'I promise to pay the bearer the sum of twenty pounds', one might get odd looks if the note was taken to the bank and the equivalent value of gold demanded.

Historians (both medieval and early modern), economists, and lawyers alike will enjoy *Making Money*, and Desan's clear, precise prose makes her book accessible to all. Even those interested in gaining a comprehensive understanding of the evolution of money mechanics will find this book invaluable. Her approach to this wide topic is a chronological one, giving the reader what is essentially a new history and analysis of how money is made, i.e. how it is given its value and ability to circulate. While the chronological approach can mean that the reader can sometimes lose track in areas where the author briefly dips back to an earlier period, the frequent reminders of monetary precedents prove helpful to the reader in the long run. As this is such an extensive study, the occasional reminders also ensure that readers who are not specialists in all areas of the book can still grasp Desan's concepts. She leaves no stone unturned; it appears that she considered an impressively exhaustive reading list pertaining to all aspects of her work. Her clear prose combined with sharp engagement with current literature ensures that her work and ideas feel authoritative.

Desan's work makes an important contribution to monetary history, clearly setting out changes that happened throughout history which would ultimately give us the money we use today. Numerous driving forces encouraged the evolution of money, with capitalism's encouragement of profit giving it the final push (p. 343). This extensive history engages with topics of debate that concern historians and economists of all time periods, and Desan offers viable interpretations to all of them. We are given a balanced approach to the medievalists' 'tale/weight' debate, and the medieval English perception and use of credit. Thus her discussion of medieval tallies is another important contribution. She also encourages a less positive outlook on medieval debasements, subverting (even medieval English) assumptions that a strong currency meant a wholly flourishing economy. Desan clearly demonstrates how paper money came to circulate, while addressing the relevant philosophical issues involving parliamentary and sovereign authority, which is fascinating for both medievalists and early-modernists.

## Notes

1. For some instances of this debate, see Jim Bolton, *Money in the Medieval English Economy, 973–1489* (Manchester, 2012); John Munro, 'The technology and economics of coinage debasements in medieval and Early Modern Europe: with special reference to the Low Countries and England', in *Money in the Pre-Industrial World*, ed. John Munro (London, 2012). [Back to \(1\)](#)
2. As Hunt and Murray noted in *A History of Business in Medieval Europe*, strong currencies favoured the aristocratic rentier class. See Edwin Hunt and James Murray, *A History of Business in Medieval Europe, 1200–1550*, (Cambridge, 1999), p. 139. [Back to \(2\)](#)
3. John Munro, 'Deflation and the petty coinage problem', *Explorations in Economic History*, vol. 25,

(1988), pp. 402–3.[Back to \(3\)](#)

4. See William Goetzmann and Laura Williams. ‘From tallies and chirographs to Franklin’s printing press at Passy’ in *The Origins of Value: The Financial Innovations That Created Modern Capitalism*, ed. William N. Goetzmann and K. Geert Rouwenhorst (Oxford, 2005), pp. 105–22; Hilary Jenkinson, ‘Exchequer tallies’, *Archaeologia* (Second Series) 62, 02 (1911), 367–80; Hilary Jenkinson. ‘Medieval Tallies, Public and Private’, *Archaeologia* (Second Series) 74 (1925), 289–351; Rudolph Robert, ‘A Short History of Tallies’, *Studies in the history of accounting* (1956), pp. 75–85.[Back to \(4\)](#)

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